Arcapita Group Holdings Limited

INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2019

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, through and in coordination with the Shari'ah Department, 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 2019. We have also conducted our review to form an opinion as to whether the Group has complied with Shari'ah rules and principles and also with 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.

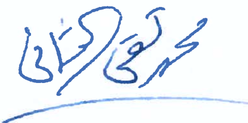
We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give assurance that the Group has not violated the rules and principles of Islamic Shari'ah. The Shari'ah Supervisory Board will conduct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

In our opinion:

a) The contracts entered by the Group during the year are in compliance with Islamic Shari'ah rules and principles.
b) The investments undertaken by the Group during the year have been reviewed by us and are in accordance with Islamic Shari'ah principles.
c) 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.
d) All earnings (if any) that may have been realized from sources or by means prohibited by Shari'ah Rules and Principles have not been recognized as income but have been set aside to be disposed of to charitable causes.
e) The calculation of Zakah is in compliance with Shari'ah Rules and Principles.

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

Shari'ah Supervisory Board:



Sh. Muhammad Taqi Usmani
Chairman

Sh. Essam Mohammed Ishaq
Member

Sh. Dr. Yousuf Abdullah Al Shubaily
Member

Sh. Mohammed Al Jamea
Member

7 Aug 2019.

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Ernst & Young Middle East
P.O. Box 140
10th Floor, East Tower
Bahrain World Trade Center
Manama
Kingdom of Bahrain

Tel: +973 1753 5455
Fax: +973 1753 5405
manama@bh.ey.com
C.R. No. 29977 - 1

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

Report on the audit of the consolidated financial statements

Opinion

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 2019, and the consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2019, 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) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the 'Supplementary information', set out on pages 34 to 36, other than the consolidated financial statements and our auditor's report thereon.

The Board of Directors 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 the Board of Directors for the consolidated financial statements

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

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

Report on the audit of the consolidated financial statements (continued)

Responsibilities of the Board of Directors for the consolidated financial statements (continued)
In preparing the consolidated financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 the Board of Directors.

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

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of the Board of Directors' 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.

We communicate with the Board of Directors 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.

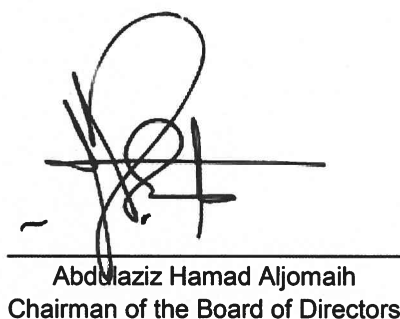
Partner's Registration No. 45
2 September 2019
Manama, Kingdom of Bahrain

Arcapita Group Holdings Limited

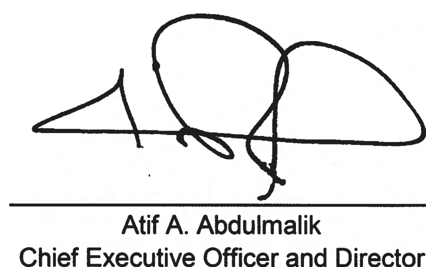
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	***2019*** ***USD '000***	*2018* *USD '000*
ASSETS			
Cash and cash equivalents	7	**25,373**	26,429
Receivables	8	**18,409**	101,005
Investments	9	**245,547**	211,017
Other assets	10	**1,801**	1,900
TOTAL ASSETS		**291,130**	340,351
EQUITY AND LIABILITIES			
LIABILITIES			
Murabaha financing	11	**37,299**	14,076
Accrued expenses and other liabilities	12	**28,929**	32,771
Payable on acquisition of investments	13	**-**	86,656
TOTAL LIABILITIES		**66,228**	133,503
EQUITY			
Share capital and premium	15	**183,344**	173,867
Reserves		**41,558**	32,981
TOTAL EQUITY		**224,902**	206,848
TOTAL EQUITY AND LIABILITIES		**291,130**	340,351



Abdulaziz Hamad Aljomaih
Chairman of the Board of Directors



Atif A. Abdulmalik
Chief Executive Officer and Director

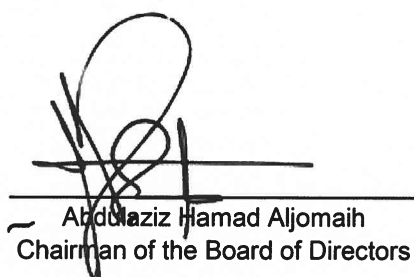
The attached explanatory notes 1 to 26 form part of these consolidated financial statements.

