Arcapita Group Holdings Limited

SHARI'AH SUPERVISORY BOARD'S REPORT, INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS.

FOR THE YEAR ENDED 30 JUNE 2016

بسم الله الرحمن الرحيم

Shari'ah Supervisory Board's Report to Shareholders

Assalam Alaikum Wa Rahmat Allah Wa Barakatuh,

In compliance with the letter of appointment and article 110 of the Articles of Association of Arcapita Group Holdings Limited, we are required to submit the following report:

We have reviewed the contracts relating to the transactions undertaken by Arcapita Group Holdings Limited and its subsidiaries ("the Group") during the year ended 30 June 2016. We have also conducted a review of the operations of the Group to form an opinion as to whether the Group has complied with Shari'ah rules and principles and the specific fatwas, rulings and guidelines issued by us.

The Group's management is responsible for ensuring that it conducts its business in accordance with Islamic Shari'ah rules and principles. It is our responsibility to form an independent opinion, based on our review of the operations of the Group and to report to you.

We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give assurance that the Group has not violated the rules and principles of Islamic Shari'ah. The Shari'ah Supervisory Board will conduct site visits and audits to ensure Shari'ah compliance.

In our opinion:

a) The contracts entered by the Group during the year are overall in compliance with Islamic Shari'ah rules and principles.
b) The Group is managing an investment portfolio on behalf of its clients and this investment portfolio was acquired by its clients prior to establishing the Group and the investment portfolio was structured and approved by the client's previous Shari'ah committee.
c) The investments undertaken by the Group during the year has been reviewed by us and is overall in accordance with Islamic Shari'ah principles.
d) The allocation of profit and charging of losses conform to the basis that had been approved by us in accordance with Islamic Shari'ah rules and principles.

We beg Allah the Almighty to grant us all success and straightforwardness.

Shari'ah Supervisory Board:

Muhammad

Sh. Muhammad Taqi Usmani
Chairman

Sh. Essam Mohammed Ishaq
Member

Sh. Mohammed Al Jamea
Member

3rd July 2016

Building a better working world

Ernst & Young
P.O. Box 140
14th Floor, South Tower
Bahrain World Trade Center
Manama
Kingdom of Bahrain

Tel: +973 1753 5455
Fax: +973 1753 5405
manama@bh.ey.com
ey.com/mena
C.R. No. 6700

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARCAPITA GROUP HOLDINGS LIMITED

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Arcapita Group Holdings Limited (the 'Company') and its subsidiaries (together 'the Group') which comprise the consolidated statement of financial position as at 30 June 2016, the consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARCAPITA GROUP HOLDINGS LIMITED (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst + Young

Partner's registration no. 121
14 July 2016
Manama, Kingdom of Bahrain

Arcapita Group Holdings Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	*2016* *USD '000*	*2015* *USD '000*
ASSETS			
Cash and cash equivalents	7	**61,394**	78,324
Investments	8	**43,858**	50,438
Receivables	9	**29,722**	7,926
Other assets	10	**1,149**	1,257
TOTAL ASSETS		**136,123**	137,945
EQUITY AND LIABILITIES			
LIABILITIES			
Accrued expenses and other liabilities	11	**13,340**	11,394
Due to a related party	12	**108**	-
Investment related payable	13	**-**	45,438
TOTAL LIABILITIES		**13,448**	56,832
EQUITY			
Share capital and premium	14	**95,583**	61,667
Reserves		**19,828**	14,779
Proposed dividends	15	**7,264**	4,667
TOTAL EQUITY		**122,675**	81,113
TOTAL EQUITY AND LIABILITIES		**136,123**	137,945

Abdulaziz Aljomaih
Chairman of the Board of Directors

Atif A. Abdulmalik
Chief Executive Officer and Director

The attached explanatory notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
For the year ended 30 June 2016

	Note	***Year ended 30 June 2016 USD '000***	*Year ended 30 June 2015 USD '000*
OPERATING INCOME			
Fee and other income	16	**36,141**	35,463
Total operating income		**36,141**	35,463
OPERATING EXPENSES			
Staff compensation and benefits		**(12,933)**	(12,893)
General and administration expenses		**(5,853)**	(4,779)
Professional and consultancy fees		**(2,809)**	(5,383)
Arcapita equity incentive plan expense	17	**(1,602)**	(1,481)
Total operating expenses		**(23,197)**	(24,536)
Foreign exchange (loss) / gain		**(714)**	520
NET INCOME		**12,230**	11,447

Abdulaziz Aljomaih
Chairman of the Board of Directors

Atif A. Abdulmalik
Chief Executive Officer and Director

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Year ended 30 June 2016 USD '000	*Year ended 30 June 2015 USD '000*
NET INCOME	**12,230**	11,447
Other comprehensive income to be reclassified to income statement in subsequent periods:		
Exchange differences on translation of foreign operations	**83**	(38)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**12,313**	11,409

