

INVESTCORP BANK B.S.C.

INTERIM CONDENSED CONSOLIDATED

**FINANCIAL
STATEMENTS**

**DECEMBER 31, 2016 (REVIEWED)
FISCAL YEAR 2017**

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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 31 December 2016, comprising of the interim consolidated balance sheet as at 31 December 2016 and the related interim consolidated statements of income, 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.



Partner's registration no: 145
8 February 2017
Manama, Kingdom of Bahrain

INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED DECEMBER 31, 2016 (REVIEWED)

INTERIM CONSOLIDATED STATEMENT OF INCOME

<u>\$000s</u>	<u>July to December 2016</u>	<u>July to December 2015</u>	Notes	Page
FEE INCOME				
AUM fees	54,888	48,600		
Deal fees	73,086	86,071		
<i>Fee income</i>	<u>127,974</u>	<u>134,671</u>	3	9
ASSET BASED INCOME				
Corporate investment	9,496	40,442		
Alternative investment solutions	9,036	(1,918)		
Real estate investment	14,728	5,522		
Treasury and other asset based income	9,053	626		
<i>Asset based income excluding writedown of legacy investment</i>	<u>42,313</u>	<u>44,672</u>	3	9
<i>Writedown of legacy investment</i>	<u>(16,955)</u>	<u>(971)</u>	3	9
Gross operating income	153,332	178,372	3	9
Provisions for impairment	-	(7,513)	10	16
Interest expense	(28,398)	(30,952)	3	9
Operating expenses	(89,310)	(89,007)	3	9
NET INCOME	<u>35,624</u>	<u>50,900</u>		
Basic earnings per ordinary share (\$)	<u>0.50</u>	<u>0.74</u>	18	19
Fully diluted earnings per ordinary share (\$)	<u>0.48</u>	<u>0.71</u>	18	19

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<u>\$000s</u>	<u>July to December 2016</u>	<u>July to December 2015</u>
NET INCOME (AS ABOVE)	<u>35,624</u>	<u>50,900</u>
Other comprehensive income that could be recycled to statement of income		
Fair value movements - available for sale investments	(604)	-
Fair value movements - cash flow hedges	(4,735)	2,549
<i>Other comprehensive (loss) / income</i>	<u>(5,339)</u>	<u>2,549</u>
TOTAL COMPREHENSIVE INCOME	<u>30,285</u>	<u>53,449</u>



**Mohammed Bin Mahfoodh
Bin Saad Al Ardhi**

Executive Chairman



Anthony L. Robinson

Chief Financial Officer

The attached Notes 1 to 25 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED BALANCE SHEET DECEMBER 31, 2016 (REVIEWED)

<u>\$000s</u>	<u>December 31, 2016</u>	<u>June 30, 2016 (Audited)</u>	<u>Notes</u>	<u>Page</u>
ASSETS				
Cash and short-term funds	124,204	292,214		
Placements with financial institutions and other liquid assets	603,093	133,234		
Positive fair value of derivatives	96,869	90,210	19	20
Receivables and prepayments	309,489	320,612	4	12
Advances	94,642	105,243	5	12
Underwritten investments	521,651	493,484	6	13
<u>Co-investments</u>				
Corporate investment	548,928	602,640	7	14
Alternative investment solutions	268,587	315,827	8	15
Real estate investment	86,133	104,412	9	15
Total co-investments	903,648	1,022,879		
Premises, equipment and other assets	39,025	39,277		
TOTAL ASSETS	2,692,621	2,497,153		
LIABILITIES AND EQUITY				
LIABILITIES				
Call accounts	150,555	129,987	11	16
Term and institutional accounts	428,881	124,113	12	16
Payables and accrued expenses	174,586	201,390	13	17
Negative fair value of derivatives	82,203	49,480	19	20
Medium-term debt	376,245	403,081	14	17
Long-term debt	392,685	478,981	15	18
Deferred fees	87,547	92,878	16	18
TOTAL LIABILITIES	1,692,702	1,479,910		
EQUITY				
Preference share capital	223,239	223,239	17	19
Ordinary shares at par value	200,000	200,000	17	19
Reserves	280,982	282,250		
Treasury shares	(47,179)	(45,449)		
Retained earnings	349,221	313,482		
<i>Ordinary shareholders' equity excluding proposed appropriations and unrealized fair value changes and revaluation reserve recognized directly in equity</i>	783,024	750,283		
Proposed appropriations	-	44,611		
Unrealized fair value changes and revaluation reserve recognized directly in equity	(6,344)	(890)		
TOTAL EQUITY	999,919	1,017,243		
TOTAL LIABILITIES AND EQUITY	2,692,621	2,497,153		



**Mohammed Bin Mahfoodh
Bin Saad Al Ardhi**

Executive Chairman



Anthony L. Robinson

Chief Financial Officer

The attached Notes 1 to 25 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2016 (REVIEWED)

