INVESTCORP BANK B.S.C.

INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS

DECEMBER 31, 2018 (REVIEWED)
FISCAL YEAR 2019

Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF INVESTCORP BANK B.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Investcorp Bank B.S.C. (the "Bank") and its subsidiaries (together the "Group") as at December 31, 2018, comprising of the interim condensed consolidated statement of financial position as at December 31, 2018 and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

February 4, 2019
Manama, Kingdom of Bahrain

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (REVIEWED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

$millions	*July - December 2018*	*July - December 2017*	*Notes*
FEE INCOME			
AUM fees	83	79	
Deal fees	67	61	
Fee income (a)	150	140	3
ASSET BASED INCOME			
Private equity investment	15	32	
Credit management investment	12	10	
Absolute return investments	3	8	
Real estate investment	11	13	
Investment in an associate	2	-	11
Treasury and other asset based income	6	5	
Asset based income (b)	49	68	3
Gross operating income (a) + (b)	199	208	3
Provisions for impairment	(1)	(1)	12
Interest expense	(26)	(31)	3
Operating expenses	(111)	(117)	3
PROFIT BEFORE TAX	61	59	
Income tax expense	(3)	(4)	3
PROFIT FOR THE PERIOD	58	55	
Basic earnings per ordinary share ($)	0.76	0.71	
Fully diluted earnings per ordinary share ($)	0.74	0.70	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

$millions	*July - December 2018*	*July - December 2017*
PROFIT FOR THE PERIOD	58	55
Other comprehensive income that will be recycled to statement of profit or loss		
Movements - Fair value through other comprehensive income investments	(1)	-
Fair value movements - cash flow hedges	3	(1)
Other comprehensive income that will not be recycled to statement of profit or loss		
Movements - Fair value through other comprehensive income investments	(4)	0
Other comprehensive loss	(2)	(1)
TOTAL COMPREHENSIVE INCOME	56	54

Mohammed Bin Mahfoodh Bin Saad Alardhi

Executive Chairman

Jan Erik Back

Chief Financial Officer

The attached Notes 1 to 27 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018 (REVIEWED)

$millions	*December 31, 2018*	*June 30, 2018 (Audited)*	*Notes*
ASSETS			
Cash and short-term funds	106	105	
Placements with financial institutions and other liquid assets	381	266	
Positive fair value of derivatives	38	55	20
Receivables and prepayments	211	276	4
Advances	94	92	5
Underwritten and warehoused investments	342	446	6
Co-investments			
Private equity investment	591	625	7
Credit management investment	298	272	8
Absolute return investments	158	189	9
Real estate investment	74	76	10
Total co-investments	1,121	1,162	
Premises, equipment and other assets	36	36	
Investment in an associate	35	-	11
Intangible assets	54	55	13
TOTAL ASSETS	2,418	2,493	
LIABILITIES AND EQUITY			
LIABILITIES			
Call accounts	390	149	14
Term and institutional accounts	151	300	15
Payables and accrued expenses	90	193	16
Negative fair value of derivatives	17	39	20
Medium-term debt	110	167	17
Long-term debt	477	450	18
Deferred fees	58	72	19
TOTAL LIABILITIES	1,293	1,370	
EQUITY			
Preference share capital	123	123	
Ordinary shares at par value	200	200	
Reserves	315	322	
Treasury shares	(16)	(5)	
Retained earnings	505	447	
Ordinary shareholders' equity excluding proposed appropriations and other reserves	1,004	964	
Proposed appropriations	-	41	
Other reserves	(2)	(5)	
TOTAL EQUITY	1,125	1,123	
TOTAL LIABILITIES AND EQUITY	2,418	2,493	

Mohammed Bin Mahfoodh Bin Saad Alardhi

Executive Chairman

Jan Erik Back

Chief Financial Officer

The attached Notes 1 to 27 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (REVIEWED)

$millions	Preference share capital	Ordinary share capital	Reserves: Share premium	Reserves: Statutory reserve	Reserves: Fair Value reserve	Reserves: Total	Treasury shares	Retained earnings	Proposed appropriations	Other Reserves: Cash flow hedges	Other Reserves: Revaluation reserve on premises and equipment	Other Reserves: Total	Total equity
Balance at July 1, 2017	223	200	226	100	(5)	321	(3)	367	44	(11)	5	(6)	**1,145**
Total comprehensive income	-	-	-	-	0	0	-	55	-	(1)	-	(1)	54
Depreciation on revaluation reserve transferred to retained earnings	-	-	-	-	-	-	-	0	-	-	(0)	(0)	-
Treasury shares purchased during the period - net of sales and vesting	-	-	-	-	-	-	(9)	-	-	-	-	-	(9)
Loss on vesting of treasury shares - net of gain on sale	-	-	(3)	-	-	(3)	3	-	-	-	-	-	-
Approved appropriations for fiscal 2017	-	-	-	-	-	-	-	-	(44)	-	-	-	(44)
Balance at December 31, 2017	**223**	**200**	**223**	**100**	**(5)**	**318**	**(9)**	**422**	**-**	**(12)**	**5**	**(7)**	**1,146**
Balance at July 1, 2018	**123**	**200**	**229**	**100**	**(7)**	**322**	**(5)**	**447**	**41**	**(9)**	**4**	**(5)**	**1,123**
Total comprehensive income	-	-	-	-	(5)	(5)	-	58	-	3	-	3	56
Depreciation on revaluation reserve transferred to retained earnings	-	-	-	-	-	-	-	0	-	-	(0)	(0)	-
Treasury shares purchased during the period - net of sales and vesting	-	-	-	-	-	-	(13)	-	-	-	-	-	(13)
Loss on vesting of treasury shares - net of gain on sale	-	-	(2)	-	-	(2)	2	-	-	-	-	-	-
Approved appropriations for fiscal 2018	-	-	-	-	-	-	-	-	(41)	-	-	-	(41)
Balance at December 31, 2018	**123**	**200**	**227**	**100**	**(12)**	**315**	**(16)**	**505**	**-**	**(6)**	**4**	**(2)**	**1,125**