The attached explanatory notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Note	***Year ended 30 June 2016 USD '000***	*Year ended 30 June 2015 USD '000*
OPERATING ACTIVITIES			
Net income		**12,230**	11,447
Adjustment for non cash items:			
Arcapita equity incentive plan expense		**1,602**	1,481
Operating income before changes in operating assets and liabilities		**13,832**	12,928
Changes in operating assets and liabilities:			
Investments		**6,580**	(50,438)
Receivables		**(21,796)**	(8,282)
Other assets		**108**	-
Accrued expenses and other liabilities		**3,510**	1,949
Investment related payables		**(45,438)**	45,438
Due to a related party		**108**	(2,281)
Net cash flows used in operating activities		**(43,096)**	(686)
FINANCING ACTIVITIES			
Proceeds from the issuance of share capital	14	**30,833**	22,390
Dividends paid		**(4,667)**	-
Net cash flows from financing activities		**26,166**	22,390
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(16,930)**	21,704
Cash and cash equivalents at the beginning of year		**78,324**	56,620
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	7	**61,394**	78,324

The attached explanatory notes 1 to 24 form part of these consolidated financial statements.

Arcapita Group Holdings Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Share capital and premium					Reserves				
	Share Capital USD '000	***Share Premium USD '000***	***Shares Pending Allotment USD '000***	***Un-allocated AEIP Shares USD '000***	***Total Share Capital and Premium USD '000***	***Retained Earnings USD '000***	***Foreign Currency Translation Reserve USD '000***	***Total Reserves USD '000***	***Proposed Dividend USD '000***	***Total Equity USD '000***
As at 1 July 2015	**6**	**61,661**	**-**	**-**	**61,667**	**14,906**	**(127)**	**14,779**	**4,667**	**81,113**
Net income	-	-	-	-	-	12,230	-	12,230	-	**12,230**
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	83	83	-	**83**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**12,230**	**83**	**12,313**	**-**	**12,313**
Issue of share capital	4	41,107	-	(10,278)	30,833	-	-	-	-	**30,833**
Shares granted to employees under AEIP	-	-	-	3,083	3,083	-	-	-	-	**3,083**
Dividends paid	-	-	-	-	-	-	-	-	(4,667)	**(4,667)**
Dividends proposed	-	-	-	-	-	(7,264)	-	(7,264)	7,264	**-**
Balance as at 30 June 2016	**10**	**102,768**	**-**	**(7,195)**	**95,583**	**19,872**	**(44)**	**19,828**	**7,264**	**122,675**

	Share Capital USD '000	*Share Premium USD '000*	*Shares Pending Allotment USD '000*	*Un-allocated AEIP shares USD '000*	*Total Share Capital and Share Premium USD '000*	*Retained Earnings USD '000*	*Foreign Currency Translation Reserve USD '000*	*Total Reserves USD '000*	*Proposed Dividends USD '000*	*Total Equity USD '000*
As at 1 July 2014	2	17,379	21,896	-	17,381	8,126	(89)	8,037	-	47,314
Net income	-	-	-	-	-	11,447	-	11,447	-	11,447
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	(38)	(38)	-	(38)
Total comprehensive income	-	-	-	-	-	11,447	(38)	11,409	-	11,409
Issue of share capital	4	44,282	(21,896)	-	44,286	-	-	-	-	22,390
Dividends proposed	-	-	-	-	-	(4,667)	-	(4,667)	4,667	-
Balance as at 30 June 2015	6	61,661	-	-	61,667	14,906	(127)	14,779	4,667	81,113

The attached notes 1 to 24 form part of these consolidated financial statements.

1 ORGANISATION AND ACTIVITIES

Arcapita Group Holdings Limited ("the Company") was incorporated in the Cayman Islands on 30 December 2013 as an exempt company. The registered office of the Company is at P.O. Box 1111, George Town, Grand Cayman, British West Indies. The Company and its subsidiaries (together the 'Group') provide alternative Islamic financial products.

These consolidated financial statements were authorized for issue by the Board of Directors on 5 July 2016.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis, except for investments that have been measured at fair value. The consolidated financial statements have been presented in US Dollars (USD) being the functional currency of the Group and all values are rounded to the nearest USD thousand, except when otherwise indicated.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

3 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2016. Control is achieved if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee,
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary,
- Derecognizes the carrying amount of any non-controlling interests,
  Derecognizes the cumulative translation differences recorded in equity,
- Recognizes the fair value of the consideration received,
- Recognizes the fair value of any investment retained,
- Recognizes any surplus or deficit in the statement of income, and
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3 BASIS OF CONSOLIDATION (continued)

Subsidiary Companies
The following are the principal subsidiaries of the Company and are consolidated in these financial statements.