	Reserves					Unrealized fair value changes and revaluation reserve recognised directly in equity							Total equity
	Preference share capital	Ordinary share capital	Share premium	Statutory reserve	Total	Treasury shares	Retained earnings	Proposed appropriations	Available for sale investments	Cash flow hedges	Revaluation reserve on premises and equipment	Total	
\$000s													
Balance at July 1, 2015 (Audited)	225,000	200,000	159,166	100,000	259,166	(103,566)	268,086	42,288	2,155	(16,263)	5,134	(8,974)	882,000
Total comprehensive income	-	-	-	-	-	-	50,900	-	-	2,549	-	2,549	53,449
Preference shares purchased during the period	(1,761)	-	-	-	-	-	(276)	-	-	-	-	-	(2,037)
Depreciation on revaluation reserve transferred to retained earnings	-	-	-	-	-	-	115	-	-	-	(115)	(115)	-
Treasury shares purchased during the period - net of sales	-	-	(289)	-	(289)	(1,935)	-	-	-	-	-	-	(2,224)
Loss on sale / vesting of treasury shares	-	-	(5,876)	-	(5,876)	5,876	-	-	-	-	-	-	-
Approved appropriations for fiscal 2015 paid:													
Ordinary share dividend	-	-	-	-	-	-	-	(10,394)	-	-	-	-	(10,394)
Preference share dividend	-	-	-	-	-	-	-	(29,394)	-	-	-	-	(29,394)
Charitable contribution by shareholders	-	-	-	-	-	-	-	(2,500)	-	-	-	-	(2,500)
Balance at December 31, 2015	223,239	200,000	153,001	100,000	253,001	(99,625)	318,825	-	2,155	(13,714)	5,019	(6,540)	888,900
Balance at July 1, 2016 (Audited)	223,239	200,000	182,250	100,000	282,250	(45,449)	313,482	44,611	2,054	(7,848)	4,904	(890)	1,017,243
Total comprehensive income	-	-	-	-	-	-	35,624	-	(604)	(4,735)	-	(5,339)	30,285
Depreciation on revaluation reserve transferred to retained earnings	-	-	-	-	-	-	115	-	-	-	(115)	(115)	-
Treasury shares purchased during the year - net of sales	-	-	-	-	-	(2,998)	-	-	-	-	-	-	(2,998)
Loss on vesting of treasury shares	-	-	(1,268)	-	(1,268)	1,268	-	-	-	-	-	-	-
Approved appropriations for fiscal 2016 paid:													
Ordinary share dividend	-	-	-	-	-	-	-	(17,740)	-	-	-	-	(17,740)
Preference share dividend	-	-	-	-	-	-	-	(23,901)	-	-	-	-	(23,901)
Charitable contribution by shareholders	-	-	-	-	-	-	-	(2,970)	-	-	-	-	(2,970)
Balance at December 31, 2016	223,239	200,000	180,982	100,000	280,982	(47,179)	349,221	-	1,450	(12,583)	4,789	(6,344)	999,919

The attached Notes 1 to 25 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED DECEMBER 31, 2016 (REVIEWED)

\$000s	July - December 2016	July - December 2015	Notes	Page
OPERATING ACTIVITIES				
Net income	35,624	50,900		
Adjustments for non-cash items in net income				
Depreciation	2,467	2,379		
Provisions for impairment	-	7,513	10	16
Amortization of transaction costs of borrowings	2,771	3,013		
Employee deferred awards	9,995	9,736		
Net income adjusted for non-cash items	50,857	73,541		
Changes in:				
Operating capital				
Placements with financial institutions and other liquid assets (non-cash equivalent)	(163,380)	-		
Receivables and prepayments	6,650	(74,084)	4	12
Advances	10,601	(5,984)	5	12
Underwritten investments	(28,167)	(201,190)	6	13
Call accounts	20,568	38,399	11	16
Payables and accrued expenses	(28,134)	(137,893)	13	17
Deferred fees	(5,331)	(7,557)	16	18
Co-investments				
Corporate investment	53,108	64,541	7	14
Alternative investment solutions	47,240	(20,712)	8	15
Real estate investment	18,279	16,820	9	15
Fair value of derivatives	(71,657)	16,385		
Other assets	4	3		
NET CASH USED IN OPERATING ACTIVITIES	(89,362)	(237,731)		
FINANCING ACTIVITIES				
Term and institutional accounts	304,768	149,511	12	16
Medium-term debt repaid / drawn down - net of transaction costs	(22,917)	100,000	14	17
Treasury shares purchased - net	(7,190)	(7,573)		
Preference shares purchased	-	(2,037)	17	19
Dividends paid	(41,641)	(39,788)		
Charitable contributions paid	(2,970)	(2,500)		
NET CASH FROM FINANCING ACTIVITIES	230,050	197,613		
INVESTING ACTIVITY				
Investment in premises and equipment	(2,219)	(490)		
NET CASH USED IN INVESTING ACTIVITY	(2,219)	(490)		
Net increase / (decrease) in cash and cash equivalents	138,469	(40,608)		
Cash and cash equivalents at beginning of the period	400,974	339,311		
Cash and cash equivalents at end of the period	539,443	298,703		
Cash and cash equivalents comprise of:				
Cash and short-term funds	124,204	144,025		
Placements with financial institutions and other liquid assets with an original maturity of three months or less	415,239	154,678		
	539,443	298,703		

In addition to the above, the Group has an undrawn and available balance of \$452.2 million (June 30, 2016: \$428.3 million; December 31, 2015: \$424.9 million) from its revolving medium-term facilities.

Additional cash flow information

\$000s	July - December 2016	July - December 2015
Interest paid	(28,313)	(32,040)
Interest received	6,420	4,238

The attached Notes 1 to 25 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 and Commerce, Kingdom of Bahrain.

Earlier this year, the Group signed an agreement to acquire the debt management business of UK based 3i Group PLC for a total consideration of £222 million (approximately \$271 million). The transaction is subject to various regulatory approvals and is expected to close in the first half of 2017.

The interim condensed consolidated financial statements for the six months period ended December 31, 2016 were authorized for issue in accordance with a resolution of the Board of Directors effective on February 8, 2017.