The attached Notes 1 to 27 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (REVIEWED)

$millions	*July - December 2018*	*July - December 2017*	*Notes*
OPERATING ACTIVITIES			
Profit before tax	61	59	
Adjustments for non-cash items in profit before tax			
Depreciation	3	5	
Provisions for impairment	1	1	12
Amortization of transaction costs of borrowings and management contracts	3	3	
Employee deferred awards	10	11	
Operating profit adjusted for non-cash items	78	79	
Changes in:			
Operating capital			
Placements with financial institutions and other liquid assets (non-cash equivalent)	-	121	
Receivables and prepayments	59	(34)	4
Advances	(3)	(20)	5
Underwritten and warehoused investments	104	(48)	6
Call accounts	241	(92)	14
Payables and accrued expenses	(104)	0	16
Deferred fees	(14)	(6)	19
Co-investments			
Private equity investment	30	36	7
Credit management investment	(29)	(57)	8
Absolute return investments	32	(8)	9
Real estate investment	3	(11)	10
Fair value of derivatives	2	6	
Income taxes paid	(2)	(6)	
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	397	(40)	
FINANCING ACTIVITIES			
Term and institutional accounts	(149)	206	15
Medium-term debt repaid - net of transaction costs	(60)	(15)	17
Long-term debt issued - net of transaction costs	21	-	18
Treasury shares purchased - net	(17)	(13)	
Dividends paid	(41)	(44)	
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	(246)	134	
INVESTING ACTIVITIES			
Investment in an associate	(32)	-	11
Investment in premises and equipment	(3)	0	
NET CASH USED IN INVESTING ACTIVITIES	(35)	0	
Net increase in cash and cash equivalents	116	93	
Cash and cash equivalents at beginning of the period	369	434	
Cash and cash equivalents at end of the period	485	527	
Cash and cash equivalents comprise of:			
Cash and short-term funds	106	52	
Placements with financial institutions and other liquid assets with an original maturity of three months or less	379	475	
	485	527	

In addition to the above, the Group has an undrawn and available balance of $675 million (June 30, 2018: $625 million and December 31, 2017: $337 million) from its revolving medium-term facilities.

Additional cash flow information

$millions	*July - December 2018*	*July - December 2017*
Interest paid	(26)	(34)
Interest received	18	18

The attached Notes 1 to 27 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Investcorp Bank B.S.C. (the “Bank”) operates under a Wholesale Banking License issued by the Central Bank of Bahrain (“CBB”).

The Bank is a holding company owning various subsidiaries (together the “Group” or “Investcorp”). The activities of the Bank are substantially transacted through its subsidiaries.

The Bank is incorporated in the Kingdom of Bahrain as a Bahraini Shareholding Company with limited liability. The Bank is listed on the Bahrain Bourse. The ultimate parent of the Group is SIPCO Holdings Limited (“SHL”) incorporated in the Cayman Islands.

The registered office of the Bank is at Investcorp House, Building 499, Road 1706, Diplomatic Area 317, Manama, Kingdom of Bahrain. The Bank is registered under commercial registration number 12411-1 issued by the Ministry of Industry, Commerce and Tourism, Kingdom of Bahrain.

The interim condensed consolidated financial statements for the six months period from July 1, 2018 to December 31, 2018 were authorized for issue in accordance with a resolution of the Board of Directors effective on February 04, 2019.

2. ASSET UNDER MANAGEMENT

During the period, the Group renamed its Corporate Investment ("CI") and Alternative Investment Solutions ("AIS") lines of business to Private Equity ("PE") and Absolute Return Investments ("ARI") respectively.

The Group's clients participate in products offered under its four alternative investment asset classes. Total assets under management ("AUM") in each product category at the interim condensed consolidated statement of financial position date are as follows:

	December 31, 2018				June 30, 2018 (Audited)			
$millions	Clients	Investcorp	Affiliates and co-investors	Total	Clients	Investcorp	Affiliates and co-investors	Total
Private equity investment								
Closed-end committed funds	457	20	16	493	380	20	10	410
Closed-end invested funds	697	46	16	759	718	81	18	817
Deal-by-deal	2,808	518	190	3,516	2,749	524	139	3,412
Deal-by-deal underwriting	-	90	-	90	-	123	-	123
Strategic and other investments	-	19 *	-	19	-	20 *	-	20
Special opportunity portfolio	146	5	-	151	-	-	-	-
Total private equity investment	**4,108**	**698**	**222**	**5,028**	**3,847**	**768**	**167**	**4,782**
Credit management investment								
Closed-end invested funds	10,705	298	-	11,003	10,772	272	-	11,044
Open-end invested funds	348	10	-	358	355	25	-	380
Warehousing	-	74	-	74	-	42	-	42
Total credit management investment	**11,053**	**382**	**-**	**11,435**	**11,127**	**339**	**-**	**11,466**
Absolute return investments**								
Multi-manager solutions	1,606	43	-	1,649	2,004	45	-	2,049
Hedge funds partnerships	1,453	54	-	1,507	1,371	65	-	1,436
Special opportunities portfolios	130	56	-	186	121	55	-	176
Alternative risk premia	50	5	-	55	38	24	-	62
Special opportunities portfolios underwriting	-	-	-	-	-	11	-	11
Total absolute return investments	**3,239**	**158**	**-**	**3,397**	**3,534**	**200**	**-**	**3,734**
Real estate investment								
Closed-end invested funds	6	2	-	8	25	5	-	30
Deal-by-deal	1,981	66	21	2,068	1,789	65	19	1,873
Deal-by-deal underwriting	-	178	24	202	-	270	-	270
Strategic and other investments	-	6	-	6	-	6	-	6
Total real estate investment	**1,987**	**252**	**45**	**2,284**	**1,814**	**346**	**19**	**2,179**
Client call accounts held in trust	365	-	-	**365**	393	-	-	393
Total	**20,752**	**1,490**	**267**	**22,509**	**20,715**	**1,653**	**186**	**22,554**
*Associate's assets under management****	**5,215**	**-**	**-**	**5,215**	**-**	**-**	**-**	**-**
Summary by products:								
Closed-end committed funds	457	20	16	493	380	20	10	410
Closed-end invested funds	703	48	16	767	743	86	18	847
Credit management funds	11,053	308	-	11,361	11,127	297	-	11,424
Absolute return investments	3,239	158	-	3,397	3,534	189	-	3,723
Deal-by-deal	4,789	584	211	5,584	4,538	589	158	5,285
Underwriting and warehousing	-	342	24	366	-	446	-	446
Client monies held in trust	365	-	-	365	393	-	-	393
Strategic and other investments	-	25	-	25	-	26	-	26
Special opportunity portfolio	146	5	-	151				
Total	**20,752**	**1,490**	**267**	**22,509**	**20,715**	**1,653**	**186**	**22,554**
*Associate's assets under management****	**5,215**	**-**	**-**	**5,215**	**-**	**-**	**-**	**-**
Summary by asset classes:								
Private equity investment	4,108	679	222	5,009	3,847	748	167	4,762
Credit management investment	11,053	382	-	11,435	11,127	339	-	11,466
Absolute return investments	3,239	158	-	3,397	3,534	200	-	3,734
Real estate investment	1,987	246	45	2,278	1,814	340	19	2,173
Client call accounts held in trust	365	-	-	365	393	-	-	393
Strategic and other investments	-	25	-	25	-	26	-	26
Total	**20,752**	**1,490**	**267**	**22,509**	**20,715**	**1,653**	**186**	**22,554**
*Associate's assets under management****	**5,215**	**-**	**-**	**5,215**	-	-	-	-