Subsidiary	Ownership	Year of Incorporation	Country of Incorporation
AIM Group Limited The primary activity of AIM Group Limited is to provide asset management and administrative services.	100%	2013	Cayman Islands
Arcapita Investment Limited The primary activity of Arcapita Investment Limited is to hold the investments of the Group.	100%	2015	Cayman Islands
Arcapita Management Limited The primary activity of Arcapita Management Limited is to administer or manage the Group's investment structure companies.	100%	2015	Cayman Islands
Arcapita Investment Partners Limited The primary activities of Arcapita Investment Partners Limited is to structure Islamically compliant investment products and act as placement agent.	100%	2015	Cayman Islands
AIM Cayman SPE Limited The primary activity of Arcapita Cayman SPE Limited is to act as a deposit agent to the investors of the Group.	100%	2014	Cayman Islands
Arcapita Investment Advisors UK Limited The primary activities of Arcapita Investment Advisors UK Limited are to source investment opportunities in Europe and provide investment advisory services.	100%	2013	United Kingdom
Arcapita Investment Management US Inc. The primary activity of Arcapita Investment Management US Inc. is to provide advisory services with respect to investment opportunities in the United States of America.	100%	2013	United States of America
Arcapita Investment Management Singapore Pte Limited The primary activity of Arcapita Investment Management Singapore Pte Limited is to source investment opportunities in Asia and to provide financial advisory services to its related companies.	100%	2013	Singapore

The Group's ownership in the aforementioned subsidiaries has not changed from the prior year ended 30 June 2015.

Investment entity
Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries held for sale under the ordinary course of business at fair value through statement of income rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;

3 BASIS OF CONSOLIDATION (continued)

Investment entity (continued)

- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and

- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis

The Group provides investment management services to investors which include investment in Islamic compliant equities, fixed income securities, private equity and property investments for the purpose of returns in the form of capital appreciation and investment income.

The Group reports to management via internal management reports and to its investors via investment reports on a fair value basis. All such investments are reported at fair value to the extent allowed under IFRS in the Group's consolidated financial statements. The Group does not intend to hold such investments indefinitely and has a an exit strategy for all such investments.

The Group's management has concluded that the Group meets the additional characteristics of an investment entity in that it has more than one investor; more than one investment; and the investments are predominantly in the form of equities and similar securities.

The Group concluded that it meets the definition of an investment entity.

Unconsolidated subsidiaries	Effective Ownership	Country of incorporation
SBA Holdings Limited	100%	Cayman Islands
Senior Living Holdings Limited	100%	Cayman Islands
UAE Logistics Holdings Limited	100%	Cayman Islands

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Significant judgments applied in the preparation of the consolidated financial statements are given below:

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

Impairment of financial assets
The management of the Group reviews its individually significant financial assets at each statement of financial position date to assess whether an impairment loss should be recorded in the statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss.

Assets that have been assessed individually and found not to be impaired and all individually insignificant assets are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether impairment should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Fair value of financial instruments
Fair value is the price that would be received upon the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group's entire investment portfolio falls under level 3 of the fair value hierarchy. The Group uses various valuation techniques which are based on unobservable market inputs to determine the fair value of such investments.

The Group has engaged third party qualified valuation experts to perform the valuation of the Group's entire investment portfolio as at the date of statement of financial position. The third party valuers have utilized methods such as sales comparison or the capitalization of future cash streams of the underlying asset using the prevailing capitalization rate for similar properties or similar geographies. The valuation experts applied their judgment in determining the appropriate valuation techniques and considerations of unobservable valuation inputs used in valuation models which include capitalisation rates and comparable assets.

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year relating to the following new and amended IFRS and the IFRS Interpretations Committee (the "IFRIC") interpretations which became effective for accounting periods beginning on or after 1 January 2015:

IFRS 2 'Share-based Payment' and amendments to IFRS 2
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods.

IAS 24 'Related Party Disclosures' and amendments to IAS 24
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The Group has complied with the aforementioned amendments in these consolidated financial statements.

6 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

a) Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets
Financial assets comprise of cash and cash equivalents, receivables and investments.

Initial recognition
The Group classifies its financial assets into two categories: at fair value through statement of income and receivables. The classification depends on the purpose for which the financial assets were acquired or transferred to the Group.

Financial assets are initially recognised at fair value plus, for an item not at fair value through statement of income, transaction costs that are directly attributable to its acquisition or issue.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement

Financial assets at fair value through statement of income
Financial assets designated at fair value through statement of income upon inception are those that are not held for trading but are managed and their performance evaluated on a fair value basis in accordance with the Group's objectives. The Group's objectives require the Board of Directors to evaluate information about these assets on a fair value basis together with other related financial information. Subsequent to initial recognition, financial assets at fair value through statement of income are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the statement of income.

Receivables
These are non-derivative financial assets that are not quoted in an active market and are stated at fair value plus transaction costs, if any. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment, if any. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability.