2. ASSETS UNDER MANAGEMENT

The Group's clients participate in products offered under its three alternative investment asset classes. Total assets under management (“AUM”) in each product category at the interim consolidated balance sheet date are as follows:

<i>\$millions</i>	December 31, 2016				June 30, 2016 (Audited)			
	Clients	Investcorp	Affiliates and co-investors	Total	Clients	Investcorp	Affiliates and co-investors	Total
Corporate investment								
<i>Closed-end committed funds</i>								
CI - NA & Europe	178	20	-	198	-	-	-	-
Sub total	178	20	-	198	-	-	-	-
<i>Closed-end invested funds</i>								
CI - NA & Europe	223	51	17	291	237	81	19	337
CI - MENA	552	54	7	613	584	67	7	658
Sub total	775	105	24	904	821	148	26	995
<i>Deal-by-deal</i>	2,558	394	196	3,148	2,671	406	315	3,392
<i>Deal-by-deal underwriting</i>	-	340	-	340	-	167	27	194
<i>Strategic and other investments</i>	-	49	-	49	-	48	-	48
Total corporate investment	3,511	908	220	4,639	3,492	769	368	4,629
Alternative investment solutions*								
<i>Multi-manager solutions</i>	1,896	85	1	1,982	1,947	129	1	2,077
<i>Hedge funds partnerships</i>	1,271	98	-	1,369	1,441	111	-	1,552
<i>Special opportunities portfolios</i>	107	47	-	154	97	15	-	112
<i>Alternative risk premia</i>	247	39	-	286	200	60	-	260
<i>Special opportunities portfolios underwriting</i>	-	-	-	-	-	30	-	30
Total Alternative investment solutions	3,521	269	1	3,791	3,685	345	1	4,031
Real estate investment								
<i>Closed-end invested funds</i>	33	11	-	44	33	11	-	44
<i>Deal-by-deal</i>	1,488	71	16	1,575	1,373	87	16	1,476
<i>Deal-by-deal underwriting</i>	-	182	30	212	-	297	-	297
<i>Strategic and other investments</i>	-	4	-	4	-	7	-	7
Total real estate investment	1,521	268	46	1,835	1,406	402	16	1,824
Client call accounts held in trust	127	-	-	127	298	-	-	298
Total	8,680	1,445	267	10,392	8,881	1,516	385	10,782
Summary by products:								
<i>Closed-end committed funds</i>	178	20	-	198	-	-	-	-
<i>Closed-end invested funds</i>	808	116	24	948	854	159	26	1,039
<i>Alternative investment solutions</i>	3,521	269	1	3,791	3,685	315	1	4,001
<i>Deal-by-deal</i>	4,046	465	212	4,723	4,044	493	331	4,868
<i>Underwriting</i>	-	522	30	552	-	494	27	521
<i>Client monies held in trust</i>	127	-	-	127	298	-	-	298
<i>Strategic and other investments</i>	-	53	-	53	-	55	-	55
Total	8,680	1,445	267	10,392	8,881	1,516	385	10,782
Summary by asset classes:								
<i>Corporate investment</i>	3,511	859	220	4,590	3,492	721	368	4,581
<i>Alternative investment solutions</i>	3,521	269	1	3,791	3,685	345	1	4,031
<i>Real estate investment</i>	1,521	264	46	1,831	1,406	395	16	1,817
<i>Client call accounts held in trust</i>	127	-	-	127	298	-	-	298
<i>Strategic and other investments</i>	-	53	-	53	-	55	-	55
Total	8,680	1,445	267	10,392	8,881	1,516	385	10,782

* Stated at gross value of the underlying exposure. Also, includes \$2.3 billion (June 30, 2016: \$2.5 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.

In the above table all alternative investment solutions exposures and Investcorp balance sheet co-investment amounts for corporate investment and real estate investment are stated at current fair values while the other categories are stated at their carrying cost.

3. SEGMENT REPORTING

As at December 31, 2016, the business segments and the basis of reporting information for these segments have remained the same as for the year ended June 30, 2016.

A. INTERIM CONSOLIDATED STATEMENT OF INCOME BY REPORTING SEGMENT

The interim consolidated statements of income for the six months ended December 31, 2016 and December 31, 2015 by reporting segments are as follows:

<i>\$000s</i>	<i>July 2016 to December 2016</i>	<i>July 2015 to December 2015</i>
FEE BUSINESS		
AUM fees		
<i>Corporate investment</i>	42,168	37,188
<i>Alternative investment solutions</i>	5,677	4,947
<i>Real estate investment</i>	7,043	6,465
Total AUM fees	54,888	48,600
Deal fees		
<i>Corporate investment</i>	55,707	55,440
<i>Alternative investment solutions</i>	804	-
<i>Real estate investment</i>	16,575	30,631
Total deal fees	73,086	86,071
Treasury and other asset based income	9,053	626
Gross income attributable to fee business (a)	137,027	135,297
Provisions for impairment	-	(7,513)
Interest expense (b)	(16,110)	(19,366)
Operating expenses attributable to fee business (c)	(85,474)	(81,977)
NET INCOME FEE BUSINESS (d)	35,443	26,441
CO-INVESTMENT BUSINESS		
Asset based income		
<i>Corporate investment</i>	9,496	40,442
<i>Alternative investment solutions</i>	9,036	(1,918)
<i>Real estate investment</i>	14,728	5,522
Asset based income excluding writedown of legacy investment	33,260	44,046
Writedown of legacy investment	(16,955)	(971)
Gross income attributable to co-investment business (e)	16,305	43,075
Interest expense (f)	(12,288)	(11,586)
Operating expenses attributable to co-investment business (g)	(3,836)	(7,030)
NET INCOME CO-INVESTMENT BUSINESS (h)	181	24,459
NET INCOME (d) + (h)	35,624	50,900
Gross operating income (a) + (e)	153,332	178,372
Gross operating expenses (c) + (g)	(89,310)	(89,007)
Interest expense (b) + (f)	(28,398)	(30,952)

