INVESTCORP CAPITAL PLC

(formerly known as INVESTCORP CAPITAL LIMITED)

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024
FISCAL YEAR 2024

Directors' Report

The Board of Directors has the pleasure to submit its report, together with the audited consolidated financial statements of Investcorp Capital plc for the fiscal year ended June 30, 2024.

Principal Activities

Investcorp Capital plc is an alternative investment company that invests in private markets and provides capital financing services. It offers investors exposure to a global portfolio of investments across various asset classes, including those that have been and will continue to be carefully selected by Investcorp group. Investcorp Capital plc covers strategies across corporate investments, global credit, real assets and strategic capital, to generate value and recurring income by receiving dividends, collecting rents, financing fees and interest. Investcorp Capital plc is listed on the ADX under the symbol "ICAP".

Members of the Board of Directors

As of June 30, 2024, the Board of Directors consisted of the nine members listed below, each of whom are non-executive members:

- H. E. Mohammed Alardhi
- Mr. Hazem Ben-Gacem
- Mr. Rishi Kapoor
- Mr. Abbas Rizvi[1]
- Mr. Yusef Al Yusef
- Dr. Nawal Al-Hosany
- Mr. Peter McKellar
- Mr. Mohammed AlShroogi
- Ms. Pamela Jackson

Results

For the fiscal year end June 30, 2024, Investcorp Capital plc achieved a net profit of $105 million (2023: $113 million). Gross operating income was $132 million (2023: $126 million). Investcorp Capital plc's total assets for the fiscal year ended June 30, 2024 were $1,751 million (2023: $1,426 million).

Auditors

The consolidated financial statements have been audited by Ernst & Young.

On behalf of the Board

To the best of our knowledge, the financial information included in these consolidated financial statements fairly reflects in all material respects the consolidated financial condition, results of operation and cash flows of Investcorp Capital plc as of, and for, the periods presented in the consolidated financial statements.

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Chairman
09 September 2024

[1] Mr. Abbas Rizvi was appointed to the Board of Directors of Investcorp Capital plc, effective April 1, 2024, following the resignation of Jan Erik Back.

EY
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ADGM Registered No. 000001136

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INVESTCORP CAPITAL PLC

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Investcorp Capital Plc (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

INVESTCORP CAPITAL PLC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

<table>
<tr><th colspan="2">1. Valuation of unquoted investments and related fair value changes</th></tr>
<tr><th>Key audit matter</th><th>How the key audit matter was addressed in the audit:</th></tr>
<tr><td>As of 30 June 2024, the Group's investment portfolio comprises of a number of unquoted level 3 investments categorized as corporate investments, global credit, real estate and strategic capital in the consolidated statement of financial position totalling USD 1,265 million. The Group has used a combination of approaches including discounted cash flow, PE multiples by using a multiple-based approach applied to the most recent and relevant operating performance metric of the underlying company and bid prices or indicative prices where available, obtained from potential buyers to determine the fair value of these investments.

Owing to the illiquid nature of these unquoted investments, the assessment of fair valuation is subjective and requires several significant and complex judgments to be made by management. The exit value is dependent on several factors and will be determined at the time of realisation and therefore despite the valuation policy adopted and judgments made by management, the final sales value may differ materially from the valuation at the year end.

This was considered as a key audit matter given that these investments accounted for approximately 72% of the Group's total assets as of 30 June 2024 and due to the significance of judgments and estimates used by management to value these investments. Further, fair value changes arising from these investments for 2024 constituted approximately 33% of the gross operating income.

Refer to the critical accounting estimates and judgments and disclosures of investments in notes 5, 6, 7, 8, 9, 16 and 19 to the consolidated financial statements.</td><td>We obtained an understanding of management's processes for determining the fair value of unquoted investments. This included discussing with management about the valuation governance structure and protocols around management's oversight of the valuation process. We attended calls with the investees' management for a sample of investments, accompanied by our valuation specialists to corroborate our understanding of, and to gain specific insights into, the underlying investments.

For a sample of unquoted investments, we

• obtained and reviewed the valuation reports and the relevant underlying documentation supporting the valuations and the assumptions used;
• corroborated key inputs in the valuation models such as earnings, capital expenditure and net debt to the source data;
• evaluated the significant assumptions used by management such as growth rate, discount rates and occupancy rates for real estate investments and in the light of historical information, current market condition;
• where relevant, we reviewed the comparable companies' information and multiples considered by management to determine the reasonableness of such information used in valuations; and
• checked the mathematical accuracy of the valuation models.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

INVESTCORP CAPITAL PLC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

1. Valuation of unquoted investments and related fair value changes (continued)	
	With the assistance of our valuations specialists, we formed an independent range for the key assumptions used in the valuation of a sample of investments, with reference to the relevant industry and market valuation considerations, and performed sensitivity analysis over these assumptions for the selected sample. We derived a range of fair values using such assumptions and other qualitative risk factors. We compared these ranges with management's valuation and discussed our results with management. We assessed the disclosures in the consolidated financial statements relating to the key audit matters against the requirements of IFRS.
2. Related party transactions and balances	
We identified the accuracy and completeness of disclosure of related party transactions as set out in Note 17 to the consolidated financial statements as a key audit matter due to the significance of transactions with related parties carried out during the year ended 30 June 2024.	• We obtained an understanding of the Group's policies and procedures in respect of the identification of all related parties, and how management ensures completeness of transactions and balances with related parties as disclosed in the consolidated financial statements; • We agreed the amounts disclosed to underlying documentation and reviewing relevant agreements, on a sample basis, as part of our evaluation of the disclosure; • We evaluated the completeness of the disclosures through review of books and records and other documents obtained during the course of our audit; and • We assessed whether the Group's disclosures in the consolidated financial statements in relation to related party balances and transactions are compliant with the requirements of IAS 24 – Related Party Disclosures.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

INVESTCORP CAPITAL PLC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other information
Other information consists of the information included in the Board of Directors' report and the annual report, other than the consolidated financial statements and our auditor's report thereon. We obtained the Board of Directors' report prior to the date of our audit report and we expect to obtain the annual report after the date of our auditor's report. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Board of Directors for the consolidated financial statements
The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Articles of Association, Companies Regulation 2020 of Abu Dhabi Global Market (ADGM), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

INVESTCORP CAPITAL PLC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

INVESTCORP CAPITAL PLC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

i) the consolidated financial statements include, in all material respects, the applicable requirements of the Companies Regulations 2020 of ADGM; and

ii) the financial information included in the Board of Directors' report is consistent with the books of account and records of the Group.

For Ernst & Young

Ahmad Al Dali
Partner

9 September 2024
Abu Dhabi, United Arab Emirates

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

$millions	***2024***	***2023***	*Notes*
Revenue from capital financing services	49	45	
Revenue from capital deployment	76	72	
Interest income	7	9	17
Gross operating income	**132**	**126**	2
Operating expenses	(8)	(11)	3
Interest expense	(19)	(2)	
NET PROFIT FOR THE YEAR	105	113	
Basic and diluted earnings per share (cents)	5.07	6.04	13

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Mohammed Mahfoodh Saad Al Ardhi
Chairman

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Hazem Ben-Gacem
Director

……………………………..
Timothy Mattar
Chief Executive Officer

The attached Notes 1 to 19 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

$millions	*2024*	*2023*
NET PROFIT FOR THE PERIOD	105	113
Other comprehensive (loss) income that will be recycled to statement of profit or loss		
Movements - Fair value through other comprehensive income investments	(1)	1
Other comprehensive loss that will not be recycled to statement of profit or loss		
Movements - Fair value through other comprehensive income investments	(4)	(6)
Other comprehensive loss	(5)	(5)
TOTAL COMPREHENSIVE INCOME	100	108

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Mohammed Mahfoodh Saad Al Ardhi
Chairman