An allowance for doubtful receivables is made when collection of the full amount is no longer probable. Receivables are written off when there is no possibility of recovery.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(i) the right to receive cash flows from the asset have expired; or
(ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets
The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as loans and borrowings and payables. All financial liabilities are recognised initially at fair value, net of directly attributable transaction costs.

The Group's financial liabilities include accrued expenses and other liabilities.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

(ii) Financial liabilities (continued)

Subsequent measurement
After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of income, when the liabilities are derecognised, as well as through the effective interest rate method (EIR) amortisation process.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

b) Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if and only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

c) Payables, accruals and provisions
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.

d) Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Fee income
The fee income represents income the Group earns for investment placement, investment structuring and arranging, asset management and administrative services rendered in accordance to the contractual terms agreed between the parties. Fees are recognised as the services are preformed.

Placement and arrangement fee
The Company earns arrangement and placement fees for rendering services during the acquisition and placement of investments. These fees are recognised when earned based on the signed share purchase agreements by the Company.

Dividend income
Dividends from investments in equity securities are recognised when the right to receive the payment is established.

e) Foreign currencies
Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange prevailing at the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into USD at exchange rates prevailing at the statement of financial position date. Any gains or losses are recognized in the statement of income.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Exchange gains and losses on non-monetary items classified as "fair value through statement of income" are taken to the consolidated statement of income and for items classified as "fair value through equity" such differences are taken to the consolidated statement of comprehensive income.

f) Share based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised as employee benefits expense in the statement of income, together with a corresponding increase in equity.

g) Operating lease commitments

The Group has entered into property leases which are classified as operating leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the property, that it therefore does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

h) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. The Group is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

7 CASH AND CASH EQUIVALENTS

	30 June 2016 USD '000	*30 June 2015 USD '000*
Cash and balances with banks	**31,376**	73,090
Murabaha with financial institution	**30,018**	5,234
	61,394	78,324

8 INVESTMENTS

	Note	**30 June 2016 USD '000**	*30 June 2015 USD '000*
Investments classified through statement of income	8.1	**43,858**	50,438
		43,858	50,438

8.1 Investments classified through statement of income

The Group has invested through its structured entities in real estate portfolios in United Arab Emirates and a property portfolio in the United States.

9 RECEIVABLES

	30 June 2016 USD '000	*30 June 2015 USD '000*
Deal subscription receivable	**23,520**	3,829
Advances to investment companies	**1,931**	-
Management fee receivable	**1,813**	-
Other receivables	**1,538**	4,097
Investment yield / dividend receivable	**920**	-
	29,722	7,926

10 OTHER ASSETS

	30 June 2016 USD '000	*30 June 2015 USD '000*
Prepayments and other assets	**617**	674
Equipment's	**532**	583
	1,149	1,257

11 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	***30 June 2016 USD '000***	*30 June 2015 USD '000*
Due to investment companies		**6,744**	3,206
Employee related payables	12.2	**5,016**	3,222
Payable to board members		**800**	816
Fee received in advance		**316**	613
Accrued expenses and supplier payables		**242**	2,895
Other Liabilities		**222**	642
		13,340	11,394

12 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, its major shareholders, directors and key management personnel of the Group, the Group's Shari'ah Supervisory Board and entities controlled, jointly controlled or significantly influenced by such parties. Transactions with related parties arise from the ordinary course of business. Pricing policies and terms of these transactions are approved by the Group's management.

Income and Expenses paid to related parties are as follows:

	Note	***Year ended 30 June 2016 USD '000***	*Year ended 30 June 2015 USD '000*
Income			
Yield and dividend income from investment companies		**3,615**	-
Placement income		**2,151**	142
Management fee from investment companies		**796**	-
Arrangement fee from investment companies		**726**	-
Expenses			
Reimbursement of expenses	12.1	**12,357**	12,649
Key management personnel costs		**2,512**	2,901
Share based compensation to key personnel	17	**1,602**	1,481
Fees to the Board of Directors		**804**	840

Balances with related parties

	Note	2016	2015
Assets			
Receivable from related parties		**13,880**	4,323
Liabilities			
Payable to key personnel		**2,793**	1,436
Payable to investment companies		**2,500**	3,206
Payable to board members		**800**	816
Payable to an affiliate	12.1	**108**	-

12 RELATED PARTY TRANSACTIONS (continued)

12.1 Reimbursement of expenses

The Group and Arcapita Investment Management B.S.C.(c) are under the common control of the same shareholders and governed by the same Board of Directors. As a result Arcapita Investment Management B.S.C.(c) is a related party to the Group. The Group reimburses the expenditures incurred by Arcapita Investment Management B.S.C.(c) in providing services to the Group. In the consolidated statement of income for the year ended 30 June 2016, the reimbursement is included within general and administration expenses, legal and professional expenses, staff compensation and benefit expenses and Arcapita equity incentive plan expenses.