Revenue reported above represents revenue generated from external customers. There were no inter-segmental revenues during the current period (6 months to December 31, 2015: Nil). Further, during the current period the Group has also written down the value of a legacy RE co-investment by \$17.0 million (Six months to December 31, 2015: \$1.0 million).

3. SEGMENT REPORTING (CONTINUED)

B. INTERIM CONSOLIDATED BALANCE SHEET BY REPORTING SEGMENTS

The interim consolidated balance sheets as at December 31, 2016 and June 30, 2016 by reporting segments are as follows:

<i>December 31, 2016</i>	<i>Co-investment Business</i>	<i>Fee Business</i>	<i>Total</i>
\$000s			
Assets			
Cash and short-term funds	-	124,204	124,204
Placements with financial institutions and other liquid assets	-	603,093	603,093
Positive fair value of derivatives	-	96,869	96,869
Receivables and prepayments	57,215	252,274	309,489
Advances	-	94,642	94,642
Underwritten investments	-	521,651	521,651
Co-investments			
<i>Corporate investment</i>	548,928	-	548,928
<i>Alternative investment solutions</i>	268,587	-	268,587
<i>Real estate investment</i>	86,133	-	86,133
Premises, equipment and other assets	-	39,025	39,025
Total assets	960,863	1,731,758	2,692,621
Liabilities and Equity			
Liabilities			
Call accounts	-	150,555	150,555
Term and institutional accounts	-	428,881	428,881
Payables and accrued expenses	13,434	161,152	174,586
Negative fair value of derivatives	-	82,203	82,203
Medium-term debt	18,777	357,468	376,245
Long-term debt	195,389	197,296	392,685
Deferred fees	-	87,547	87,547
Total liabilities	227,600	1,465,102	1,692,702
Total equity	733,263	266,656	999,919
Total liabilities and equity	960,863	1,731,758	2,692,621

3. SEGMENT REPORTING (CONTINUED)

B. INTERIM CONSOLIDATED BALANCE SHEET BY REPORTING SEGMENTS (CONTINUED)

<i>June 30, 2016</i> <i>\$000s (Audited)</i>	<i>Co-investment Business</i>	<i>Fee Business</i>	<i>Total</i>
Assets			
Cash and short-term funds	-	292,214	292,214
Placements with financial institutions and other liquid assets	-	133,234	133,234
Positive fair value of derivatives	-	90,210	90,210
Receivables and prepayments	85,098	235,514	320,612
Advances	-	105,243	105,243
Underwritten investments	-	493,484	493,484
<u>Co-investments</u>			
<i>Corporate investment</i>	602,640	-	602,640
<i>Alternative investment solutions</i>	315,827	-	315,827
<i>Real estate investment</i>	104,412	-	104,412
Premises, equipment and other assets	-	39,277	39,277
Total assets	1,107,977	1,389,176	2,497,153
Liabilities and Equity			
Liabilities			
Call accounts	-	129,987	129,987
Term and institutional accounts	-	124,113	124,113
Payables and accrued expenses	12,717	188,673	201,390
Negative fair value of derivatives	-	49,480	49,480
Medium-term debt	41,694	361,387	403,081
Long-term debt	303,093	175,888	478,981
Deferred fees	-	92,878	92,878
Total liabilities	357,504	1,122,406	1,479,910
Total equity	750,473	266,770	1,017,243
Total liabilities and equity	1,107,977	1,389,176	2,497,153

4. RECEIVABLES AND PREPAYMENTS

\$000s	December 31, 2016	June 30, 2016 <i>(Audited)</i>
Subscriptions receivable	107,496	89,881
Receivables from investee and holding companies	103,104	109,490
Investment disposal proceeds receivable	40,763	74,793
AIS related receivables	7,895	4,429
Accrued interest receivable	3,035	1,735
Prepaid expenses	48,987	42,582
Other receivables	3,266	2,759
	314,546	325,669
Provisions for impairment (see Note 10)	(5,057)	(5,057)
Total	309,489	320,612

5. ADVANCES

\$000s	December 31, 2016	June 30, 2016 <i>(Audited)</i>
Advances to investment holding companies	63,082	77,120
Advances to employee investment programs	24,907	25,829
Advances to CI closed-end funds	15,598	10,958
Other advances	1,739	2,020
	105,326	115,927
Provisions for impairment (see Note 10)	(10,684)	(10,684)
Total	94,642	105,243

6. UNDERWRITTEN INVESTMENTS

The Group's current underwritten investment balances, classified as FVTPL, comprise the following:

	December 31, 2016				June 30, 2016 (Audited)			
	North America	Europe	MENA	Total	North America	Europe	MENA	Total
\$000s								
Corporate investment:								
Consumer Products	58,685	54,151	-	112,836	-	2,386	-	2,386
Consumer Services	43,319	-	-	43,319	25,301	-	84,248	109,549
Healthcare	-	-	71,387	71,387	-	-	-	-
Industrial Services	110,000	-	-	110,000	-	-	-	-
Security	-	2,182	-	2,182	-	55,132	-	55,132
Total corporate investment	212,004	56,333	71,387	339,724	25,301	57,518	84,248	167,067
Real estate investment:								
Core / Core Plus	181,927	-	-	181,927	296,627	-	-	296,627
Total real estate investment	181,927	-	-	181,927	296,627	-	-	296,627
Alternative investment solutions:								
Special opportunities portfolio	-	-	-	-	29,790	-	-	29,790
Total alternative investment solutions	-	-	-	-	29,790	-	-	29,790
Total	393,931	56,333	71,387	521,651	351,718	57,518	84,248	493,484

7. CORPORATE CO-INVESTMENTS

\$000s	December 31, 2016	<i>June 30, 2016 (Audited)</i>
CI co-investments [See Note 7 (A)]	499,709	554,336
Strategic and other investments [See Note 7 (B)]	49,219	48,304
Total	548,928	602,640

7 (A) CI CO-INVESTMENTS

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

The carrying values of the Group's CI co-investments at December 31, 2016 and June 30, 2016 are:

\$000s	December 31, 2016				<i>June 30, 2016 (Audited)</i>			
	North America	Europe	MENA*	Total	North America	Europe	MENA*	Total
Consumer Products	55,418	38,835	33,147	127,400	59,480	50,876	41,561	151,917
Consumer Services	25,857	-	12,541	38,398	28,871	-	24,118	52,989
Healthcare	-	-	5,409	5,409	-	-	-	-
Industrial Products	-	65,325	3,992	69,317	30,800	66,745	4,946	102,491
Industrial Services	39,004	2,042	52,027	93,073	26,162	2,228	48,593	76,983
Telecom	113,437	-	-	113,437	108,494	-	-	108,494
Technology								
<i>Big Data</i>	606	-	-	606	606	816	-	1,422
<i>Internet / Mobility</i>	692	4,746	-	5,438	692	4,832	-	5,524
<i>Security</i>	14,301	29,997	2,333	46,631	31,321	20,693	2,502	54,516
Total	249,315	140,945	109,449	499,709	286,426	146,190	121,720	554,336

*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.

Equity instruments are held as Available-For-Sale ("AFS") investments and debt instruments at amortized cost, except for investments amounting to \$11 million (June 30, 2016: \$11 million) that are classified as FVTPL.

Valuation techniques for measuring the fair value of strategic and other investments are the same as those used for CI co-investments. However, there may be cases where the information required for the valuation of these investments is not available. For example, financial projections and up-to-date financial information may not be available when an investor holds a minority stake in an investee.

8. ALTERNATIVE INVESTMENT SOLUTIONS CO-INVESTMENTS

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

\$000s	December 31, 2016	<i>June 30, 2016</i> <i>(Audited)</i>
Multi-manager solutions	85,244	130,058
Hedge funds partnerships	97,580	111,061
Alternative risk premia	39,010	59,952
Special opportunities portfolios	46,753	14,756
Total	268,587	315,827

The valuations of the Group's AIS co-investments which are classified under Level 3 of the fair value hierarchy (see Note 22) 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 \$61.9 million (June 30, 2016: \$57.4 million) are subject to a lock up-period.

Out of the total AIS co-investments, \$27.7 million (June 30, 2016: \$29.8 million) comprise funds which are not immediately available for redemption due to the liquidity profile of the instruments held by the underlying managers.

A portion of the Group's AIS co-investments is utilized to secure amounts drawn under a bi-lateral revolving facility. At December 31, 2016, \$18.8 million was the drawn balance from the bi-lateral revolving facility (June 30, 2016: \$41.7 million) (See Note 14).

9. REAL ESTATE CO-INVESTMENTS

The Group's co-investments in real estate are mainly classified as FVTPL investments.

Certain of the strategic and debt investments in real estate properties are carried at amortised cost amounting to \$8.1 million (June 30, 2016: \$10.3 million).

The carrying values of the Group's co-investments in real estate portfolios, which as at December 31, 2016 and at June 30, 2016, were all located in the United States are:

\$000s	December 31, 2016	<i>June 30, 2016</i> <i>(Audited)</i>
PORTFOLIO TYPE		
Core / Core Plus	76,232	92,294
Debt	3,654	3,736
Opportunistic	1,831	1,831
Strategic	4,416	6,551
Total	86,133	104,412

10. PROVISIONS FOR IMPAIRMENT

Specific impairment provisions for receivables and advances are as follows:

<i>\$000s</i>			
Categories	At beginning	Charge	At end
6 months to December 31, 2016			
Receivables (Note 4)	5,057	-	5,057
Advances (Note 5)*	10,684	-	10,684
Total	15,741	-	15,741

*Includes \$2 million of portfolio provision.

<i>\$000s</i>			
Categories	At beginning	Charge	At end
6 months to December 31, 2015			
Receivables (Note 4)	10,927	5,605	16,532
Advances (Note 5)*	17,520	1,908	19,428
Total	28,447	7,513	35,960

*Includes \$2 million of portfolio provision.

11. CALL ACCOUNTS

<i>\$000s</i>	December 31, 2016	<i>June 30, 2016 (Audited)</i>
Investment holding companies accounts	76,915	100,013
Other call accounts	35,955	11,291
Discretionary and other accounts	37,685	18,683
Total	150,555	129,987

All these balances bear interest at market rates.