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Hazem Ben-Gacem
Director

……………………………….
Timothy Mattar
Chief Executive Officer

The attached Notes 1 to 19 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

$millions	*June 30, 2024*	*June 30, 2023*	*Notes*
ASSETS			
Due from a related party	144	150	17
Receivables and other assets	206	83	4
Capital financing services	430	418	5
Corporate investments	520	335	6
Global credit	242	252	7
Real estate	162	155	8
Strategic capital	47	33	9
TOTAL ASSETS	1,751	1,426	
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and accrued expenses	157	150	10
Financing	132	41	11
TOTAL LIABILITIES	289	191	
EQUITY			
Net invested capital	-	1,235	
Share capital	1,096	-	12
Retained earnings and other reserves	311	-	
Proposed appropriation	55	-	
TOTAL EQUITY	1,462	1,235	
TOTAL LIABILITIES AND EQUITY	1,751	1,426	

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Mohammed Mahfoodh Saad Al Ardhi
Chairman

……………………………………

Hazem Ben-Gacem
Director

…………………………………

Timothy Mattar
Chief Executive Officer

The attached Notes 1 to 19 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

$millions	Invested capital	Share capital	Share premium	Retained earnings	Fair value reserve	Treasury shares	Proposed appropriation	Total
			Retained earning and other reserves					
Balance at July 1, 2022	**1,107**	**-**	**-**	**-**	**-**	**-**	**-**	**1,107**
Total comprehensive income	108	-	-	-	-	-	-	**108**
Net movement in invested capital	20	-		-	-	-	-	**20**
Balance at June 30, 2023	**1,235**	**-**	**-**	**-**	**-**	**-**	**-**	**1,235**
Balance at July 1, 2023	**1,235**	**-**	**-**	**-**	**-**	**-**	**-**	**1,235**
Restructure / capitalisation during the year (See Note 1)	(1,235)	935	-	306	(6)	-	**-**	**-**
Issuance of shares (See Note 1)	-	161	40	-	-	-	-	**201**
IPO transaction cost	-	-	(13)	-	-	-	-	**(13)**
Total comprehensive income	-	-	-	105	(5)	-	**-**	**100**
Fiscal 2024 interim dividends paid (See Note 13)	-	-	-	(60)	-	-	**-**	**(60)**
Appropriations for fiscal 2024 (See Note 13)	-	-	-	(55)	-	-	**55**	**-**
Treasury shares (See Note 12)	-	-	-	-	-	(1)	**-**	**(1)**
Balance at June 30, 2024	**-**	**1,096**	**27**	**296**	**(11)**	**(1)**	**55**	**1,462**

The attached Notes 1 to 19 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

$millions	*2024*	*2023*	*Notes*
OPERATING ACTIVITIES			
Net profit for the year	105	113	
Adjustments for non-cash items in net profit:			
Unrealized fair value movement	(45)	(49)	
Net profit adjusted for non-cash items	60	64	
Changes in working capital			
Other net working capital	(8)	6	
Net cash generated from operating activities	52	70	
FINANCING ACTIVITIES			
Movement in related party balance	6	41	
Proceeds from share issuance	201	-	
Transaction costs relating to IPO	(13)	-	
Financing	91	1	
Interim dividends paid	(60)	-	13
Treasury shares	(1)	-	12
Net cash from financing activities	224	42	
INVESTING ACTIVITIES			
Corporate investments	(163)	(21)	
Global credit	15	(53)	
Real estate	-	(69)	
Strategic capital	(8)	(8)	
Capital financing services (including receivables)	(122)	39	
Financial assets disposal proceeds receivable	3	-	
Net cash used in investing activities	(275)	(112)	
Net change in cash and cash equivalents	1	-	
Opening cash and cash equivalents	-	-	
Total cash and cash equivalents*	1	-	

* As at June 30, 2024, cash and cash equivalents amounts to $0.6 million. (refer to note 4)

Additional cash flow information	*2024*	*2023*
Interest paid	(19)	(2)
Interest received	7	9

The attached Notes 1 to 19 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BACKGROUND

Investcorp Capital Limited was incorporated on April 24, 2023 and is registered with Abu Dhabi Global Market ("ADGM"). On October 12, 2023, the Company re-registered as a Public Company Limited by shares and changed its name to Investcorp Capital Plc (the "Company" or "ICAP"). The registered address of the Company is 1137 Register 17, 17, Al Maqam Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. The Company and its subsidiaries are referred to herein as the "Group". The wholly owned subsidiaries of ICAP which are consolidated in these financial statements are as follows:

Wholly owned subsidiaries	*Place of incorporation*	*Description of principal activities*
Investcorp Capital Cayman Limited	Cayman Islands	Activities of holding Company.
Investcorp Investment Holdings Limited	Cayman Islands	Company through which the Group retains its investments across its asset classes.
Investcorp BDC Holding Limited	Cayman Islands	Company through which the Group holds certain debt investments.

The Company is 71.4% owned by Investcorp S.A., which is an indirect wholly-owned subsidiary of Investcorp Holdings B.S.C. (closed) ("Investcorp Holdings"), a company incorporated in the Kingdom of Bahrain. Investcorp Holdings and its subsidiaries, are referred to herein as ("Investcorp").

In October 2023, Investcorp announced its intention to list the Company's shares in Abu Dhabi Securities Exchange ('ADX'). On November 10, 2023, the Initial Public Offering was successfully priced at the rate of AED 2.30. The trading of the Company's shares commenced on November 17, 2023.

The consolidated financial statements were authorized for issue by the board of directors of ICAP on September 09, 2024.

REORGANIZATION OF INVESTCORP'S CAPITAL OPERATIONS BUSINESS

Investcorp has three business verticals and principal activities for each vertical as follows:

(i) Asset Management

Investcorp acts as an intermediary by acquiring, managing and realizing assets for institutional and high net worth clients.

1. BACKGROUND (CONTINUED)

REORGANIZATION OF INVESTCORP'S CAPITAL OPERATIONS BUSINESS (CONTINUED)

(ii) Capital Financing Services

The Capital Financing Services Business primarily acts as underwriter for acquisition of target companies which have a strong track record and potential for growth. Revenue from capital financial services represents underwriting fee income.

(iii) Capital deployment

Investcorp deploys capital as a principal investor along with its clients in various asset classes and acts as a strategic partner to drive growth of these businesses. Income from these asset classes is earned during their life cycle either in the form of fair value changes or cash flows in the form of dividends, yield on global credit and capital gains on disposals of these assets.

The asset classes offered by Investcorp include corporate investments, global credit, real estate, strategic capital, absolute return investments and infrastructure.

ICAP was formed to facilitate the reorganization of Investcorp's Capital Operations business, accordingly, Investcorp's business was reorganized as follows:

- Investcorp Holdings through its subsidiary Investcorp Investment Holdings Limited ("IIHL"), initially housed the Capital Operations which comprise of the below business verticals and asset classes;

Business Verticals	Asset Classes
- Capital Financing Services - Capital Deployment	- Corporate investments - Global credit - Real estate - Strategic capital

- On August 31, 2023, IIHL was transferred to Investcorp Capital Limited, in exchange for shares of Investcorp Capital Limited. The Company owns IIHL through a wholly-owned subsidiary, Investcorp Capital Cayman Limited.

The transfer of subsidiaries to the Company post restructuring represented a capital restructuring, being a transfer of business under common control. Therefore, the transfer represented the predecessor method of accounting and retrospective presentation is used.