** Includes Group's commitment of $4 million (June 30, 2018: $4 million) to a private equity deal.*

*** Stated at gross value of the underlying exposure. Also, includes $2.3 billion (June 30, 2018: $2.4 billion) of hedge fund partnerships (including exposure through multi-manager solutions) managed by third party managers and assets subject to a non-discretionary advisory mandate where Investcorp receives fees calculated on the basis of AUM.*

**** Represents AUM managed by an associate where Investcorp is entitled to net return based on the proportionate indirect ownership of the associate.*

In the above table, all absolute return investments exposures and Investcorp's co-investment amounts for private equity investment, real estate investment and credit management exposures are stated at current fair values while the other categories are stated at their carrying cost.

3. SEGMENT REPORTING

As at December 31, 2018, the business segments and the basis of reporting information for these segments have remained the same as for the year ended June 30, 2018.

A. INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS BY REPORTING SEGMENT

The interim condensed consolidated statements of profit or loss for the six months ended December 31, 2018 and December 31, 2017 by reporting segments are as follows:

$millions	*July - December 2018*	*July - December 2017*
FEE BUSINESS		
AUM fees		
Private equity investment	45	42
Credit management investment	24	23
Absolute return investments	4	5
Real estate investment	10	9
Total AUM fees	83	79
Deal fees		
Private equity investment	39	36
Real estate investment	28	25
Total deal fees	67	61
Investment in an associate	2	-
Treasury and other asset based income	6	5
Gross income attributable to fee business (a)	158	145
Provisions for impairment	(1)	(1)
Interest expense (b)	(7)	(12)
Operating expenses attributable to fee business (c)*	(104)	(97)
FEE BUSINESS PROFIT (d)	46	35
CO-INVESTMENT BUSINESS		
Asset based income		
Private equity investment	15	32
Credit management investment	12	10
Absolute return investments	3	8
Real estate investment	11	13
Asset based income	41	63
Gross income attributable to co-investment business (e)	41	63
Interest expense (f)	(19)	(19)
Operating expenses attributable to co-investment business (g)*	(10)	(24)
CO-INVESTMENT BUSINESS PROFIT (h)	12	20
PROFIT FOR THE PERIOD (d) + (h)	58	55
Gross operating income (a) + (e)	199	208
Gross operating expenses (c) + (g)	(114)	(121)
Interest expense (b) + (f)	(26)	(31)

* including income tax expense

Revenue reported above represents revenue generated from external customers. There were no inter-segmental revenues during the current period (6 months to December 31, 2017: Nil).

3. SEGMENT REPORTING (CONTINUED)

B. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY REPORTING SEGMENT

The interim condensed consolidated statement of financial position as at December 31, 2018 and consolidated statement of financial position as at June 30, 2018 by reporting segments are as follows:

December 31, 2018 *$millions*	*Co-investment Business*	*Fee Business*	*Total*
Assets			
Cash and short-term funds	-	106	106
Placements with financial institutions and other liquid assets	-	381	381
Positive fair value of derivatives	-	38	38
Receivables and prepayments	35	176	211
Advances	-	94	94
Underwritten and warehoused investments	-	342	342
Co-investments			
Private equity investment	591	-	591
Credit management investment	298	-	298
Absolute return investments	158	-	158
Real estate investment	74	-	74
Premises, equipment and other assets	-	36	36
Investment in an associate	-	35	35
Intangible assets	-	54	54
Total assets	1,156	1,262	2,418
Liabilities and Equity			
Liabilities			
Call accounts	-	390	390
Term and institutional accounts	-	151	151
Payables and accrued expenses	4	86	90
Negative fair value of derivatives	-	17	17
Medium-term debt	-	110	110
Long-term debt	477	-	477
Deferred fees	-	58	58
Total liabilities	481	812	1,293
Total equity	675	450	1,125
Total liabilities and equity	1,156	1,262	2,418

3. SEGMENT REPORTING (CONTINUED)

B. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY REPORTING SEGMENT (CONTINUED)