12.2 Accrued expenses and other liabilities

Included in accrued expenses and other liabilities are amounts recovered by the Group from an affiliate, under a fiduciary capacity, on behalf of certain employees and consultants of the Group. The Group collects such amounts on behalf of such employees and consultants as per agreed terms. This amount will not revert to the Group at any point in time.

13 INVESTMENT RELATED PAYABLE

Investment related payable consist of a payable arising from the recent acquisition of a regional residential real estate investment acquired during the year ended 30 June 2015 . The liability was subsequently settled in full during the year ended 30 June 2016.

14 SHARE CAPITAL & PREMIUM

Share capital

	30 June 2016 USD	*30 June 2015 USD*
Authorized capital		
50,000,000 ordinary shares with a par value of USD 0.001 per share	**50,000**	50,000
Issued and paid up capital		
As at 1 July *(**2015: 6,166,667 shares** , 2014: 1,738,095.2 shares)*	**6,167**	1,738
Issued during the year *(**2016: 4,111,111 shares** , 2015:4,428,571.6 shares)*	**4,111**	4,429
As at 30 June *(**2016: 10,277,778 shares** , 2015: 6,166,667 shares)*	**10,278**	6,167

Share premium

Amounts collected in excess of the par value of the issued share capital during any issue of shares are treated as share premium.

Unallocated Arcapita equity incentive plan shares

As detailed in Note 17, the Group has an employee share incentive program by the name of Arcapita equity incentive plan ("AEIP"). Under this program shares have been issued to the plan for allocation to plan participants. Any shares that have not been allocated to plan participants are presented as a deduction from equity.

15 PROPOSED DIVIDENDS

Proposed dividends are disclosed as appropriations within equity until the time they are approved by the shareholders. On approval by shareholders, these are transferred to liabilities. As at 30 June 2016, the Group has proposed per share dividend of USD 0.76 (30 June 2015: USD 0.76) per share amounting to USD 7.264 million (30 June 2015: USD 4.667 million). Unallocated shares held by AEIP are not entitled to receive dividends.

16 FEE AND OTHER INCOME

	30 June 2016 USD '000	*30 June 2015 USD '000*
Management and performance fees	**24,257**	31,593
Placement fees	**7,368**	2,472
Investment yield / dividend income	**3,615**	-
Arrangement fees	**726**	1,357
Others	**175**	41
	36,141	35,463

17 ARCAPITA EQUITY INCENTIVE PLAN

Arcapita equity incentive plan ("AEIP") is an employee share incentive program through which employees may earn shares in the Company. Investment units comprising shares of the Company equal to 10 percent of the issued and outstanding equity, on a fully diluted basis, were allocated to the program upon its inception. Based on Group's performance, up to 20 percent of the plan allocation becomes eligible to be granted to employees each year. Shares granted to employees are fully vested on the date of grant and expensed (i.e. Share based compensation costs) to the statement of income.

The fair value of the shares is estimated at the grant date based on the last capital raise valuation.

Movement during the year

	30 June 2016	*30 June 2015*
Shares issued to AEIP	**1,027,778**	-
Shares granted to employees during the year	**(308,334)**	-
Number of un-allocated shares outstanding at 30 June	**719,444**	-

18 COMMITMENTS AND CONTINGENCIES

	30 June 2016 USD '000	*30 June 2015 USD '000*
Operating lease commitments relating to rented premises		
within one year	**1,424**	832
within two to five years	**1,446**	1,542
more than five years	**754**	1,233
	3,624	3,607

19 INVESTOR FUNDS

From time to time the Group receives funds from or due to its investors. These funds are placed in a segregated client account with an established reputed international bank based in New York and are held pursuant to control agreements with investors and portfolio investment companies in which these investors have invested. The control agreements restrict the Group's access to these funds and requires the consent and instructions of the investors or portfolio companies to transact. As a result the Group does not have legal authority to solely control the funds nor an obligation to the investor and as such these funds are not reflected in the Group's financial statements.

20 RISK MANAGEMENT

20.1 Introduction

The Group intends to take an enterprise-wide approach to risk management, with proactive identification and mitigation of the risks embedded in the Group’s balance sheet and business activities. One of the primary objectives of risk management will be to optimize shareholder and investor returns while maintaining the Group’s risk exposure within self-imposed parameters to be defined within the Group's risk strategy, appetite and policy documents.

The overall responsibility for the implementation of a sound risk management framework will lie with the Group’s senior management and the Board. The Group has established an independent Risk Management Department (RMD) that will assist in the development and implementation of the Group's risk management framework. The RMD will work in co-ordination with the Risk Management Committee (RMC) which is a management level committee with the objective of providing a platform for senior management input, review and approval of key aspects relating to risk management. The RMD and RMC will work under the supervision of the Audit and Risk Committee (ARC) which is a board level committee delegated with certain responsibilities of risk oversight on behalf of the Board and will support the Board in the execution of its responsibilities pertaining to risk management.