2. SEGMENT REPORTING

As at June 30, 2024, the business segments used for segment reporting are as follows. The basis of reporting information for these segments have remained the same as for the Capital Operations of Investcorp S.A. for the year ended June 30, 2023.

i) Capital Financing Services

ii) Capital Deployment

PROFIT OR LOSS AND FINANCIAL POSITION BY REPORTING SEGMENTS

The consolidated statements of profit or loss by reporting segments are as follows:

$millions	*2024*	*2023*
CAPITAL FINANCING SERVICES		
Revenue from capital financing services	49	45
Interest income	6	9
Gross income attributable to capital financing services	55	**54**
Interest expense	(19)	-
Operating expenses attributable to capital financing services	(3)	(4)
CAPITAL FINANCING SERVICES PROFIT (a)	**33**	**50**
CAPITAL DEPLOYMENT		
Gain on financial assets	49	47
Yield on global credit	19	17
Dividend income - real estate	8	8
Interest income	1	-
Gross income attributable to capital deployment	**77**	**72**
Interest expense	-	(2)
Operating expenses attributable to capital deployment	(5)	(7)
CAPITAL DEPLOYMENT PROFIT (b)	**72**	**63**
PROFIT FOR THE PERIOD (a) + (b)	**105**	**113**

2. SEGMENT REPORTING (CONTINUED)

PROFIT OR LOSS AND FINANCIAL POSITION BY REPORTING SEGMENTS (CONTINUED)

The consolidated statements of financial position by reporting segments are as follows:

June 30, 2024 ***$millions***	***Capital Financing Services***	***Capital deployment***	***Total***
Assets			
Due from a related party	137	7	144
Receivables and other assets	196	10	206
Capital financing services	430	-	430
Corporate investments	-	520	520
Global credit	-	242	242
Real estate	-	162	162
Strategic capital	-	47	47
Total assets	763	988	1,751
Liabilities and Equity			
Liabilities			
Payables and accrued expenses	150	7	157
Financing	132	-	132
Total liabilities	282	7	289
Equity			
Share capital	384	712	1,096
Retained earnings and other reserves	97	269	366
Total equity	481	981	1,462
Total liabilities and equity	763	988	1,751

June 30, 2023 ***$millions***	***Capital Financing Services***	***Capital deployment***	***Total***
Assets			
Due from a related party	150	-	150
Receivables and other assets	75	8	83
Capital financing services	418	-	418
Corporate investments	-	335	335
Global credit	-	252	252
Real estate	-	155	155
Strategic capital	-	33	33
Total assets	643	783	1,426
Liabilities and Equity			
Liabilities			
Payables and accrued expenses	136	14	150
Financing	-	41	41
Total liabilities	136	55	191
Equity			
Net invested capital	507	728	1,235
Total liabilities and equity	643	783	1,426

3. OPERATING EXPENSES

$millions	*2024*	*2023*
Administrative expenses	6	1
Staff compensation and benefits	1	7
Professional fees	1	2
Premises and depreciation expense	0	1
Total	8	11

4. RECEIVABLES AND OTHER ASSETS

$millions	*June 30, 2024*	*June 30, 2023*
Capital financing services related receivables	196	75
Financial assets disposal proceeds receivable	4	7
Other assets	6	1
Total	206	83

Capital financing services related receivables represent underwriting earmarked with Investcorp's clients pending settlement, this also includes the related fee.

Financial assets disposal proceeds receivable includes proceeds due from contracted disposals of private equity investments and real estate investments.

Other assets include non-financial assets amounting to $2 million as at June 30, 2024 (June 30, 2023: $1 million) and include cash amounting to $0.6 million as at June 30, 2024 (June 30, 2023: Nil).

5. CAPITAL FINANCING SERVICES

	June 30, 2024					*June 30, 2023*				
$millions	North America	Europe	Asia	MENA	Total	North America	Europe	Asia	MENA	Total
Corporate investments	70	83	-	12	165	0	51	95	19	165
Real estate	137	64	1	35	237	103	61	7	35	206
Strategic capital	3	-	-	-	3	36	-	-	-	36
Global credit	14	11	-	-	25	11	-	-	-	11
Total	224	158	1	47	430	150	112	102	54	418

These balances are classified as fair value through profit or loss ("FVTPL"). The fair value is based on techniques highlighted in Note 6, 7, 8 and 9 to the consolidated financial statements. Accounting policy for FVTPL and fair value through other comprehensive income ("FVOCI") investments is disclosed in Note 19.

6. CORPORATE INVESTMENTS

These assets are carried at fair value and their distribution across various sectors and geography are as shown below.

	June 30, 2024					June 30, 2023				
$millions	**North America**	**Europe**	**MENA***	**Asia****	**Total**	**North America**	**Europe**	**MENA***	**Asia****	**Total**
Consumer Products	15	2	26	48	91	6	2	18	-	26
Consumer Services	18	7	-	8	33	19	-	-	8	27
Distribution	17	-	-	-	17	16	-	-	-	16
Healthcare	0	1	108	3	112	-	1	124	4	129
Industrial/ Business Services	74	14	51	98	237	61	11	49	2	123
Technology										
Big Data	1	17	-	5	23	1	5	-	3	9
Infrastructure & Others	-	-	1	6	7	-	-	1	4	5
Total	125	41	186	168	520	103	19	192	21	335

* Including Turkey
** Represents China and India

The fair value is determined wherever possible using valuations implied by material financing events for the specific asset in question that involve third party capital providers operating at arms’ length. An example of a material event would be where a sale is imminent and credible bids have been received from third parties or valuations have been received from banks engaged in the sale process. In these cases, the fair value would be established with reference to the range of bids received and based on Investcorp management's assessment of the most likely realization value within that range. Another example of a material event would be where an arm's length financing transaction has occurred recently that is (a) material in nature, (b) involves third parties, and (c) attaches an implicit value to the company. In the event that such a recent third-party measure of specific fair value for an individual asset is not available, the fair value is determined by using a multiples-based approach applied to the most recent and relevant operating performance metric of the underlying company, typically EBITDA and sometimes sales. The multiple used is taken from a universe of comparable publicly listed companies, recent M&A transactions involving comparable companies, and Discounted Cash Flow (“DCF”) analysis. Judgment is exercised in choosing the most appropriate multiple, on a consistent basis, from within the universe referred to above.

Of the above, investments amounting to $58.5 million (June 30, 2023: $33.4 million) are classified as FVOCI investments. For FVOCI investments, during the year, a loss of $3.7 million (2023: loss of $3.7 million) was recognized in other comprehensive income and no amount (2023: losses of $7.4 million) was recycled to retained earnings/net invested capital on derecognition.

7. GLOBAL CREDIT

$millions	*June 30, 2024*	*June 30, 2023*
Structured global credit	202	211
Other global credit	40	41
Total	242	252

Structured global credit represents exposure to corporate debt through fully funded total return swap entered with a related party. The Company earns returns equal to an investment in CLOs and receives cash which comprises of interest and principal. These exposures are carried at FVTPL. Other global credit exposures are carried out at FVOCI and mainly represents deployment in Loans of Business Development Companies ("BDC").

The fair value of global credit capital deployment categorized as FVTPL and FVOCI is determined on the basis of inputs from independent third parties including internal management assessment of the projected cashflows and net asset value of underlying funds as reported by third party administrators.

8. REAL ESTATE

These financial assets are carried at fair value and their distribution across portfolio type and geography are as shown below.

	June 30, 2024					*June 30, 2023*				
$millions	**North America**	**Europe**	**Asia**	**MENA**	**Total**	**North America**	**Europe**	**Asia**	**MENA**	**Total**
Industrial	79	8	10	2	99	61	9	8	3	81
Residential	34	-	-	-	34	35	-	-	-	35
Student Housing	13	2	-	-	15	4	2	-	-	6
Office	1	6	-	-	7	1	5	-	-	6
Educational Infrastructure	-	-	1	-	1	-	-	1	-	1
Other	5	1	-	-	6	25	1	-	-	26
Total	132	17	11	2	162	126	17	9	3	155

These comprise of equity investments in commercial and residential real estate portfolios and are fair valued based on the estimated future cash flows from the underlying real estate assets and using prevailing capitalization rates for similar properties in the same geographical area, or DCF analysis.

Investments which are classified as FVOCI investments amounted to $1.4 million (June 30, 2023: $0.9 million). For FVOCI investments, during the year, losses of $0.1 million (2023: loss of $0.2 million) were recognized in other comprehensive income and no amount (2023: nil) was recycled to retained earnings/net invested capital on derecognition. All other investments are classified as FVTPL.