June 30, 2018 ***$millions (Audited)***	***Co-investment Business***	***Fee Business***	***Total***
Assets			
Cash and short-term funds	-	105	105
Placements with financial institutions and other liquid assets	-	266	266
Positive fair value of derivatives	-	55	55
Receivables and prepayments	92	184	276
Advances	-	92	92
Underwritten and warehoused investments	-	446	446
Co-investments			
Private equity investment	625	-	625
Credit management investment	272	-	272
Absolute return investments	189	-	189
Real estate investment	76	-	76
Premises, equipment and other assets	-	36	36
Intangible assets	-	55	55
Total assets	1,254	1,239	2,493
Liabilities and Equity			
Liabilities			
Call accounts	-	149	149
Term and institutional accounts	-	300	300
Payables and accrued expenses	9	184	193
Negative fair value of derivatives	-	39	39
Medium-term debt	-	167	167
Long-term debt	448	2	450
Deferred fees	-	72	72
Total liabilities	457	913	1,370
Total equity	797	326	1,123
Total liabilities and equity	1,254	1,239	2,493

4. RECEIVABLES AND PREPAYMENTS

$millions	*December 31, 2018*	*June 30, 2018 (Audited)*
Subscriptions receivable	32	72
Receivables from investee and holding companies	99	78
Investment disposal proceeds receivable	14	78
ARI related receivables	10	8
Accrued interest receivable	7	6
Prepaid expenses	36	26
Deferred tax asset	13	13
Other receivables	12	7
	223	288
Provisions for impairment (see Note 12)	(12)	(12)
Total	211	276

5. ADVANCES

$millions	*December 31, 2018*	*June 30, 2018 (Audited)*
Advances to investment holding companies	90	73
Advances to employee investment programs	15	16
Advances to PE closed-end funds	5	17
Other advances	0	1
	110	107
Provisions for impairment (see Note 12)	(16)	(15)
Total	94	92

6. UNDERWRITTEN AND WAREHOUSED INVESTMENTS

The Group's current underwritten investment balances in private equity investments, absolute return investments, real estate investments and warehoused investments in credit management investments classified as FVTPL, except for certain private equity investment exposures classified as FVOCI, comprise the following:

	December 31, 2018				June 30, 2018 (Audited)			
$millions	North America	Europe	MENA	Total	North America	Europe	MENA	Total
Underwritten investments								
Private equity investment:								
Industrial products	2	47	-	49	11	50	-	61
Healthcare	-	-	38	38	-	-	38	38
Industrial/ Business services	3	-	-	3	24	-	-	24
Total Private equity investment	5	47	38	90	35	50	38	123
Absolute return investment								
Special opportunities portfolio	-	-	-	-	11	-	-	11
Total Absolute return investment	-	-	-	-	11	-	-	11
Real estate investment:								
Core / Core plus	152	26	-	178	187	83	-	270
Total Real estate investment	152	26	-	178	187	83	-	270
Warehoused investments								
Credit management investments								
CLO investments	50	24	-	74	30	12	-	42
Total Credit management investment	50	24	-	74	30	12	-	42
Total	207	97	38	342	263	145	38	446

7. PRIVATE EQUITY CO-INVESTMENTS

$millions	*December 31, 2018*	*June 30, 2018 (Audited)*
Private Equity co-investment [See Note 7 (A)]	572	609
Strategic and other investments [See Note 7 (B)]	14	16
Special opportunities portfolio [See Note 7 (C)]	5	-
Total	591	625

7 (A) PRIVATE EQUITY CO-INVESTMENTS

The Group's PE co-investments are primarily classified as FVTPL investments.

The carrying values of the Group's PE co-investments at December 31, 2018 and June 30, 2018 are:

	December 31, 2018				June 30, 2018 (Audited)			
$millions	North America	Europe	MENA	Total	North America	Europe	MENA*	Total
Consumer Products	63	71	28	162	63	72	32	167
Consumer Services	25	-	5	30	22	-	9	31
Healthcare	-	9	36	45	-	8	45	53
Industrial Products	5	16	-	21	7	18	4	29
Industrial/ Business Services	33	8	61	102	28	8	59	95
Telecom	107	-	-	107	107	-	-	107
Technology								
Big Data	4	86	-	90	1	89	-	90
Internet / Mobility	-	1	1	2	-	8	2	10
Security	-	13	-	13	14	13		27
Total	237	204	131	572	242	216	151	609

*Including Turkey

7 (B) STRATEGIC AND OTHER INVESTMENTS

Strategic and other investments represent the following types of investments of the Group:

1. Investments made for strategic reasons; and
2. Instruments obtained on disposal of exited investments.

Strategic investments in equity instruments are held as FVOCI investments. For FVOCI investments, during the current six months period, no (six months to December 31, 2017: nil) dividend income was recognized in the interim condensed consolidated statement of profit or loss and $3.6 million (six months to December 31, 2017: $0.6 million) of losses were recognized in the interim condensed consolidated statement of other comprehensive income. There were no gains or losses (six months to December 31, 2017: nil) that were recycled to retained earnings on de-recognition.

Valuation techniques for measuring the fair value of strategic and other investments are the same as those used for PE co-investments.

7 (C) SPECIAL OPPORTUNITIES PORTFOLIO INVESTMENT

Special opportunity portfolio represents investment in a diversified portfolio of high growth pre-IPO companies in China managed by an independent third party. These investments are primarily classified as FVTPL investments. Valuation techniques for measuring the fair value of special opportunity portfolio fund are similar to techniques used for valuations of other PE co-investments of the Group.

8. CREDIT MANAGEMENT CO-INVESTMENTS (CM)

$millions	*December 31, 2018*	*June 30, 2018 (Audited)*
European CLO Investments	260	254
US CLO Investments	38	18
Total	298	272

The Group's co-investments in CM investment represents co-investments in collateralized loan obligations (CLOs) managed by the CM team and are classified as FVOCI debt instruments, except for certain positions that are carried at amortised cost and FVTPL debt instruments.

In relation to investments at amortised cost, interest income on these debt instruments is recognized using the effective interest rate ("EIR"). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the debt instruments or, when appropriate a shorter period, to the net carrying amount of the debt instruments at the reporting date. The amortised cost of the CLO debt instrument will be adjusted if there is a revision in estimates of projected cashflows from the underlying CLO investments. The adjusted amortised cost is calculated based on the latest re-estimated EIR. The accrual based on EIR and any losses arising from impairment of such investments are included in asset based income in the interim condensed consolidated statement of profit or loss.