One of the primary objectives for RMD (in conjunction with the RMC and ARC) will be to implement, maintain and enhance a risk management framework that is:

- Aligned to the overall risk profile of the Group;
- Driven by Board approved risk strategy and risk appetite;
- Conducive to risk management culture being embedded throughout the organization / processes; and
- Ensuring that RMD is functioning in an independent but not isolated manner.

While such a framework is being established, RMD in co-ordination with the RMC members has identified and is monitoring the risks identified below. Significant matters if any are brought to the attention of the ARC and the Board.

20.2 Credit risk

Credit risk is the risk that one party to a financial transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Group’s exposure to credit risk is limited due to minimal lending / placement activity and the fact that there are no investments in financial securities. The Group is exposed to credit risk on its bank balance and receivables. This risk is considered minimal as the bank balances are maintained in current accounts with reputable international banks having good credit standings. The receivable balances primarily represents prepayments to vendors and receivables from staff.

20.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may also arise from an inability to realize a financial asset quickly at an amount close to its fair value. The Group’s exposure to funding liquidity risk is low given that the Group maintains minimal balance sheet leverage. The Group has enough cash and bank balances available as of 30 June 2016 in order to discharge its financial liabilities when they fall due. RMD closely monitors the liquidity position on an actual and forecasted basis and ensures that management is frequently updated on the Group's liquidity position and actual / forecasted liquidity requirements.

20 RISK MANAGEMENT (continued)

20.3 Liquidity risk (Continued)

A maturity profile of assets and liabilities, based on expected maturities, is provided below.

	As at 30 June 2016					
	Up to 3 months	*> 3 months up to 1 year*	*Sub-Total up to 1 year*	*> 1 year up to 5 years*	*Non-cash items*	*Total*
ASSETS						
Financial assets						
Cash and cash equivalents	**61,394**	**-**	**61,394**	**-**	**-**	**61,394**
Investments	**-**	**27,807**	**27,807**	**16,051**	**-**	**43,858**
Receivables	**29,722**	**-**	**29,722**	**-**	**-**	**29,722**
Other assets	**-**	**-**	**-**	**400**	**-**	**400**
Total financial assets	**91,116**	**27,807**	**118,923**	**16,451**	**-**	**135,374**
Non-financial assets						
Prepayments	**-**	**-**	**-**	**-**	**217**	**217**
Equipment's	**-**	**-**	**-**	**-**	**532**	**532**
Total Assets	**91,116**	**27,807**	**118,923**	**16,451**	**749**	**136,123**
LIABILITIES						
Financial liabilities						
Accrued expenses and other liabilities	**13,024**	**-**	**13,024**	**-**	**-**	**13,024**
Due to a related party	**108**	**-**	**108**	**-**	**-**	**108**
Total financial liabilities	**13,132**	**-**	**13,132**	**-**	**-**	**13,132**
Non-financial liabilities						
Fees received in advance	**-**	**-**	**-**	**-**	**316**	**316**
Total liabilities	**13,132**	**-**	**13,132**	**-**	**316**	**13,448**
Net gap	**77,984**	**27,807**	**105,791**	**16,451**	**433**	**122,675**

20 RISK MANAGEMENT (continued)

20.3 Liquidity risk (Continued)

	As at 30 June 2015					
	Up to 3 months	*> 3 months up to 1 year*	*Sub-Total up to 1 year*	*> 1 year up to 5 years*	*Non-cash items*	*Total*
ASSETS						
Financial assets						
Cash and cash equivalents	78,324	-	78,324	-	-	78,324
Investments	-	35,914	35,914	14,524	-	50,438
Receivables	7,926		7,926	-	-	7,926
Other assets	-	-	-	418	-	418
Total financial assets	86,250	35,914	122,164	14,942	-	137,106
Non-financial assets						
Prepayments	-	-	-	-	256	256
Equipment's	-	-	-	-	583	583
Total Assets	86,250	35,914	122,164	14,942	839	137,945
LIABILITIES						
Financial liabilities						
Accrued expenses and other liabilities	10,781	-	10,781	-	-	10,781
Investment related payable	45,438		45,438	-	-	45,438
Total financial liabilities	56,219	-	56,219	-	-	56,219
Non-financial liabilities						
Fees received in advance	-	-	-	-	613	613
Total liabilities	56,219	-	56,219	-	613	56,832
Net gap	30,031	35,914	65,945	14,942	226	81,113

20 RISK MANAGEMENT (continued)

20.4 Investment risk

This category relates to the risks arising from the Group's real estate investment portfolio and entails market / systematic risks (losses on investments due to changes in market fundamentals) and non-systematic / investment specific risks. The objective of investment risk management is to manage and control risk exposures within acceptable parameters, while optimizing returns.