9. STRATEGIC CAPITAL

These represent minority interests in alternative asset managers, particularly GPs who manage longer-duration private capital strategies (e.g. private equity, private credit, real estate).

9. STRATEGIC CAPITAL (CONTINUED)

The underlying assets are located in United States and are carried at fair value. These assets are initially recorded at acquisition cost (being the initial fair value) and are re-measured to fair value at each reporting date, with resulting unrealized gains or losses being recorded as fair value changes in consolidated statement of profit or loss.

Valuation techniques for measuring the fair value of these assets are similar to techniques used for valuations of corporate investments.

10. PAYABLES AND ACCRUED EXPENSES

$millions	*June 30, 2024*	*June 30, 2023*
Unfunded deal acquisitions	156	145
Other payables	1	5
Total	157	150

Unfunded deal acquisitions represent amounts contractually payable by the Group in respect of asset acquisitions for which the agreements are signed but have not been funded as of the year end.

11. FINANCING

$millions	*Final Maturity*	*Facility size*	*June 30, 2024*	*June 30, 2023*
MEDIUM-TERM DEBT				
REVOLVING CREDIT				
US Dollar syndicated revolving facility	March 2028	800	150	-
TOTAL MEDIUM-TERM DEBT			150	-
LONG-TERM DEBT				
SECURED FINANCING				
Repurchase agreement	October 2030		-	19
Repurchase agreement	April 2031		-	22
Repurchase agreement	October 2031		-	2
Repurchase agreement	July 2031		-	2
TOTAL LONG-TERM DEBT			-	45
OTHER ADJUSTMENTS				
Foreign exchange translation adjustments			-	(4)
Transaction costs of borrowings			(18)	(0)
TOTAL FINANCING			132	41

11. FINANCING (CONTINUED)

During the year, the Company has raised $800 million in refinancing through a revolving credit facility with an international consortium of banks. The new facility has replaced the existing $600 million facility with Investcorp Group. The revolving credit facility is a floating rate instrument with a margin of 250 basis point over SOFR. These are subject to certain customary covenants, including maintaining certain minimum levels of net worth and operating below maximum leverage ratios.

12. SHARE CAPITAL AND RESERVES

Initially 935,001,000 shares were issued with a nominal value of $1 each per share. On September 18, 2023, the number of shares changed from 935,001,000 to 1,870,002,000 shares as a result of share split resulting in the nominal value per share changing from $1 per share to $0.5 per share.

Furthermore, 321.5 million shares were issued as a result of IPO (Note 1). As at June 30, 2024, the Company has an issued and paid up capital of USD 1,095,751,000 comprising of 2,191,502,000 shares. The excess is recorded in share premium.

Treasury shares
The Company engaged a third-party licensed Market Maker on ADX that offers liquidity provision services, to place buy and sell orders of the Company's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility. At 30 June 2024, the Market Maker held 2,298,255 of ICAP shares on behalf of the Company, which are classified under equity as treasury shares.

13. EARNING & DIVIDEND PER SHARE

	2024	***2023***
Profit for the year ($millions) attributable to shareholders	105	113
Weighted average number of ordinary shares (in millions)*	2,069	1,870
Basic and diluted earnings per ordinary share (cents)	5.07	6.04

* Since predecessor accounting is followed, the number of shares for the comparative period is assumed to be same as number of shares prior to listing.

The Board of Directors of the Company, in its meeting held on February 11, 2024, approved the payment of an interim cash dividend of US$ 59.7 million (approximately 3 cents per share).

The proposed ordinary share dividend is approximately 3 cents (2023: nil) per share payable only on issued shares that are held on the date of approval of dividend by the ordinary shareholders.

14. COMMITMENTS AND CONTINGENT LIABILITIES

$millions	*June 30, 2024*	*June 30, 2023*
Commitments	338	239
Capital guarantees	58	-

Represents commitments and capital guarantees towards participation in corporate investments, real estate, global credit, strategic capital and Infrastructure investments.

15. RISK MANAGEMENT

Investcorp provides risk management services to the Group under the terms of the Master Service Agreement. The principal risks associated with the Group's business, and the related risk management processes are explained below:

i) Counterparty credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Investcorp manages credit risk by setting limits for all counterparties. Investcorp also monitors credit exposures, and continually assesses the creditworthiness of counterparties. With respect to the credit risk exposure arising from other financial assets, the Group has a maximum exposure equal to the carrying value of these instruments. Investcorp also actively attempts to mitigate credit risks through documented netting arrangements with counterparties where possible.

The table below shows the relationship between the internal rating* and the category of the external rating grades:

Internal Rating	**External Rating by S & P and Moody's**
High	AAA to A
Standard	A- to B-

* The internal rating is used to determine provisions and impairments for financial reporting purposes.

High - there is a very high likelihood of the asset being recovered in full and collateral may be available.

Standard – whilst there is a high likelihood that the asset will be recovered and therefore, represents low risk to the Group, the asset may not be collateralized.

Counterparty credit risk exposure is considered as past due when payment is due according to the contractual terms but is not received.

The table below analyses the Group's maximum counterparty credit risk exposures at year end without taking into account any credit mitigants.

15. RISK MANAGEMENT (CONTINUED)

i) Counterparty credit risk (continued)

June 30, 2024 *$millions*	*Stage 1* *(a)*		*Stage 2* *(b)*	*Stage 3* *(c)*	*Provision* *(d)*	*Maximum credit risk* *(a+b+c+d)*
	Credit risk rating					
	High	**Standard**				
Due from a related party	-	144	-	-	-	144
Receivables	-	200	-	-	-	200
Guarantees	-	58	-	-	-	58
Total	-	402	-	-	-	402

June 30, 2023 *$millions*	*Stage 1* *(a)*		*Stage 2* *(b)*	*Stage 3* *(c)*	*Provisions* *(d)*	*Maximum credit risk* *(a+b+c+d)*
	Credit risk rating					
	High	**Standard**				
Due from a related party	-	150	-	-	-	150
Global credit	-	211	-	-	(0)	211
Receivables	-	82	-	-	-	82
Total	-	443	-	-	(0)	443

ii) Credit Risk Measurement

Significant increase in credit risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, Investcorp considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Investcorp's historical experience, expert credit assessment and forward-looking information.

As a practical expedient, IFRS 9 provides a low credit risk ('LCR') operational simplification that if a financial instrument has low credit risk i.e. an investment grade credit rating, an entity is allowed to assume at the reporting date that no significant increase in credit risk has occurred.

Measurement of ECL
The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). PD represents the likelihood of a borrower defaulting on its financial obligation. EAD is based on the amounts the Group expects to be owed at the time of default. LGD represents the Group's expectation of the extent of loss on the exposure.

For receivables that arise in connection with the corporate investments asset class, PDs are derived using an internal model and adjusted for forward-looking macro-economic information. PDs for receivables of the real estate asset class are derived based on internal categorization of the related investment and default rates published by a reputable rating agency adjusted for forward-looking macro-economic information.

15. RISK MANAGEMENT (CONTINUED)

ii) Credit Risk Measurement (continued)

Credit risk rating of due from a related party is considered to be standard and in Group's management view the associated ECL on this balance is not considered to be material.

LGDs are determined based on factors which impact the recoveries made post default.

The Group writes-off exposures if there is no reasonable expectation of recovery.

iii) Funding liquidity risk

Funding liquidity risk is the risk that the Group will be unable to fund increases in assets and meet obligations when they fall due, without incurring unacceptable losses. To mitigate this risk, Investcorp implements a comprehensive liquidity risk management framework, which includes the use of risk limits, monitoring systems and scenario analyses that are incorporated into a contingency funding plan. The framework is subject to the Investcorp's Board and the Group's senior management oversight. Liquidity management aims to arrange diversified funding sources and maintain comfortable and laddered debt maturities. The Group manages assets with liquidity in mind, and it monitors liquidity on a daily basis.