The fair value of CLO co-investments categorized as FVOCI co-investments is determined on the basis of inputs from independent third parties including broker quotes and Markit data.

The Group's CLO co-investments amounting to $63 million (June 30, 2018: $42 million) are utilized to secure amounts drawn under repurchase agreements. At December 31, 2018, $63 million (June 30, 2018: $42 million) was the outstanding balance from financing under repurchase agreements.

9. ABSOLUTE RETURN INVESTMENT CO-INVESTMENTS

The Group's ARI co-investments, primarily classified as FVTPL investments, comprise the following:

$millions	*December 31, 2018*	*June 30, 2018 (Audited)*
Multi-manager Solutions	43	45
Hedge Funds Partnerships	54	65
Alternative Risk Premia	5	24
Special Opportunities Portfolios	56	55
Total	158	189

The valuations of the Group's ARI co-investments which are classified under Level 3 of the fair value hierarchy (see Note 23) are closely monitored by the Group. Management holds regular discussions with the investment managers and uses pricing which is reflective of the investment's fair value.

Of the above, co-investments amounting to $10 million (June 30, 2018: $9 million) are classified as FVOCI investments. For FVOCI investments, during the current six months period, gain of $0.8 million (six months to December 31, 2017: $0.5 million) was recognized in interim condensed consolidated statement of comprehensive income. These investments comprise funds which are not immediately available for redemption due to the liquidity profile of the instruments held by the underlying managers and are classified as Level 3 investments in the fair value hierarchy.

Of the total, co-investments amounting to $24.0 million (June 30, 2018: $18.8 million) are subject to a lock-up period. Such investments are classified as Level 2 investments in the fair value hierarchy.

10. REAL ESTATE CO-INVESTMENTS

The Group's co-investments in real estate are classified as follows:

- Co-investments in equity of real estate acquired after the global financial crisis in 2008-2009 are classified as FVTPL investments.
- Co-investments in equity of real estate acquired prior to global financial crisis in 2008-2009 and strategic investments are classified as FVOCI investments.

Debt investments in real estate properties carried at amortised cost amount to $2.1 million (June 30, 2018: $2.2 million). Strategic and other equity investments which are classified as FVOCI investments amount to $10.2 million (June 30, 2018: $9.7 million). For FVOCI investments, during the current six months period, gain of $0.6 million (six months to December 31, 2017: loss of $0.3 million) was recognized in the interim condensed consolidated statement of other comprehensive income and no gains or losses (six months to December 31, 2017: nil) were recycled to retained earnings on derecognition. All other investments are classified as FVTPL.

The carrying values of the Group's co-investments in real estate portfolios, which as at December 31, 2018 and June 30, 2018 were located in United States and Europe are:

$millions **PORTFOLIO TYPE**	***December 31, 2018***			***June 30, 2018 (Audited)***		
	North America	**Europe**	**Total**	North America	Europe	Total
Core / Core Plus	60	6	66	61	7	68
Debt	2	-	2	2	-	2
Opportunistic	1	-	1	1	-	1
Strategic	5	-	5	5	-	5
Total	68	6	74	69	7	76

11. INVESTMENT IN AN ASSOCIATE

During the period, the Group acquired 46.51% of indirect ownership stake in the ordinary shares of Banque Pâris Bertrand Sturdza, a private bank based in Geneva and Luxembourg which provides investment advisory services and customized investment solutions to high net-worth individuals, family offices and institutional clients mainly from Switzerland and Europe.

This investment is presented as investment in an associate in the interim condensed consolidated statement of financial position and is designated as fair value through profit and loss. Investment in an associate is initially recorded at acquisition cost (being the initial fair value) and is re-measured to fair value at each reporting date, with resulting unrealized gains or losses being recorded as fair value changes in the interim condensed consolidated statement of profit or loss. Valuation techniques for measuring the fair value of investment in an associate are similar to techniques used at the time of acquisition of the investment.

12. PROVISIONS FOR IMPAIRMENT

Impairment provisions are as follows:

$millions			
Categories	***Balance At beginning***	***Charge***	***At end****
6 months to December 31, 2018			
Receivables (Note 4)	12	0	12
Advances (Note 5)	15	1	16
Cash and short-term funds	0	0	0
Placement with financial institutions and other liquid assets	0	0	0
Co-Investment - debt	1	0	1
Total	28	1	29

* Of the total provision, $1.7 million relates to stage 1, $3.0 million relates to stage 2 and $24.3 million relates to stage 3 assets. During the current six months period, there was no movement in loss allowance between stages 1, 2 and 3 assets.

$millions			
Categories	***At beginning***	***Charge***	***At end****
6 months to December 31, 2017			
Receivables (Note 4)	11	0	11
Advances (Note 5)	13	1	14
Cash and short-term funds	0	0	0
Placement with financial institutions and other liquid assets	0	0	0
Co-Investment - debt	0	0	0
Total	24	1	25

* Of the total provision, $0.2 million relates to stage 1, $2.4 million relates to stage 2 and $22.2 million relates to stage 3 assets. During the six months period, there was a movement in loss allowance of $1.4 million from stage 1 to stage 2 assets.

13. INTANGIBLE ASSETS

$millions	*December 31, 2018*	*June 30, 2018 (Audited)*
Goodwill	49	49
Management contracts	5	6
Total	54	55

Intangible assets were recognized on the acquisition of the credit management business acquired through business combination during the prior financial year.

Management contracts represent the right to manage European and US CLOs. The contracts have a useful life of 5 years from the date of acquisition and are amortized accordingly.

The Group performed its annual impairment test on goodwill in June 2018. No impairment indicators were identified which would cause the management to believe the existence of impairment on goodwill.