As part of the risk management framework that is being implemented, RMD is to work closely with the business units to conduct investment risk analyses at the individual deal and portfolio level throughout the investment cycle. The investment risk analysis is to focus on the risk profile of each individual investment (including the incremental impact on the investment portfolio) and the overall investment portfolio in light of the Group's risk strategy, appetite, policies and the risk limits and guidelines defined therein.

20.5 Market Risk

The Group defines market risk as the risk of losses due to adverse movements in market fundamentals such as profit rates, foreign currency exchange rates, equity markets / prices and commodity prices on the Group's investment securities (other than the real estate investment portfolio).

The Group does not maintain a significant portfolio of investment securities (such as investment in Sukuk, listed equity investments) other than the real estate investment portfolio and maintains a minimal component of liabilities on its balance sheet. The Group's exposure, not including the real estate investment portfolio, to market risk as defined above is therefore not significant.

Systematic and non-systematic risks arising from the real estate investment portfolio are categorized under "Investment risk" that is outlined under note "20.4 Investment risk".

Foreign currency net open positions (of non USD currencies that are not pegged to the USD) are also minimal. The largest foreign currency exposure is in GBP amounting to approximately USD 5.0 million (30 June 2015: USD 10.0 million). A 10 percent change in exchange rates, positive or negative would impact net income by USD 0.5 million (30 June 2015: USD 1.0 million).

20.6 Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or lead to financial loss. The Group minimizes the operational risk by maintaining a strong internal control environment and continuous oversight by the Board of Directors.

21 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in line with the changes in operating conditions and the risk characteristics of its activities.

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received upon the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability.

22 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The Group's financial instruments have been classified in accordance with their measurement basis as follows:

30 June 2016

	At fair value through statement of income USD '000	***At cost/ amortised cost USD '000***	***Total USD '000***
ASSETS			
Cash and cash equivalents	**-**	**61,394**	**61,394**
Investments	**43,858**	**-**	**43,858**
Receivables	**-**	**29,722**	**29,722**
Other assets	**-**	**400**	**400**
	43,858	**91,516**	**135,374**
LIABILITIES			
Accrued expenses and other liabilities	**-**	**13,024**	**13,024**
Due to a related party	**-**	**108**	**108**
	-	**13,132**	**13,132**

30 June 2015

	At fair value through statement of income USD '000	*At cost/ amortised cost USD '000*	*Total USD '000*
ASSETS			
Cash and cash equivalent	-	78,324	78,324
Investments	50,438	-	50,438
Receivables	-	7,926	7,926
Other assets	-	418	418
	50,438	86,668	137,106
LIABILITIES			
Accrued expenses and other liabilities	-	10,781	10,781
Investment related payable	-	45,438	45,438
	-	56,219	56,219

Fair value hierarchy

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

22 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and fair value hierarchy

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

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data.

The investments carried at 'fair value through statement of income' has been classified as level 3 assets.

Movements in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value:

	30 June 2016 USD '000	*30 June 2015 USD '000*
Opening balance	**50,438**	-
Acquisition of investments	**78,343**	50,438
Placement of investments	**(84,923)**	-
	43,858	50,438

Valuation process of the Group

Balances with banks represent cash and cash equivalents and are due on demand. The carrying value of these balances represents their fair value.

The recoverability of receivables were determined by the management as part of impairment testing. The carrying amounts approximate the fair value of these receivables.

For investment in real estate sector, fair value is determined by reference to valuations by an independent real estate valuation expert. The determination of the fair value of such assets is based on local market conditions.

Other liabilities and payable to a related party are current in nature and the carrying value of these financial instruments represents their fair value.

The effect of unobservable inputs on fair valuation

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 30 June 2016 are as shown below:

			Impact on Income	
Unobservable inputs	**Input**	**Change**	***Favorable USD '000***	***Unfavorable USD '000***
Capitalization rates	6.5% to 8.5%	+/- 10%	7,238	(5,922)
Price per square feet	USD 857	+/- 10%	3,988	(3,988)

23 SEGMENTAL INFORMATION

The sole business of the Group is to provide and manage alternative Islamic investment products and as a result it does not have any other reportable segments for this financial period.

24 EARNINGS PROHIBITED BY SHARI'AH

The Group receives interest from incidental deposits. These earnings are prohibited by Shari'ah, hence set aside as a liability to be used exclusively for charitable purposes and amount to USD 9,126.12 (30 June 2015: USD 9,071.84)

SUPPLEMENTARY INFORMATION

Arcapita Group consists of Arcapita Group Holdings Limited ("AGHL"), AGHL's direct and indirect subsidiaries and Arcapita Investment Management B.S.C.(c) ("Arcapita Bahrain") (Formerly AIM Investment Management B.S.C.(c)).