15. RISK MANAGEMENT (CONTINUED)

The table below summarizes the maturity profile of the Group's assets and liabilities based on expected realizations.

iii) Funding liquidity risk (continued)

June 30, 2024 $millions	*Up to 3 months*	*>3 months up to 1 year*	*Sub-Total up to 1 year*	*>1 year up to 5 years*	*>5 years up to 10 years*	*>10 years up to 20 years*	*Non-cash items*	*Total*
Assets								
Financial assets								
Due from a related party	144	-	144	-	-	-	-	144
Receivables	196	5	201	5	-	-	-	206
Capital financing services	-	430	430	-	-	-	-	430
Corporate investments	-	-	-	520	-	-	-	520
Global credit	7	45	52	190	-	-	-	242
Real estate	-	-	-	162	-	-	-	162
Strategic capital	-	-	-	47	-	-	-	47
Total financial assets	347	480	827	924	-	-	-	1,751
Non-financial assets								
Deferred tax assets	-	-	-	-	-	-	-	-
Total assets	347	480	827	924	-	-	-	1,751
Liabilities								
Payables and accrued expenses	157	-	157	-	-	-	-	157
Financing	-	-	-	132	-	-	-	132
Total Liabilities	157	-	157	132	-	-	-	289
Net gap	190	480	670	792	-	-	-	1,462
Cumulative liquidity gap	190	670	670	1,462	1,462	1,462	1,462	

June 30, 2023 $millions	*Up to 3 months*	*>3 months up to 1 year*	*Sub-Total up to 1 year*	*>1 year up to 5 years*	*>5 years up to 10 years*	*>10 years up to 20 years*	*Non-cash items*	*Total*
Assets								
Financial assets								
Due from a related party	150	-	150	-	-	-	-	150
Receivables	82	-	82	-	-	-	-	82
Capital financing services	-	418	418	-	-	-	-	418
Corporate investments	-	-	-	335	-	-	-	335
Global credit	10	52	62	143	47	-	-	252
Real estate	-	-	-	155	-	-	-	155
Strategic capital	-	-	-	-	33	-	-	33
Total financial assets	242	470	712	633	80	-	-	1,425
Non-financial assets								
Deferred tax assets	-	-	-	-	-	-	1	1
Total assets	242	470	712	633	80	-	1	1,426
Liabilities								
Payables and accrued expenses	150	-	150	-	-	-	-	150
Financing	-	-	-	-	41	-	-	41
Total Liabilities	150	-	150	-	41	-	-	191
Net gap	92	470	562	633	39	-	1	1,235
Cumulative liquidity gap	92	562	562	1,195	1,234	1,234	1,235	

Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the Group relating to its financial liabilities upon their respective earliest contractual maturities at the statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows (i.e. nominal plus interest) determined by using the forward yield curve to calculate future floating rate cash flows for the relevant periods.

15. RISK MANAGEMENT (CONTINUED)

iii) Funding liquidity risk (continued)

June 30, 2024 $millions	*Up to 3 months*	*>3 months up to 1 year*	*>1 year up to 5 years*	*>5 years up to 10 years*	*>10 years up to 20 years*	*Total*
Financial liabilities						
Payables and accrued expenses	157	-	-	-	-	157
Financing	151	-	-	-	-	151
	308	-	-	-	-	308
Commitments	-	-	338	-	-	338
Total undiscounted financial liabilities	308	-	338	-	-	646

June 30, 2023 $millions	*Up to 3 months*	*>3 months up to 1 year*	*>1 year up to 5 years*	*>5 years up to 10 years*	*>10 years up to 20 years*	*Total*
Financial liabilities						
Payables and accrued expenses	150	-	-	-	-	150
Financing	-	-	-	42	-	42
	150	-	-	42	-	192
Commitments	-	-	239	-	-	239
Total undiscounted financial liabilities	150	-	239	42	-	431

iv) Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. The Group's policies and procedures and the broad geographical and industry spread of its activities limit its exposure to any concentration risk. Additionally, management has established credit limits for geographic and counterparty exposures, which are regularly monitored.

The distribution of assets and off-balance sheet items by geographical region and industry sector is as follows:

	June 30, 2024			**June 30, 2023**		
$millions	*Assets exposed to credit risk*	*Off-balance sheet items exposed to credit risk*	*Total credit risk exposure*	*Assets exposed to credit risk*	*Off-balance sheet items exposed to credit risk*	*Total credit risk exposure*
Geographical Region						
North America	271	58	329	187	-	187
Europe	69	-	69	242	-	242
MENA*	4	-	4	7	-	7
Asia	0	-	0	7	-	7
Total	344	58	402	443	-	443

* including Turkey

15. RISK MANAGEMENT (CONTINUED)

iv) Concentration risk (continued)

	June 30, 2024			June 30, 2023		
$millions	*Assets exposed to credit risk*	*Off-balance sheet items exposed to credit risk*	*Total credit risk exposure*	*Assets exposed to credit risk*	*Off-balance sheet items exposed to credit risk*	*Total credit risk exposure*
Industry Sector						
Financial services	144	-	144	362	-	362
Distribution	10	-	10	4	-	4
Consumer products	15	-	15	6	-	6
Industrial /business services	91	58	149	26	-	26
Real estate	84	-	84	45	-	45
Total	344	58	402	443	-	443

v) Market price risk

The principal market related risks to which the Group is exposed are foreign currency risk, interest rate risk and equity price risk associated with its investments in corporate investments, strategic capital, global credit and real estate, as well as on its debt financings. For the purpose of managing market price risks, the Group has established appropriate procedures and limits approved by the Group's Board of Directors.

In addition, for internal risk assessments, Investcorp uses a variety of internal and external models to analyze the market price risks that may arise from adverse market movements. Market price risk has been further detailed below under (a) foreign currency risk, (b) interest rate risk and (c) equity price risk.

v) (a) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Any foreign currency loss / gain is reimbursed from or transferred to an affiliate as a result the Group is not exposed to any material currency risk.

v) (b) Interest rate risk

Investcorp closely monitors interest rate movements, and seeks to limit its exposure to such movements by managing the interest rate repricing structure of its assets and liabilities. The Group actively manages its interest rate repricing gap exposure, with a bias towards floating rates. The Group does not take interest rate trading positions.

The Group's interest earning assets and interest-bearing liabilities carry floating rates of interest.

15. RISK MANAGEMENT (CONTINUED)

v) Market price risk (continued)

v) (b) Interest rate risk (continued)

The following table depicts the sensitivity of the Group's net income to a 200 basis points change in interest rates, with all other variables held constant. The sensitivity is based on the floating rate financial assets and financial liabilities held at the year end.

$millions	*Sensitivity to profit/ (loss) for +200 basis points*	*Sensitivity to profit/ (loss) for -200 basis points*
Currency	*June 30, 2024*	
US Dollar	(5)	5
Total	(5)	5

a) Figures in parenthesis above represent loss.
b) The downside case of -200bps impact is calculated with the assumption that the yield curve will not go below 0%

$millions	*Sensitivity to profit/ (loss) for +200 basis points*	*Sensitivity to profit/ (loss) for -200 basis points*
Currency	*June 30, 2023*	
US Dollar	(3)	3
Total	(3)	3

a) Figures in parenthesis above represent loss.
b) The downside case of -200bps impact is calculated with the assumption that the yield curve will not go below 0%

Potentially significant variances in interest rate sensitivity may exist at dates other than the year end.

15. RISK MANAGEMENT (CONTINUED)

v) (c) Equity price risk

The Group's equity price risk arises primarily from its investments in corporate investments, real estate, global credit and strategic capital.

The Group manages the equity price risk on a portfolio basis as well as at the individual investment level.

The table below summarizes the sensitivity of the Group's investments to changes in multiples / capitalization rates / discount rates/ quoted bid prices.