12. TERM AND INSTITUTIONAL ACCOUNTS

<i>\$000s</i>	December 31, 2016	<i>June 30, 2016 (Audited)</i>
Institutional accounts on call	392,495	95,873
Term deposits	36,386	28,240
Total	428,881	124,113

All these balances bear interest at market rates.

13. PAYABLES AND ACCRUED EXPENSES

<i>\$000s</i>	December 31, 2016	<i>June 30, 2016 (Audited)</i>
Accrued expenses - employee compensation	17,719	56,188
Vendor and other payables	26,067	29,466
Unfunded deal acquisitions	120,480	105,000
Investment related payables	1,867	2,368
Accrued interest payable	8,453	8,368
Total	174,586	201,390

14. MEDIUM-TERM DEBT

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

<i>\$000s</i>	<i>Final Maturity</i>	December 31, 2016		<i>June 30, 2016 (Audited)</i>	
		<i>Size</i>	<i>Current outstanding</i>	<i>Size</i>	<i>Current outstanding</i>
3-year secured bi-lateral revolving facility	February 2017	-	-	175,000	41,694
2-year secured bi-lateral revolving facility	June 2019	50,000	18,777	-	-
5-year fixed rate bonds	November 2017	250,000	250,000	250,000	250,000
4-year syndicated revolving facility	March 2020	420,000	-	420,000	-
5-year fixed rate bonds	June 2019	139,249	139,249	139,249	139,249
Total			408,026		430,943
Foreign exchange translation adjustments			(16,546)		(11,391)
Fair value adjustments relating to interest rate hedges			(751)		713
Transaction costs of borrowings			(14,484)		(17,184)
Total			376,245		403,081

The 3-year secured bi-lateral revolving facility of \$175 million was prepaid during the current period. This was replaced by the new 2-year secured bi-lateral revolving facility of \$50 million which is secured, to the extent it is drawn, by an equivalent amount of the Group's AIS co-investments. As of December 31, 2016, based on the amount of eligible collateral, the effective available facility was \$50 million.

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 facility 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.

15. LONG-TERM DEBT

<i>\$000s</i>	<i>Final Maturity</i>	<i>December 31, 2016</i>	<i>June 30, 2016 (Audited)</i>
<u>PRIVATE NOTES</u>			
JPY 37 Billion Private Placement	March 2030	332,328	332,328
\$50 Million Private Placement	July 2032	50,000	50,000
		<u>382,328</u>	<u>382,328</u>
Foreign exchange translation adjustments		(16,159)	27,682
Fair value adjustments relating to interest rate hedges		28,363	70,889
Transaction costs of borrowings		(1,847)	(1,918)
Total		<u><u>392,685</u></u>	<u><u>478,981</u></u>

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.

16. DEFERRED FEES

<i>\$000s</i>	<i>December 31, 2016</i>	<i>June 30, 2016 (Audited)</i>
Deferred fees relating to placements	86,016	91,453
Deferred fees from investee companies	1,531	1,425
Total	<u><u>87,547</u></u>	<u><u>92,878</u></u>

17. SHARE CAPITAL AND RESERVES

The Bank's share capital at the balance sheet date is as follows:

	December 31, 2016			<i>June 30, 2016 (Audited)</i>		
	No. of shares	Par value \$	\$000	No. of shares	Par value \$	\$000
Authorized share capital						
- Ordinary shares	400,000,000	2.50	1,000,000	400,000,000	2.50	1,000,000
- Preference and other shares	1,000,000	1,000	1,000,000	1,000,000	1,000	1,000,000
			<u>2,000,000</u>			<u>2,000,000</u>
Issued share capital						
- Ordinary shares	80,000,000	2.50	200,000	80,000,000	2.50	200,000
- Preference shares	223,239	1,000	223,239	223,239	1,000	223,239
			<u>423,239</u>			<u>423,239</u>

Capital management

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules / ratios) as adopted by the Central Bank of Bahrain (see Note 21).

18. EARNINGS PER SHARE

The Group's earnings per share for the period are as follows:

	6 months July - December 2016	6 months July - December 2015
Net income (\$000s)	35,624	50,900
Less : Preference shares dividend and premium - paid on redemptions (\$000s)	-	(276)
Net income attributable to ordinary shareholders (\$000s)	35,624	50,624
Weighted average ordinary shares for basic earnings per ordinary share	71,137,923	68,152,433
Basic earnings per ordinary share - on weighted average shares (\$)	0.50	0.74
Weighted average ordinary shares for fully diluted earnings per ordinary shares	73,511,073	71,329,704
Fully diluted earnings per ordinary share - on weighted average diluted shares (\$)	0.48	0.71

19. DERIVATIVE FINANCIAL INSTRUMENTS

The table below summarizes the Group's derivative financial instruments outstanding at December 31, 2016 and June 30, 2016:

\$000s	Description	December 31, 2016			June 30, 2016 (Audited)		
		Notional value	Positive fair value*	Negative fair value	Notional value	Positive fair value*	Negative fair value
A) HEDGING DERIVATIVES							
<u>Currency risk being hedged using forward foreign exchange contracts</u>							
<i>i) Fair value hedges</i>							
	<i>On balance sheet exposures</i>	310,023	-	(44,605)	330,950	30,055	-
<i>ii) Cash flow hedges</i>							
	Forecasted transactions	296,686	423	(1,385)	-	-	-
	Coupon on long-term debt	60,192	-	(8,712)	53,571	4,973	-
	Total forward foreign exchange contracts	666,901	423	(54,702)	384,521	35,028	-
<u>Interest rate risk being hedged using interest rate swaps</u>							
	<i>i) Fair value hedges - fixed rate debt</i>	719,474	57,630	(1,790)	768,219	1,054	(1,083)
	<i>ii) Cash flow hedges - floating rate debt</i>	225,000	-	(1,792)	325,000	-	(4,936)
	Total interest rate hedging contracts	944,474	57,630	(3,582)	1,093,219	1,054	(6,019)
	Total hedging derivatives	1,611,375	58,053	(58,284)	1,477,740	36,082	(6,019)
B) OTHER DERIVATIVES							
	Interest rate swaps	455,485	11,454	(11,898)	75,000	16,028	(16,032)
	Total return swaps	83,831	-	(159)	23,313	92	(175)
	Forward foreign exchange contracts	1,010,131	6,204	(6,095)	989,332	17,473	(23,093)
	Currency options	95,760	43	-	-	-	-
	Cross currency swaps	423,878	21,115	(5,767)	438,832	20,535	(4,161)
	Total other derivatives	2,069,085	38,816	(23,919)	1,526,477	54,128	(43,461)
	TOTAL - DERIVATIVE FINANCIAL INSTRUMENTS	3,680,460	96,869	(82,203)	3,004,217	90,210	(49,480)

* Net collateral received by the Group amounting to \$27.6 million has been taken against the fair values above (June 30, 2016: \$129.6 million)

20. COMMITMENTS AND CONTINGENT LIABILITIES

\$000s	December 31, 2016	June 30, 2016 (Audited)
Investment commitments	57,019	47,138
Non-cancelable operating leases:		
Up to 1 year	5,581	6,062
1 year to 5 years	5,413	8,061
Total non-cancelable operating leases	10,994	14,123
Guarantees and letters of credit issued to third parties	-	3,500

Investment related commitments represent the Group's unfunded co-investment commitments to various CI and RE investment funds, a special opportunities portfolio, and forward placements in money market instruments.

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

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.

21. 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.

<i>\$000s</i>	December 31, 2016	<i>June 30, 2016 (Audited)</i>
Tier 1 capital	1,003,819	1,016,354
Tier 2 capital	4,789	4,904
Regulatory capital base under Basel III (TC=T1+T2)	1,008,608	1,021,258

	<i>Principal / Notional amounts</i>	<i>Risk weighted equivalents</i>	<i>Principal / Notional amounts</i>	<i>Risk weighted equivalents</i>
	December 31, 2016	December 31, 2016	<i>June 30, 2016 (Audited)</i>	<i>June 30, 2016 (Audited)</i>
Risk weighted exposure				
<i>\$000s</i>				
Credit risk				
Claims on sovereigns	39,621	-	47,812	-
Claims on banks	476,568	218,030	354,822	182,210
Claims on corporates	566,137	464,914	404,236	404,236
Co-investments (including underwriting)	1,425,299	2,015,653	1,516,363	2,116,965
Other assets	61,579	90,612	61,466	90,357
<u>Off-balance sheet items</u>				
Commitments and contingent liabilities	68,013	20,354	64,761	19,994
Derivative financial instruments	112,684	62,964	102,920	57,369
Credit risk weighted exposure		2,872,527		2,871,131
Market risk				
Market risk weighted exposure		500		1,882
Operational risk				
Operational risk weighted exposure		500,122		500,122
Total risk weighted exposure (RWE)		3,373,149		3,373,135
Tier 1 capital ratio (T1) / (RWE)		29.8%		30.1%
Risk asset ratio (TC) / (RWE)		29.9%		30.3%
Minimum required as per CBB regulatory guidelines under Basel III		12.5%		12.5%
Capital cushion over minimum required as per CBB guidelines		586,964		599,616

Fair value unrealized gains on FVTPL investments amounting to \$1.1 million (June 30, 2016: losses of \$59.1 million) are reflected in retained earnings, which is part of Tier 1 Capital.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Level 2: input 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 on the interim consolidated balance sheet are not materially different from their carrying values except for certain liabilities carried at amortized cost. The fair value of medium and long-term debt amounts to \$773.7 million (June 30, 2016: \$814.3 million) as compared to carrying value of \$785.3 million (June 30, 2016: \$901.2 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 hierarchy disclosure under IFRS 7.

During the current six months period, there was a transfer of \$1.8 million from level 3 to level 1 (Six months to December 31, 2015: nil) under co-investments in corporate investments. This represents the receipt of quoted shares as a partial consideration towards the exit of one of the Group's unquoted investments. Additionally, under alternative investment solutions, an exposure of \$27.7 million (June 30, 2016: \$29.8 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 AIS exposure amounts to a gain of \$2.6 million (June 30, 2016: loss of \$6.5 million) and the net redemptions amounts to \$4.7 million (June 30, 2016: \$15.3 million).