14. CALL ACCOUNTS

$millions	*December 31, 2018*	*June 30, 2018 (Audited)*
Investment holding companies accounts	336	107
Other call accounts	33	9
Discretionary and other accounts	21	33
Total	390	149

All these balances bear interest at market rates.

15. TERM AND INSTITUTIONAL ACCOUNTS

$millions	*December 31, 2018*	*June 30, 2018 (Audited)*
Institutional accounts on call	130	251
Term deposits	21	49
Total	151	300

All these balances bear interest at market rates.

16. PAYABLES AND ACCRUED EXPENSES

$millions	*December 31, 2018*	*June 30, 2018 (Audited)*
Accrued expenses - employee compensation	29	77
Vendor and other payables	36	33
Unfunded deal acquisitions	13	71
Tax liability	6	6
Accrued interest payable	6	6
Total	90	193

17. MEDIUM-TERM DEBT

Amounts outstanding represent the drawn portion of the following medium-term revolvers and funded facilities:

$millions	*Final Maturity*	*December 31, 2018*		*June 30, 2018 (Audited)*	
		Size	*Current outstanding*	*Size*	*Current outstanding*
4-year syndicated revolving facility					
	March 2020	25	-	25	-
	March 2021	400	-	400	50
3-year syndicated revolving facility	December 2020	250	-	250	-
5-year fixed rate bonds	June 2019	139	129	139	139
Total			129		189
Foreign exchange translation adjustments			(12)		(13)
Fair value adjustments relating to interest rate hedges			0		0
Transaction costs of borrowings			(7)		(9)
Total			110		167

All medium-term facilities, except for the 5-year fixed rate bonds, carry floating rates of interest when drawn. Revolvers carry a fixed rate of commitment fees when undrawn. The syndicated revolving facilities and the fixed rate bonds are subject to certain customary covenants, including maintaining certain minimum levels of net worth and operating below maximum leverage ratios.

18. LONG-TERM DEBT

$millions	*Final Maturity*	*December 31, 2018*	*June 30, 2018 (Audited)*
PRIVATE NOTES			
JPY 37 Billion Private Placement	March 2030	332	332
$50 Million Private Placement	July 2032	50	50
		382	382
SECURED FINANCING			
Repurchase agreement	October 2030	20	20
Repurchase agreement	April 2031	22	22
Repurchase agreement	October 2031	21	-
		63	42
Foreign exchange translation adjustments		4	2
Fair value adjustments relating to interest rate hedges		31	27
Transaction costs of borrowings		(3)	(3)
Total		477	450

Private Notes

Long-term notes issued by the Group carry fixed rates of interest and are governed by covenants contained in the relevant agreements. Such covenants include maintaining certain minimum levels of net worth and operating below a maximum leverage ratio.

Secured Financing

Secured financing relates to financing obtained under repurchase transaction arrangements entered into by the Group, with underlying assets being CLO co-investment exposures in Europe. The financings carry variable rates of interest. Each financing arrangement has a specified repurchase date at which, the Group will repurchase the underlying CLO asset at a pre-determined repurchase price.

19. DEFERRED FEES

$millions	*December 31, 2018*	*June 30, 2018 (Audited)*
Deferred fees relating to placements	57	72
Deferred fees from investee companies	1	0
Total	58	72

20. DERIVATIVE FINANCIAL INSTRUMENTS

The table below summarizes the Group's derivative financial instruments outstanding at December 31, 2018 and June 30, 2018:

Description $millions	December 31, 2018			June 30, 2018 (Audited)		
	Notional value	Positive fair value*	Negative fair value	Notional value	Positive fair value*	Negative fair value
A) HEDGING DERIVATIVES						
Currency risk being hedged using forward foreign exchange contracts						
i) Fair value hedges						
On balance sheet exposures	285	5	(0)	302	-	(17)
ii) Cash flow hedges						
Forecasted transactions	20	0	(1)	51	0	(0)
Coupon on long-term debt	45	1	-	48	-	(3)
Total forward foreign exchange contracts	350	6	(1)	401	0	(20)
Interest rate risk being hedged using interest rate swaps						
i) Fair value hedges - fixed rate debt	493	10	(1)	490	28	(2)
ii) Cash flow hedges - floating rate debt	25	-	(1)	25	-	-
Total interest rate hedging contracts	518	10	(2)	515	28	(2)
Total hedging derivatives	868	16	(3)	916	28	(22)
B) OTHER DERIVATIVES						
Interest rate swaps	700	9	(9)	623	10	(9)
Forward foreign exchange contracts	789	3	(3)	668	9	(3)
Currency options	-	-	-	36	0	-
Cross currency swaps	323	10	(2)	363	8	(5)
Total other derivatives	1,812	22	(14)	1,690	27	(17)
TOTAL - DERIVATIVE FINANCIAL INSTRUMENTS	**2,680**	**38**	**(17)**	**2,606**	**55**	**(39)**

** Net collateral received by the Group amounting to $70.7 million has been taken against the fair values above (June 30, 2018: $50.7 million)*

21. COMMITMENTS AND CONTINGENT LIABILITIES

$millions	*December 31, 2018*	*June 30, 2018 (Audited)*
Investment commitments	137	66
Non-cancelable operating leases:		
Up to 1 year	8	6
1 year to 5 years	41	40
Over 5 years	58	63
Total non-cancelable operating leases	107	109
Guarantees and letters of credit issued to third parties	10	10

Investment related commitments represent the Group's unfunded co-investment commitments to various PE and RE investment funds, forward placements in money market instruments and other strategic acquisitions for inorganic growth of business.

Non-cancelable operating leases relate to the Group's commitments in respect of its New York, London, Riyadh, Doha and Singapore office premises.

Guarantees and letters of credit issued to third parties include financial guarantees provided to facilitate investee companies' on-going operations and leasing of equipment and facilities.

The Group is engaged in litigation cases in various jurisdictions. The litigation cases involve claims made by and against the Group which have arisen in the ordinary course of business. The management of the Group, after reviewing the claims pending against the Group companies and based on the advice of the relevant professional legal advisors, are satisfied that the outcome of these claims will not have a material adverse effect on the financial position of the Group and accordingly, no provision has been made in the interim condensed consolidated financial statements.