Arcapita Group Holdings Limited

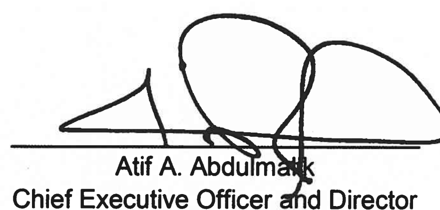
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2019

	Note	***2019*** ***USD '000***	*2018* *USD '000*
OPERATING INCOME			
Income from investments	17	**45,041**	18,990
Fee and other income	18	**9,050**	18,721
Total operating income		**54,091**	37,711
OPERATING EXPENSES			
Staff compensation and benefits		**(15,936)**	(13,613)
General and administration expenses		**(8,950)**	(7,003)
Professional and consultancy fees		**(5,574)**	(3,391)
Financing cost		**(1,734)**	(1,279)
Total operating expenses		**(32,194)**	(25,286)
Net operating income		**21,897**	12,425
Foreign exchange loss		**5**	(3)
NET PROFIT FOR THE YEAR		**21,902**	12,422



Abdulaziz Hamad Aljomaih
Chairman of the Board of Directors



Atif A. Abdulmalik
Chief Executive Officer and Director

The attached explanatory notes 1 to 26 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	2019	*2018*
	USD '000	*USD '000*
NET PROFIT FOR THE YEAR	**21,902**	12,422
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences arising from translation of foreign operations	**(23)**	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**21,879**	12,424

The attached explanatory notes 1 to 26 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note	**2019 USD '000**	2018 USD '000
OPERATING ACTIVITIES			
Net profit for the year		**21,902**	12,422
Adjustment for non-cash items:			
Fair value gain on investments at FVTPL		**(37,165)**	(14,320)
Financing cost		**1,734**	1,279
Operating loss before changes in operating assets and liabilities		**(13,529)**	(619)
Changes in operating assets and liabilities:			
Investments		**(8,365)**	(127,985)
Receivables		**82,596**	(35,327)
Other assets		**99**	(436)
Accrued expenses and other liabilities		**(3,865)**	21,124
Payable on acquisition of investments	13	**(86,656)**	54,022
Cash used in operations		**(29,720)**	(89,221)
Financing cost paid		**(1,643)**	(1,317)
Net cash flows used in operating activities		**(31,363)**	(90,538)
FINANCING ACTIVITIES			
Proceeds from Murabaha financing		**34,132**	-
Proceeds from issuance of share capital	15	**2,826**	77,257
Dividends paid		**(6,651)**	(7,342)
Net cash flows from financing activities		**30,307**	69,915
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,056)**	(20,623)
Cash and cash equivalents at the beginning of the year		**26,429**	47,052
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	**25,373**	26,429

Non - cash transactions

During the year ended 30 June 2019, USD 11,000 thousand (2018: USD 7,000 thousand) of the Murabaha financing facility was settled through the assignment of investments from the Group's investment portfolio. As these are non- cash transactions they are not reflected in this consolidated cash flow statement.

Arcapita Group Holdings Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Share capital and premium				Reserves			
	Share capital USD '000	***Share premium 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***	***Total equity USD '000***
As at 1 July 2018	**16**	**180,019**	**(6,168)**	**173,867**	**33,030**	**(49)**	**32,981**	**206,848**
Net profit for the year	**-**	**-**	**-**	**-**	**21,902**	**-**	**21,902**	**21,902**
Exchange differences arising from translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**(23)**	**(23)**	**(23)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**21,902**	**(23)**	**21,879**	**21,879**
Issue of share capital	**-**	**2,826**	**-**	**2,826**	**-**	**-**	**-**	**2,826**
Issue of bonus shares	**1**	**6,650**	**-**	**6,651**	**(6,651)**		**(6,651)**	**-**
Dividends paid	**-**	**-**	**-**	**-**	**(6,651)**	**-**	**(6,651)**	**(6,651)**
Balance as at 30 June 2019	**17**	**189,495**	**(6,168)**	**183,344**	**41,630**	**(72)**	**41,558**	**224,902**