June 30, 2024 $millions	*Valuation methodology*	*Factor*	*Change*	*Balance sheet exposure**	*Projected Balance sheet Exposure*		*Impact on Income on FVTPL financial assets*		*Impact on Equity on FVOCI financial assets*	
					For increase	For decrease	For increase	For decrease	For increase	For decrease
Corporate investments	Comparable Companies	Multiples	+/- 0.5x	210	219	199	9	(9)	1	(1)
	DCF	Discount Rate	+/- 1%	78	67	87	(9)	11	-	-
	Average of DCF &	Multiples	+/- 0.5x	6	7	6	-	-	0	(0)
	Comparable Companies***	Discount Rate	+/- 1%		7	6	-	-	0	(0)
	Net Asset Value	Net Asset Value	+/- 5%	209	219	198	10	(10)	0	(0)
					For decrease	For increase	For decrease	For increase	For decrease	For increase
Real estate **	DCF	Discount Rate	-/+ 1%	83	91	75	8	(8)	-	-
		Capitalization rate	-/+ 1%		114	61	30	(22)	1	(0)
		Net Asset Value	+/- 5%	61	58	64	(3)	3	-	-
					For decrease	For increase	For decrease	For increase	For decrease	For increase
Global Credit	DCF	Discount Rate	-/+ 1%	72	72	72	0	(0)	-	-
	Net Asset Value	Net Asset Value	+/- 5%	37	35	39	-	-	(2)	2
					For decrease	For increase	For decrease	For increase	For decrease	For increase
Strategic capital	DCF	Net Asset Value	-/+ 10%	47	52	43	5	(5)	-	-

June 30, 2023 $millions		*Factor*	*Change*	*Balance sheet exposure**	*Projected Balance sheet Exposure*		*Impact on Income on FVTPL financial assets*		*Impact on Equity on FVOCI financial assets*	
					For increase	For decrease	For increase	For decrease	For increase	For decrease
Corporate investments	Comparable Companies	Multiples	+/- 0.5x	192	202	183	9	(8)	1	(1)
	DCF	Discount Rate	+/- 1%	8	7	9	(1)	1	-	-
	Average of DCF &	Multiples	+/- 0.5x	5	5	5	-	-	0	(0)
	Comparable Companies***	Discount Rate	+/- 1%		5	5	-	-	(0)	0
	Net Asset Value	Net Asset Value	+/- 5%	125	131	119	6	(0)	0	(0)
					For decrease	For increase	For decrease	For increase	For decrease	For increase
Real estate **	DCF	Discount Rate	-/+ 1%	46	51	40	5	(6)	0	(0)
		Capitalization rate	-/+ 1%		66	31	20	(15)	0	(0)
		Net Asset Value	+/- 5%	38	36	40	(2)	2	-	-
					For decrease	For increase	For decrease	For increase	For decrease	For increase
Strategic capital	DCF	Net Asset Value	-/+ 10%	31	35	28	3	(3)	-	-

*Excludes exposures of 2024: $169m, 2023: $76m which are fair valued based on recent transaction prices or bids. The effect on equity due to a 5% change in the prices/bids for these investments will be 2024: $8.4m, 2023: $3.8m.

**The impact of change in discount rate and residual capitalization rate have been presented separately in the table above.

***Exposure have been valued using the average of the multiples derived by the DCF and comparable companies methodology and accordingly, sensitivity has been shown to two factors - discount rate and multiples.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group has established guidelines for the valuation of its investments which are reviewed by the Board of Directors and abides by guidelines issued under IFRS on valuation of investments and guidelines recommended by the International Private Equity and Venture Capital Association. The Company performs valuations of its investments on a quarterly basis. The valuation packages are then presented to the senior management which has the final responsibility of reviewing and approving the fair value of all investments.

Underlying the definition of fair value is the presumption that Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value adjustments arise from re-measurement of investments. Nonetheless the actual amount that is realized in a future transaction may differ from the current estimate of fair value, given the inherent uncertainty surrounding valuations of unquoted investments.

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.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of financing amounts to $149.6 million (June 30, 2023: $42.1 million) as compared to the carrying value of $149.6 million (June 30, 2023: $41.5 million). The fair value of financing is based on inputs from third party banks and falls under Level 3 of the fair value hierarchy described below.

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).

During the current financial year, there was no transfer between levels (June 30, 2023: nil).

The fair values of financial assets that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques which are explained in Notes 6, 7, 8 and 9 to the consolidated financial statements.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

June 30, 2024 $millions	***Level 1***	***Level 2***	***Level 3***	***Total***
Financial assets				
Financial assets at fair value				
Capital financing services	-	-	430	430
Corporate investments	3	-	517	520
Global credit	12	121	109	242
Real estate	-	-	162	162
Strategic capital	-	-	47	47
Total financial assets	15	121	1,265	1,401

June 30, 2023 $millions	***Level 1***	***Level 2***	***Level 3***	***Total***
Financial assets				
Financial assets at fair value				
Capital financing services	-	-	418	418
Corporate investments	3	-	332	335
Global credit	13	57	182	252
Real estate	-	-	155	155
Strategic capital	-	-	33	33
Total financial assets	16	57	1,120	1,193

A reconciliation of the opening and closing amounts of Level 3 investments is given below:

June 30, 2024 $millions	***At beginning***	***Net new acquisitions***	***Fair value movements***	***Movements relating to realizations***	***Other movements****	***At end***
Corporate investments	332	158	25	(10)	12	517
Global credit	182	7	5	(85)	-	109
Real estate	155	24	8	(23)	(2)	162
Strategic capital	33	9	6	(1)	-	47
Capital financing services	418	883	-	(871)	-	430
Total**	**1,120**	**1,081**	**44**	**(990)**	**10**	**1,265**

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

****Consolidated level 3 assets under capital deployment and capial financing services**

June 30, 2023 $millions	***At beginning***	***Net new acquisitions***	***Fair value movements***	***Movements relating to realizations***	***Other movements****	***At end***
Corporate investments	269	61	23	(31)	10	332
Global credit	149	48	(2)	(20)	7	182
Real estate	86	63	0	(2)	8	155
Strategic capital	19	9	5	-	-	33
Capital financing services	314	430	-	(314)	(12)	418
Total**	**837**	**611**	**26**	**(367)**	**13**	**1,120**

***Includes investment in Corporate Investments of $11.9 million that has been transferred from capital financing services to capital deployment.**

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

****Consolidated level 3 assets under capital deployment and capial financing services**

17. RELATED PARTY TRANSACTIONS AND BALANCES

For the Group, related parties include Investcorp, its directors, senior management and immediate families of the directors and senior managements.

It also includes 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. Group' s management approves the terms and conditions of all related party transactions.

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

$millions		***2024***	***2023***
Revenue from capital financing services	Portfolio companies / Investcorp	49	45
Revenue from capital deployment	Portfolio companies	76	72
Interest income	Investcorp	7	9
Interest expense	Investcorp	(10)	(2)
Operating expenses	Investcorp	(6)	(11)
Operating expenses	Directors' remuneration	(0)	-

In addition to the above, Investcorp reimburses any foreign currency gain or loss incurred by the Group which amounted to $5.7 million of foreign currency loss (June 30, 2023: nil).

Of the staff compensation set out in Note 3, $0.5 million is attributable to senior management. Of the above mentioned remuneration of senior management, $0.4 million is in the form of salaries and other short term benefits. The total and average number of employees during the year is 4 employees, out of which 3 employees are senior management.

Of the interim cash dividend set out in Note 13, $26.1 million was paid to Investcorp S.A.

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

	June 30, 2024			***June 30, 2023 (audited)***		
$millions	***Assets***	***Liabilities***	***Off-balance sheet***	***Assets***	***Liabilities***	***Off-balance sheet***
Outstanding balances						
Due from a related party[1]	144	-	-	150	-	-
Capital financing services[2]	430	-	-	418	-	-
Corporate investments[2]	520	-	-	335	-	-
Global credit[2]	242	-	-	252	-	-
Real estate[2]	162	-	-	155	-	-
Strategic capital[2]	47	-	-	33	-	-
Financing (unamortized transaction costs)[3]	-	7	-	-	-	-
Commitments and guarantees	-	-	396	-	-	239
	1,545	7	396	1,343	-	239

1- Balance due from Investcorp.