22. REGULATORY CAPITAL ADEQUACY

The Group applies the Basel III framework regulations, as adopted by the CBB, on a consolidated basis to Investcorp Bank B.S.C. which is the entity licensed and regulated by the CBB. Below are the disclosures required under the CBB guidelines:

For the assessment of the adequacy of regulatory capital, the Group has chosen the following approaches:
• standardized approach for credit risk and market risk
• basic indicator approach for operational risk

The table below summarizes the regulatory capital and the risk asset ratio calculation in line with the rules set out above. All co-investment activities are subject to a Banking Book credit risk framework, whereas foreign exchange risk comprises most of the Trading Book market risk.

$millions	*December 31, 2018*	*June 30, 2018 (Audited)*
Tier 1 capital	1,067	1,067
Tier 2 capital	7	7
Regulatory capital base under Basel III (TC=T1+T2)	1,074	1,074

Risk weighted exposure *$millions*	*Principal / Notional amounts* *December 31, 2018*	*Risk weighted equivalents* *December 31, 2018*	*Principal / Notional amounts* *June 30, 2018 (Audited)*	*Risk weighted equivalents* *June 30, 2018 (Audited)*
Credit risk				
Claims on sovereigns	27	-	1	-
Claims on banks	453	213	348	160
Claims on corporates	250	249	345	344
Co-investments (including underwriting)	1,499	2,028	1,608	2,159
Other assets	52	74	50	69
Off-balance sheet items				
Commitments and contingent liabilities	254	96	185	82
Derivative financial instruments	55	27	65	36
Credit risk weighted exposure		2,687		2,850
Market risk				
Market risk weighted exposure		1		1
Operational risk				
Operational risk weighted exposure		562		562
Total risk weighted exposure (RWE)		3,250		3,413
Tier 1 capital ratio (T1) / (RWE)		**32.8%**		**31.3%**
Capital adequacy ratio (TC) / (RWE)		**33.0%**		**31.5%**
Minimum required as per CBB regulatory guidelines under Basel III		**12.5%**		**12.5%**
Capital cushion over minimum required as per CBB guidelines		668		647

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values except for certain assets and liabilities carried at amortized cost. The fair value of CLO co-investments amounts to $200.0 million (June 30, 2018: $212.0 million) as compared to their carrying value of $192.0 million (June 30, 2018: $207.0 million). The fair value of CLO co-investments is based on inputs from broker quotes and Markit and falls under Level 3 of the fair value hierarchy disclosure. The fair value of medium and long-term debt amounts to $522.0 million (June 30, 2018: $567.9 million) as compared to carrying value of $576.0 million (June 30, 2018: $629.3 million). The fair value of medium and long term debt is based on inputs from third party banks and falls under Level 3 of the fair value.

During the current six months, transfer from level 3 to level 1 amounts to $0.9 million (six months to December 31, 2017: nil) under co-investments in private equity investments. Additionally, under ARI, an exposure of $10.0 million (June 30, 2018: $9.0 million) is comprised of illiquid side pocket investments which are classified as Level 3. The six months period to date fair value changes on this ARI exposure amounts to a gain of $0.8 million (June 30, 2018: gain of $1 million) and the net subscriptions amount to $0.6 million (June 30, 2018: net redemptions of $10.7 million).

23. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of financial assets that are traded in active markets are based on quoted market prices or dealer price quotations.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

December 31, 2018 ***$millions***	***Level 1***	***Level 2***	***Level 3***	***Total***
Financial assets				
Positive fair value of derivatives	-	38	-	38
Co-investments				
Private equity investment	6	-	585	591
Credit management investment	-	-	106	106
Absolute return investments	-	148	10	158
Real estate investment	-	-	72	72
Investment in an associate*	-	-	35	35
Underwritten and warehoused investments**	-	-	342	342
Total financial assets	6	186	1,150	1,342
Financial liabilities				
Negative fair value of derivatives	-	17	-	17
Total financial liabilities	-	17	-	17

* The effect on consolidated statement of profit or loss due to change in multiple by 0.5x on Investment in an associate will be US$ 1.1 million.

** Underwritten investments amounting to $298.1 million were placed with the clients during the period. No fair value gain/ loss was recognized on underwritten investments during the period.

June 30, 2018 (Audited) ***$millions***	***Level 1***	***Level 2***	***Level 3***	***Total***
Financial assets				
Positive fair value of derivatives	-	55	-	55
Co-investments				
Private equity investment	6	-	619	625
Credit management investment	-	-	65	65
Absolute return investments	-	180	9	189
Real estate investment	-	-	74	74
Underwritten investments**	-	-	404	404
Total financial assets	6	235	1,171	1,412
Financial liabilities				
Negative fair value of derivatives	-	39	-	39
Total financial liabilities	-	39	-	39

** Underwritten investments amounting to $460.4m were placed with the clients and transferred to co-investments during the year. No fair value gain/ loss was recognized on underwritten investments during the year.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

A reconciliation of the opening and closing amounts of Level 3 co-investment in private equity investment, real estate investment, credit management investment and investment in associate is given below:

December 31, 2018 $millions	*At beginning*	*Net new acquisitions*	*Fair value movements**	*Movements relating to realizations*	*Other movements***	*At end*
PE co-investments	619	12	12	(35)	(23)	585
ICM co-investments	65	48	(6)	(0)	(1)	106
RE co-investments	74	14	(2)	(9)	(5)	72
Investment in an associate	-	32	2	0	1	35
Total	**758**	**106**	**6**	**(44)**	**(28)**	**798**

***Includes $5.9 million fair value loss on FVOCI investments and unrealized fair value gain of $7.2 million on FVTPL investments.**

****Other movements include add-on funding, foreign currency translation adjustments and deferred remuneration awards to employees.**

June 30, 2018 (Audited) $millions	*At beginning*	*Net new acquisitions*	*Fair value movements**	*Movements relating to realizations*	*Other movements***	*At end*
PE co-investments	512	39	56	(135)	147	619
ICM co-investments	-	48	-	(1)	18	65
RE co-investments	75	25	(2)	(22)	(2)	74
Total	**587**	**112**	**54**	**(158)**	**163**	**758**

***Includes $5.3 million fair value loss on FVOCI investments and unrealized fair value gain of $25.3 million on FVTPL investments.**
****Other movements include add-on funding, foreign currency translation adjustments and deferred remuneration awards to employees. For ICM Co-investments, it also includes investments amounting to $120.2 million which were transferred from amortized cost to FVOCI investments during the year.**

The table below summarizes the sensitivity of the Group's co-investments in PE and RE to changes in multiples / discount rates / quoted bid prices.