	Share capital USD '000	*Share premium 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*	*Total equity USD '000*
As at 1 July 2017	10	102,768	(6,168)	96,610	27,950	(51)	27,899	124,509
Net profit for the year	-	-	-	-	12,422	-	12,422	12,422
Exchange differences arising from translation of foreign operations	-	-	-	-	-	2	2	2
Total comprehensive income for the year	-	-	-	-	12,422	2	12,424	12,424
Issue of share capital	6	77,251	-	77,257	-	-	-	77,257
Dividends paid	-	-	-	-	(7,342)	-	(7,342)	(7,342)
Balance as at 30 June 2018	16	180,019	(6,168)	173,867	33,030	(49)	32,981	206,848

The attached notes 1 to 26 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 limited liability company. The registered office of the Company is at P.O. Box 1111, Century Yard, Cricket Square, Grand Cayman, Cayman Islands. The Company and its subsidiaries (together the "Group") provide alternative Islamic financial products.

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 2 September 2019.

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 being the functional currency of the Group and all values are rounded to the nearest USD thousand (USD '000), 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 2019.

The financial statements of subsidiaries are prepared using consistent accounting policies. The Group has utilised the "investment entity" exemption for investment in subsidiaries held for sale in the normal course of business. The investments are carried at fair value through profit or loss (FVTPL).

Control is achieved when the Group is exposed, or has rights, to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically the Group controls the investee 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.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and 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.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to non-controlling interest (NCI), even if this results in NCI having a deficit balance. 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.

3 BASIS OF CONSOLIDATION (continued)

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:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the statement of profit or loss; and
- Reclassifies the parent’s share of components previously recognised 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.

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
Arcapita 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

3 BASIS OF CONSOLIDATION (continued)

Subsidiary companies (continued)
The Group's ownership in the aforementioned subsidiaries has not changed from the previous year ended 30 June 2018.

Investment entity
Entities that meet the definition of an investment entity within IFRS 10 Consolidated financial statements (IFRS 10) are required to measure their subsidiaries held for sale under the ordinary course of business at FVTPL 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;
- 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 raises commitment from a number of investors in order to raise capital to invest in private equity investment or to place its acquired investment to investors.

The Group provides investment management services to investors which include investment in Islamic compliant equities, fixed income securities, private equity and real estate 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 as agreed under the private placement memorandum. 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 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 and has therefore recorded its investment in subsidiaries held for sale at FVTPL. Following is the list of unconsolidated subsidiaries.

Unconsolidated subsidiaries	*Effective ownership of Arcapita & Co-investors*	*Country of incorporation*
Senior Living VI Operator Holdings LLC	100%	USA
ALP III Logistics SPC	100%	UAE
Weston Ind II Operator Holdings LLC	95%	USA
Weston Ind I Operator Holdings LLC	95%	USA
Senior Living Investment Holdings LLC	95%	USA
Senior Living VII Holding Company LLC	89%	USA
MC Sign LLC	87%	USA
NuYu For Sports L.L.C	80%	UAE
AULP Investment L.L.C.	75%	UAE
ALP Investment L.L.C	65%	UAE
NAS United Healthcare Services LLC	61%	UAE

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make judgements, 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 judgements 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.

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 engages internal valuation experts to perform the valuation of certain investments. The third party valuers and the internal valuation team use methods such as sales comparison or the capitalisation of future cash streams of the underlying asset by using the prevailing capitalisation rate for similar properties or similar geographies. The Group and valuation experts apply their judgement in determining the appropriate valuation techniques and considerations of unobservable valuation inputs used in valuation models which includes capitalisation rates, discount rates, multiples and comparable assets sale transactions. The input to these models is derived from observable markets where available, but where this is not feasible, degree of judgement is required in determining assumptions used in these models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year, except for the following IASB's new and amended standards and interpretations which are effective as of 1 July 2018. The adoption of these standards and interpretations did not have any material effect on the Group's financial position, financial performance or disclosures.