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:

22. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

<i>December 31, 2016</i>				
<i>\$000s</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Financial assets				
Positive fair value of derivatives	-	96,869	-	96,869
<u>Co-investments</u>				
Corporate investment	7,676	-	517,445	525,121
Alternative investment solutions	-	240,848	27,739	268,587
Real estate investment	-	-	78,065	78,065
Total financial assets	<u>7,676</u>	<u>337,717</u>	<u>623,249</u>	<u>968,642</u>
Financial liabilities				
Negative fair value of derivatives	-	82,203	-	82,203
Total financial liabilities	<u>-</u>	<u>82,203</u>	<u>-</u>	<u>82,203</u>

<i>June 30, 2016</i>				
<i>\$000s (Audited)</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Financial assets				
Positive fair value of derivatives	-	90,210	-	90,210
<u>Co-investments</u>				
Corporate investment	15,526	-	564,825	580,351
Alternative investment solutions	-	286,019	29,808	315,827
Real estate investment	-	-	94,125	94,125
Total financial assets	<u>15,526</u>	<u>376,229</u>	<u>688,758</u>	<u>1,080,513</u>
Financial liabilities				
Negative fair value of derivatives	-	49,480	-	49,480
Total financial liabilities	<u>-</u>	<u>49,480</u>	<u>-</u>	<u>49,480</u>

22. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

A reconciliation of the opening and closing amounts of Level 3 co-investment in corporate investment and real estate investment is given below:

<i>December 31, 2016</i> \$000s	<i>At beginning</i>	<i>Net new acquisitions</i>	<i>Fair value movements*</i>	<i>Movements relating to realizations</i>	<i>Other movements**</i>	<i>At end</i>
<i>CI co-investments</i>	564,825	44,963	11,729	(87,501)	(16,571)	517,445
<i>RE co-investments</i>	94,125	5,048	(18,975)	(4,247)	2,114	78,065
Total	658,950	50,011	(7,246)	(91,748)	(14,457)	595,510

*Includes \$0.6 million fair value loss on available for sale investments and unrealized fair value losses of \$14.6m.

**Other movements include add-on funding and foreign currency translation adjustments.

<i>June 30, 2016</i> \$000s	<i>At beginning</i>	<i>Net new acquisitions</i>	<i>Fair value movements*</i>	<i>Movements relating to realizations</i>	<i>Other movements**</i>	<i>At end</i>
<i>CI co-investments</i>	626,855	42,142	96,523	(231,365)	30,670	564,825
<i>RE co-investments</i>	119,523	32,776	(19,589)	(31,844)	(6,741)	94,125
Total	746,378	74,918	76,934	(263,209)	23,929	658,950

*Includes \$0.7 million fair value gain on available for sale investments and unrealized fair value gains of \$16.4m.

**Other movements include add-on funding and foreign currency translation adjustments.

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

<i>December 31, 2016</i> \$000s		<i>Factor</i>	<i>Change</i>	<i>Balance sheet exposure</i>	<i>Projected Balance sheet Exposure</i>		<i>Impact on Income</i>	
					<i>For increase</i>	<i>For decrease</i>	<i>For increase</i>	<i>For decrease</i>
<i>CI co-investments</i>	EBITDA Multiples	+/- 0.5x	452,241	501,547	404,757	49,306	(47,484)	
	Revenue Multiples	+/- 0.5x	5,428	6,033	4,823	605	(605)	
	Quoted bid price	+/- 1%	7,676	7,753	7,599	77	(77)	
<i>RE co-investments</i>	Capitalization Rate	-/+ 1%	78,065	101,774	59,534	23,709	(18,531)	
					<i>For decrease</i>	<i>For increase</i>	<i>For decrease</i>	<i>For increase</i>

<i>June 30, 2016</i> \$000s (Audited)		<i>Factor</i>	<i>Change</i>	<i>Balance sheet exposure</i>	<i>Projected Balance sheet Exposure</i>		<i>Impact on Income</i>	
					<i>For increase</i>	<i>For decrease</i>	<i>For increase</i>	<i>For decrease</i>
<i>CI co-investments</i>	EBITDA Multiples	+/- 0.5x	538,810	591,182	488,524	52,372	(50,286)	
	Quoted bid price	+/- 1%	15,526	15,681	15,371	155	(155)	
<i>RE co-investments</i>	Capitalization Rate	-/+ 1%	94,125	111,952	77,715	17,827	(16,410)	

23. 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 AIS, 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 being 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:

\$000s		July 2016 - December 2016	July 2015 - December 2015
AUM fees	Investee and investment holding companies	32,785	33,000
Deal fees	Investee and investment holding companies	51,071	61,366
Asset based income	Investee companies	18,472	10,001
Provisions for impairment	Employee investment programs	-	910
Interest expense	Investment holding companies	635	12

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

\$000s	December 31, 2016			June 30, 2016 (Audited)		
	Assets	Liabilities	Off-balance sheet	Assets	Liabilities	Off- balance sheet
<u>Outstanding balances</u>						
Strategic shareholders	5,088	10,206	-	-	6,272	-
Investee companies	46,319	1,531	-	56,113	-	-
Investment holding companies	130,846	77,494	41,925	137,950	100,282	19,986
Fund companies associated with the AIS	7,895	-	15,094	42,817	-	20,786
Directors and senior management	-	253	-	-	3,088	-
	190,148	89,484	57,019	236,880	109,642	40,772

24. SIGNIFICANT ACCOUNTING POLICIES

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, 2016, except for the adoption of the amendments to standards as noted below which became effective for accounting periods beginning on or after January 1, 2016:

- IAS1 Presentation of Financial Statements – Amendments to Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities - Applying the Consolidation Exception
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization
- IAS 27 Separate Financial Statements – Amendments relating to Equity Method in Separate Financial Statements
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRS 11 Joint Arrangements – Amendments relating to Accounting for Interests in Joint Operations Annual Improvements 2012-2014 cycle (Effective for periods beginning on or after January 1, 2016)

Annual Improvements 2012-2014 cycle (Effective for periods beginning on or after January 1, 2016)

- IFRS 7 Financial Instruments - Disclosure

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

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 thousands (\$000s) unless otherwise stated.

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 corporate 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.