December 31, 2018 $millions	*Factor*	*Change*	*Balance sheet exposure*	*Projected Balance sheet Exposure*		*Impact on Income*	
				For increase	For decrease	For increase	For decrease
PE co-investments	EBITDA Multiples	+/- 0.5x	566	611	528	45	(38)
	Revenue Multiples	+/- 0.5x	5	5	5	0	0
	Quoted bid price	+/- 1%	6	6	6	0	0
				For decrease	For increase	For decrease	For increase
RE co-investments	Capitalization Rate	-/+ 1%	72	82	64	10	(8)

June 30, 2018 (Audited) $millions	*Factor*	*Change*	*Balance sheet exposure*	*Projected Balance sheet Exposure*		*Impact on Income*	
				For increase	For decrease	For increase	For decrease
PE co-investments	EBITDA Multiples	+/- 0.5x	592	640	558	48	(34)
	Revenue Multiples	+/- 0.5x	11	12	10	1	(1)
	Quoted bid price	+/- 1%	6	6	6	0	(0)
				For decrease	For increase	For decrease	For increase
RE co-investments	Capitalization Rate	-/+ 1%	74	83	68	9	(6)

24. RELATED PARTY TRANSACTIONS

For the Group, related parties include its investee companies, companies that hold clients' investments (investment holding companies), client fund companies associated with ARI, and SIPCO Limited.

It also includes major shareholders, directors and senior management of the Bank, their immediate families and entities controlled, jointly controlled or significantly influenced by such parties. Income is earned or expense is incurred in the Group's transactions with such related parties in the ordinary course of business. The Group's management approves the terms and conditions of all related party transactions.

Although these companies are classified as related parties, the Group administers and manages the companies that hold clients' investments on a fiduciary basis on behalf of its clients who are third parties and are the beneficiaries of a majority of the economic interest from the underlying investments of these companies. As a result, the true nature of the Group's transactions with these companies is effectively at commercial terms as specified under pre-determined management agreements.

The income earned and expenses incurred in connection with related party transactions included in these interim condensed consolidated financial statements are as follows:

$millions		***July - December 2018***	***July - December 2017***
AUM fees	Investee and investment holding companies	45	45
Deal fees	Investee and investment holding companies	53	40
Asset based income	Investee companies	12	14
Interest expense	Investment holding companies	2	1

The balances with the related parties included in these interim condensed consolidated financial statements are as follows:

	December 31, 2018			***June 30, 2018 (Audited)***		
$millions	***Assets***	***Liabilities***	***Off-balance sheet***	***Assets***	***Liabilities***	***Off-balance sheet***
Outstanding balances						
Co-investments	1,116	-	137	1,156	-	66
Underwritten and warehoused investments	342	-	-	446	-	-
Investment in an associate	35	-	8	-	-	-
Strategic shareholders	1	6	-	8	12	-
Investee companies	71	1	-	51	-	10
Investment holding companies	113	325	-	107	138	-
Institutional accounts on call	-	130	-	-	251	-
Fund companies associated with the ARI	10	-	-	34	-	-
Directors and senior management	-	6	-	-	10	-
	1,688	468	145	1,802	411	76

25. CYCLICALITY OF ACTIVITIES

The Group's income is comprised predominantly of revenues generated from direct investment and advisory services relating to investment activities. The main components of this revenue arise during the acquisition, placement and exit processes of private equity and real estate investments which may not be earned evenly during the fiscal period. Furthermore, the value development cycle for a given investment usually occurs over a longer time period and the revenues generated from that process are not spread evenly over the period. Consequently, the short-term operating result may not necessarily be indicative of the long-term operating result.

26. EVENTS AFTER THE REPORTING PERIOD

On January 14, 2019, Investcorp signed a secondary market transaction in relation to a number of assets from it's European private equity portfolio, under a new Fund arrangement, subject to receipt of relevant regulatory approvals and other customary closing conditions. The Fund will be capitalised with approximately US$ 1 billion of aggregate commitments. Investcorp will retain a continued interest in the portfolio through a GP commitment to the Fund. The transaction also includes fresh capital for any follow-on investments, future investments and co-investments. Investcorp's European Private Equity team will manage both the assets acquired through the secondary transaction and the fund's new capital.

Further, on January 31, 2019, Investcorp acquired IDFC Alternative's real estate and private equity asset management businesses in India. As a result, the total assets under management of the Group will increase by $430 million.

27. SIGNFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements are prepared in United States dollars, this being the functional currency of the Group, and rounded to the nearest millions ($millions), unless otherwise stated.

The interim condensed consolidated financial statements of the Group are prepared in conformity with International Accounting Standard 34 applicable to interim financial reporting. The significant accounting policies adopted in the preparation of these interim condensed consolidated financial statements are the same as those followed in the preparation of the audited consolidated financial statements for the year ended June 30, 2018.

Further, the Group adopted new amendments to standards as noted below which became effective for accounting periods beginning on or after January 1, 2018:

Annual Improvements 2014-2016 cycle:

- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions.
- Amendments to IAS 28 Investments in Associates and Joint Ventures.

The adoption of the above amendments did not have any material impact on the Group's interim condensed consolidated financial statements.