2- Portfolio companies managed by Investcorp.

3- This represents the unamortised balance of fees paid to Investcorp amounting to US$ 8 million for arrangement of financing and providing guarantee to the bank on behalf of the Company.

18. TAXATION

On December 9, 2022, the UAE Ministry of Finance (“MoF”) released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporation and Businesses (Corporate Tax Law or the “Law”) to enact a Federal corporate tax (“CT”) regime in the UAE. The CT regime is effective from June 1, 2023.

The Group should be subject to the provisions of the UAE CT Law with effect from 1 July 2024, and current taxes shall be accounted for as appropriate in the consolidated financial statements for the period beginning 1 July 2024 as the statutory period of the Group started in April 2023.

19. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements are prepared and presented in United States dollars, this being the functional currency of the Group, and rounded to the nearest millions ($millions) unless otherwise stated. Certain prior year balances have been reclassified to conform to the current year presentation. These reclassifications had no impact on the net profit or equity of the Group.

These consolidated financial statements comprise the carve-out financial information of the capital operations for the period from July 1, 2023 to August 30, 2023 and the consolidated financial information of the Group (primarily comprising the Capital Operations) for the period from August 31, 2023 to June 30, 2024. The comparative information for year ended June 30, 2023 represents the carve-out financial information of the Capital Operations since the Group has operated as part of Investcorp until August 30, 2023 and not as a separate group. The basis of carve-out financial statements is highlighted in note xviii.

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of recent annual carve-out financial statements of Capital Operations for the year ended June 30, 2023, except for the adoption of new standards or amendments to existing standards that have become applicable effective from July 2023, which are disclosed below.

i) New standards, amendments and interpretation

The Group has adopted the below listed amendments to standards effective from July 1, 2023. The adoption of these amendments did not have any material impact on the consolidated financial statements of the Group.

- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

19. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i) New standards, amendments and interpretation (continued)

New standards, amendments and interpretations issued but not yet effective

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Lack of exchangeability – Amendments to IAS 21
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
- IFRS 18 – Presentation and Disclosure in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

The Group's management is currently evaluating the impact of the above standard and amendments on the consolidated financial statements.

ii) Going concern

The management has made an assessment of its ability to continue as a going concern and is satisfied that the Group has sufficient resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

iii) Basis of consolidation

The consolidated financial statements are comprised of the financial statements of the Company and its subsidiaries. A subsidiary is an entity which is controlled by the Group. Control is achieved when the Group is exposed to, or has rights to, variable returns through its involvement with the entity and has the ability to affect these returns through its power over the entity. The Group consolidates its subsidiaries excluding entities which meet the below criteria:

a) Where there are contractual or other restrictions imposed on the Group's ability to appoint the majority of the Board of Directors, or

b) Where a majority of the economic risk and reward accrues to third parties other than the Group, or

c) Where the exception to consolidate subsidiaries of an Investment entity is applied, as defined in IFRS 10.

The Group qualifies as an investment entity as defined under IFRS 10, and as such, measures its investments in accordance with the requirements set out in the standard.

The results of all subsidiaries are included in the consolidated statement of profit or loss from the effective date of formation or acquisition. The financial statements of the Company's subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. All intercompany balances, income and expenses have been eliminated on consolidation.

19. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

iv) Trade date accounting

Purchases and sales of financial assets that require delivery of the assets within a timeframe generally established by regulation or convention in the market place are recognized using the "trade date" accounting basis (i.e. the date that the entity commits to purchase or sell the asset).

v) Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and the Group intends to settle on a net basis.

vi) Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities at the date of the financial statements. The use of estimates is principally limited to the determination of the fair values of financial assets, (see Note 6, 8, 9)

vii) Foreign currencies

A foreign currency transaction is recorded in the functional currency at the rate of exchange prevailing at the value date of the transaction. Monetary assets and liabilities in foreign currencies that are held at the reporting date are retranslated at market rates of exchange prevailing at that date. Gains and losses arising on retranslation are recognized in the consolidated statement of profit or loss. These gains and losses are reimbursed by Investcorp (Note 17).

Non-monetary assets that are measured in terms of historical cost in foreign currencies are recorded at rates of exchange prevailing at the value dates of the transactions. Non-monetary assets in foreign currencies that are stated at fair value are retranslated at exchange rates prevailing on the dates the fair values were determined. Gains and losses on fair valuation of FVTPL assets are taken to the consolidated statement of profit or loss.

Foreign currency differences arising from the translation of assets in respect of which an election has been made to present subsequent changes in FVOCI are recognized in the consolidated statement of other comprehensive income.

viii) Income

Interest income is recognized using the effective yield of the asset. Gains and losses on financial assets at FVTPL are recognized on the basis of realized and unrealized changes in fair value as at the end of the reporting period.

Revenue from capital financing services is recognized when an underwritten asset is placed with investors by the Group.

Realized capital gains or losses on FVOCI equity investments are taken to retained earnings at the time of derecognition of the investment.

19. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

ix) Financial assets at fair value

a. Corporate investments, real estate and global credit

These are classified as FVTPL and FVOCI assets. FVTPL assets are initially recorded at acquisition cost (being the initial fair value) and are re-measured to fair value at each reporting date, with resulting unrealized gains or losses being recorded as fair value changes in the consolidated statement of profit or loss. Consequently, there are no impairment provisions for such assets.

FVOCI assets are initially recorded at fair value. These investments are then re-measured to fair value at each reporting date and any resulting change in value of these assets is taken to the consolidated statement of other comprehensive income and recorded as a separate component of equity until they are derecognized at which time the cumulative gain or loss previously reported in equity is transferred to retained earnings.

b. Global credit

Global credit exposures are either classified at FVTPL or FVOCI. These exposures are initially recorded at fair value. The fair value changes in FVTPL investments are recorded in the consolidated statement of profit or loss. The fair value changes in FVOCI investments are recorded directly in equity and any impairment in the carrying value will be recognized in the consolidated statement of profit or loss. At the time of derecognition, any cumulative gain or loss previously reported in equity is transferred to retained earnings through profit or loss.

x) Impairment and un-collectability of financial assets

The Group recognizes loss allowances in the consolidated statement of profit or loss for expected credit losses (ECL) on financial assets excluding investments classified as FVTPL and equity investments classified as FVOCI.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

1. debt investment securities that are determined to have low credit risk at the reporting date; and

2. other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

For the purposes of calculation of ECL, the Group categorizes such financial assets into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1 – Performing: when such financial assets are first recognized, the Group recognizes an allowance based up to 12- month ECL.

Stage 2 – Significant increase in credit risk: when such financial assets shows a significant increase in credit risk, the Group records an allowance for the lifetime ECL.

Stage 3 – Impaired: the Group recognizes the lifetime ECL for such financial assets.

19. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

xi) De-recognition of financial instruments

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, any cumulative gain/ loss recognized in the consolidated statement of other comprehensive income in respect of equity investments designated at FVOCI is transferred directly to retained earnings.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

xii) Payables, accruals and provisions

Payables, accruals and provisions are made when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

xiii) Unfunded deal acquisitions

Unfunded deal acquisitions represent amounts contractually payable by the Group in respect of asset acquisitions for which the agreements are signed, but have not been funded, as of the reporting date.

xiv) Interest expense

Interest on financing represents funding cost and is calculated using the effective interest rate method.

xv) Taxation

Income taxes represent the sum of the tax currently payable and deferred tax. Tax is charged or credited to the consolidated statement of profit or loss. The tax payable is based on the taxable profit for the year. This may differ from the profit included in the consolidated statement of profit or loss because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred taxation is provided for using the liability method on all temporary differences calculated at the rate at which it is expected to be payable. Deferred tax assets are only recognized if recovery is probable.

xvi) Receivables

Capital financing services related receivables are recognized when the obligation is established, i.e., when a binding subscription agreement is signed. These are carried at amortised cost.

19. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

xvii) Classification of financial assets

On initial recognition, a debt investment is measured at amortized cost if the financial asset is held to collect contractual cash flows over the life of the asset and if those cash flows comprise solely of principal repayments and interest on the principal amount outstanding. The Group also classifies investments in certain real estate, corporate investments and global credit as FVOCI assets.

All other investments are classified as FVTPL.

xviii) Financing

This represents medium-term revolvers which are initially recognized at the fair value of consideration received and subsequently carried at amortised cost. Securities sold under agreements to repurchase ("repurchase agreements") are treated as collateralized financings. The corresponding cash received is recognized in the consolidated statement of financial position as an asset with a corresponding obligation to return it as a liability within financing, reflecting the transaction's economic substance as a loan to the Group.

The securities delivered repurchase agreements are not derecognized from the consolidated statement of financial position as the Group retains substantially all of the risks and rewards of ownership.

Transaction costs relating to financing are initially capitalized and deducted from the financing and subsequently recognized as interest expense over the expected life of the financing.

xix) Functional and presentation currency

The consolidated financial statements are presented in United States Dollar (USD), which is the Group's functional and presentation currency, as a significant proportion of the Group's assets, liabilities, income and expenses are denominated in USD. All values are rounded to the nearest million (USD millions) except where otherwise stated.

xx) Basis of allocation of certain key financial statements elements

The following summarises the accounting policies and other principles applied in preparing the annual carve-out financial statements of Capital Operations for the year ended June 30, 2023 which has been presented as comparative information in these consolidated financial statements.

In addition to assets, liabilities, revenues or expenses that are directly attributable to Capital Operations, assets, liabilities, revenues or expenses that are indirectly attributable to Capital Operations were allocated as considered appropriate and reasonable by the management.

19. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

xx) Basis of allocation of certain key financial statements elements (continued)

Allocations of overheads (including staff compensation and benefits, professional fees, travel and business development, technology and communication and general and administrative expenses) which have not historically been specifically identified to the carve-out functions of Investcorp are made based on a methodology which provides the best allocation to the amounts actually attributable to these functions. This approach was considered to be the most effective approach in enabling users of financial statements to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of Capital Operations in an easily analyzable and comprehensible form. The basis set out above was consistently applied for the comparative period presented in these consolidated financial statements.

The key elements of the comparative financial statements of Capital Operations was attributed and allocated in the following manner:

(a) Statement of financial position

All assets and liabilities relating to Capital Operations are reflected in the statement of financial position based on the following principles as detailed below.

- *Capital financing services*

This business primarily acts as underwriter for acquisition of target companies which have a strong track record and potential for growth.

These assets are directly identifiable and attributable to corporate investments, global credit, real estate and strategic capital asset classes.

- *Investments*

Capital Operations invests in various asset classes and earn income during their life cycle either in form of fair value changes or cash flows in form of realised gains, dividends from real estate and yield on global credit.

These assets are directly identifiable and attributable to corporate investments, global credit, real estate and strategic capital asset classes.

- *Receivables and other assets*

Receivables and other assets include the following:

  - Capital financing services related receivables represent amounts due from Investcorp's investors for their participation in the deal-by-deal products.
  - Financial assets disposal proceeds receivable includes proceeds due from contracted disposals of corporate investments and real estate.

These receivables are directly identifiable and attributable to the Capital Operations.

19. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

xx) Basis of allocation of certain key financial statements elements (continued)

(a) Statement of financial position (continued)

- *Due from a related party*

Due from a related party represents balance with the Company at year-end. Capital Operations does not legally hold any cash and cash equivalents. Therefore, 'due from a related party' represents net amounts due from the Company to Capital Operations primarily arising out of core activities of Capital Operations (representing a cash and bank balance). Due from a related party is allocated on a reasonable basis to reflect the fair amount that is expected to be settled between the Company and Capital Operations. The allocation of balances is driven by the ratio of Carve-Out perimeter's net assets to the total net assets of the underlying entity where related party balances are recognized/reported. Due from a related party carry interest at agreed rates and is receivable on demand.

- *Financing – secured financing*

This relates to financing obtained under repurchase transaction arrangements, with underlying assets being global credit. These secured financing contains an existence of a mortgage or lien established as security for creditors over the related assets that are included in the Carve-Out perimeter. Therefore, secured financing are directly identifiable and attributable to the Capital Operations.

- *Payables and accrued expenses*

Payables and accrued expenses represent amounts that are contractually payable by Capital Operations in respect of asset acquisition agreements that are signed but have not been funded as of the year-end. These are directly identifiable and attributable to the Capital Operations.

- *Cash management and financing of Capital Operations*

Capital Operations does not legally hold any cash and cash equivalents. Investcorp uses a centralised approach for cash management and financing of Capital Operations. The Capital Operations participates in the centralised treasury management system without any legal right to deposit or withdraw funds autonomously. In this situation, funds are not generally considered cash. Cash and cash equivalents are not specifically identifiable to Capital Operations and therefore due from a related party, in effect, reflect the cash and bank balances of Capital Operations, (refer above, due from a related party).

- *Invested capital*

As Capital Operations does not operate as a separate legal entity or group of legal entities, Investcorp's net cumulative investment is shown as net invested capital. The surplus amount is distributed as cash distribution to Investcorp and reflected within invested capital. Transaction between Investcorp and Capital Operations was identified as related party transactions.

19. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

xx) Basis of allocation of certain key financial statements elements (continued)

(a) Statement of financial position (continued)

The invested capital consists of: (1) financing the Capital Operations received from the Investcorp to fund its operations through contributions to the carve-out business that did not require repayments, (2) dividends to the Company, (3) the net effect of cost allocations from transactions with Investcorp, (4) Capital Operations' accumulated earnings, and (5) other reserves.

(b) Statement of Profit or Loss and Other Comprehensive Income

Revenues and operating expenses attributable to Capital Operations are reflected in the statements of profit or loss and other comprehensive income based on the following principles.

- *Gain on financial asset (including yield and dividend income)*

This comprises income from corporate investments, global credit, real estate and ownership in strategic capital earned during their life cycle either in form of fair value changes, realized gains and losses and dividends on FVTPL financial assets. This income is directly identifiable and attributable to the Capital Operations.

- *Revenue from capital financing services*

This represents income earned from the underwriting of corporate investments, global credit and real estate which is recognized when the underwriting service is rendered. This income is directly identified and attributed to Capital Operations.

- *Interest income*

Interest income represents income earned on the amount due from a related party. This balance carries interest at agreed rates. Interest is computed on the average yearly related party balances.

- *Interest expense*

This represents funding cost of the secured financing and is calculated using the effective interest rate method.

- *Operating expenses*

These expenses primarily include staff compensation and benefits, professional fees, travel and business development, technology and communication and general and administrative expenses. These operating expenses are comingled and commonly incurred by Investcorp for both Capital Operations and Asset Management business. Management believes that "Total Assets Under Management" ("AUM") is the most appropriate basis to allocate these expenses between Capital Operations and Asset Management business. Operating expenses are allocated to Capital Operations based on the ratio of Capital Operations' investments to Investcorp's total AUM for the respective years. These allocations have been determined on a basis that is considered to be a reasonable reflection of the utilization of service by Capital Operations.

19. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

xx) Basis of allocation of certain key financial statements elements (continued)

(b) Statement of Profit or Loss and Other Comprehensive Income (continued)

- *Income tax*

There is no tax on income for the Company as the Company is domiciled in the Cayman Islands as an exempted limited liability company. Taxation on income from foreign investment is provided for in accordance with the fiscal regulations of the countries in which the respective investments are registered and operate. The tax charge has been made using an effective tax rate that is appropriate to circumstances in each individual country where the underlying investments exist.

- *Deferred tax*

Deferred tax is recognised on all temporary differences arising from the foreign investment in accordance with the fiscal regulations of the countries in which the respective investments are registered and operate.