AGHL and Arcapita Bahrain currently are owned by the same shareholders in the same shareholding ratios. This is as a result of contractual arrangements which requires the shareholders of each entity to be identical. The shareholders have to hold their interests in Arcapita Group in the same ratio of AGHL shares to Arcapita Bahrain shares and to appoint identical members to Board of Directors in both entities, now and in the future. However, under the requirements of IFRS, in order to consolidate the financial position and results of Arcapita Bahrain with AGHL certain conditions have to be met. These conditions have not been fulfilled at this time and Arcapita Bahrain results cannot be consolidated with AGHL.

Therefore, in order to provide supplementary information to the shareholders we provide below a summarized pro-forma consolidated statement of income and financial position.

Arcapita group pro-forma statement of financial position

	As at 30 June 2016			
	AGHL Group USD '000	***Arcapita Bahrain USD '000***	***Consolidation adjustments USD'000***	***Arcapita Group USD'000***
ASSETS				
Cash and cash equivalents	**61,394**	**7,398**	**-**	**68,792**
Investments	**43,858**	**-**	**-**	**43,858**
Receivables	**29,722**	**1,084**	**(108)**	**30,698**
Other assets	**1,149**	**-**	**-**	**1,149**
TOTAL ASSETS	**136,123**	**8,482**	**(108)**	**144,497**
LIABILITIES				
Accrued expenses and other liabilities	**13,340**	**982**	**-**	**14,322**
Payable to AGHL Group	**108**	**-**	**(108)**	**-**
TOTAL LIABILITIES	**13,448**	**982**	**(108)**	**14,322**
EQUITY				
Share capital and premium	**95,583**	**7,500**	**-**	**103,083**
Reserves	**19,828**	**-**	**-**	**19,828**
Proposed dividends	**7,264**	**-**	**-**	**7,264**
TOTAL EQUITY	**122,675**	**7,500**	**-**	**130,175**
TOTAL EQUITY AND LIABILITIES	**136,123**	**8,482**	**(108)**	**144,497**

Arcapita group pro-forma statement of financial position (continued)

	As at 30 June 2015			
	AGHL Group USD '000	*Arcapita Bahrain USD '000*	*Consolidation adjustments USD'000*	*Arcapita Group USD'000*
ASSETS				
Cash and cash equivalents	78,324	6,343	26	84,693
Investments	50,438	-	-	50,438
Receivables	7,926	107	(994)	7,039
Other assets	1,257	1,067	-	2,324
TOTAL ASSETS	137,945	7,517	(968)	144,494
LIABILITIES				
Investment related payables	45,438	-	-	45,438
Accrued expenses and other liabilities	11,394	2,517	(968)	12,943
TOTAL LIABILITIES	56,832	2,517	(968)	58,381
EQUITY				
Share capital and premium	61,667	2,646	-	64,313
Shares pending allotment	-	2,354	-	2,354
Reserves	14,779	-	-	14,779
Proposed dividends	4,667	-	-	4,667
TOTAL EQUITY	81,113	5,000	-	86,113
TOTAL EQUITY AND LIABILITIES	137,945	7,517	(968)	144,494

Arcapita group pro-forma statement of income

	For the year ended 30 June 2016			
	AGHL Group USD '000	***Arcapita Bahrain USD '000***	***Consolidation adjustments USD'000***	***Arcapita Group USD'000***
INCOME				
Fee Income and other	**36,141**	**12,381**	**(12,357)**	**36,165**
Total operating income	**36,141**	**12,381**	**(12,357)**	**36,165**
EXPENSES				
Staff compensation and benefits	**(12,933)**	**(8,757)**	**8,757**	**(12,933)**
General and administration expenses	**(5,853)**	**(2,763)**	**2,479**	**(6,137)**
Professional and consultancy fees	**(2,809)**	**(1,232)**	**1,232**	**(2,809)**
Arcapita equity incentive plan expenses	**(1,602)**	**111**	**(111)**	**(1,602)**
Total operating expenses	**(23,197)**	**(12,641)**	**12,357**	**(23,481)**
Foreign exchange (loss) / gain	**(714)**	**260**	**-**	**(454)**
NET INCOME	**12,230**	**-**	**-**	**12,230**

Arcapita group pro-forma statement of income (continued)

	For the year ended 30 June 2015			
	AGHL Group USD '000	*Arcapita Bahrain USD '000*	*Consolidation adjustments USD'000*	*Arcapita Group USD'000*
INCOME				
Fee Income and other	35,463	12,674	(12,649)	35,488
Total operating income	35,463	12,674	(12,649)	35,488
EXPENSES				
Staff compensation and benefits	(12,893)	(8,489)	8,489	(12,893)
General and administration expenses	(4,779)	(2,454)	2,547	(4,686)
Professional and consultancy fees	(5,383)	(1,502)	1,502	(5,383)
Arcapita equity incentive plan expense	(1,481)	(111)	111	(1,481)
Total operating expenses	(24,536)	(12,556)	12,649	(24,443)
Foreign exchange gain / (loss)	520	(118)	-	402
NET INCOME	11,447	-	-	11,447