IFRS 9 Financial instruments (IFRS 9)

Introduction
In July 2014, the IASB issued IFRS 9, the standard that replaces IAS 39 Financial instruments: recognition and measurement (IAS 39) for annual periods beginning on or after 1 January 2018. The Group has implemented IFRS 9 effective from 1 July 2018 and detailed below is the impact on the Group with respect to classification and measurement and impairment elements of IFRS 9. Since the Group does not enter into derivative contracts, hedge accounting aspect had no impact.

Classification and measurement
From a classification and measurement perspective, the new standard requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories are replaced by: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 also allows entities to continue to irrevocably designate instruments that qualify for amortised cost or FVOCI as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)

IFRS 9 Financial instruments (IFRS 9) (continued)

Classification and measurement (continued)

The accounting for financial liabilities largely remains the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in OCI with no subsequent reclassification to the statement of profit or loss, unless an accounting mismatch in profit or loss would arise.

Having implemented IFRS 9, the Group has concluded that all assets except for the Group's private equity and real estate investments are measured at amortised cost under IFRS 9. All private equity and real estate investment continue to be carried at FVTPL.

For an explanation of how the Group classifies financial assets and liabilities under IFRS 9, refer respective sections in note 6.

Impairment of financial assets

Overview

The standard replaced IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach for non-impaired exposures. The Group is required to record an allowance for expected losses for all financial assets subject to credit risk not held at FVTPL. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

Under IFRS 9, credit losses are recognised earlier than under IAS 39. For an explanation of how the Group applies the impairment requirements of IFRS 9, see respective section in note 6.

There were no adjustments to opening retained earnings on adoption of IFRS 9.

IFRS 7(revised) Financial instruments: Disclosures (IFRS 7R)

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial instruments: Disclosures was updated and the Group has adopted it, together with IFRS 9, for the year beginning 1 January 2018.

IFRS 15 Revenue from Contracts with Customers (IFRS 15)

The Group adopted IFRS 15 resulting in a change in the revenue recognition policy of the Group in relation to its contracts with customers.

IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several standards and interpretations within IFRS. It established a new five-step model that are applied to 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 Group has opted for the modified retrospective application permitted by IFRS 15 upon adoption of the new standard. Modified retrospective application also requires the recognition of the cumulative impact of adoption of IFRS 15 on all contracts as at 1 July 2018 in equity. There were no adjustments to opening retained earnings and other account balances on the adoption of IFRS 15.

IFRIC Interpretation 22 Foreign currency transactions and advance considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

6 SIGNIFICANT ACCOUNTING POLICIES

6.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash, nostro balances and a murabaha placement with a financial institution with maturity of 3 months or less. Cash and cash equivalents are initially measured at their fair value and subsequently remeasured at amortised cost.

6.2 Receivables

Receivables are recognised when the obligation is established. These are carried at cost less ECLs, if any.

6.3 Premises and equipment

Premises and equipment are stated at cost, less accumulated depreciation and provision for impairment in value, if any.

6.4 Income

Revenue is recognised 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 management and performance fee 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 performed.

Placement and arrangement fee

The Group earns arrangement and placement fees for rendering services during the acquisition and placement of investments. These fees are recognised when earned based on the binding signed share purchase agreements between the Group and the investors.

Dividend income

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

6.5 Expenses

Expenses are recognised as the services are received.

6.6 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. Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial instruments - initial recognition

Financial assets are classified, at initial recognition, as financial assets at FVTPL, amortised cost and FVOCI as appropriate.

Financial assets of the Group comprise of investments at FVTPL, receivables and cash and cash equivalents and other assets.

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or payables as appropriate.

Financial liabilities of the Group comprise of murabaha financing, accrued expenses and other liabilities and payable on acquisition of investments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the consolidated statement of profit or loss.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

6.6 Financial instruments (continued)

Financial instruments - initial recognition (continued)
Purchases or sales of financial assets or liabilities that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset or liability.

Financial assets - subsequent measurement
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

i) Debt type instruments
The Group classifies all of its debt type instruments that meet the following conditions under amortised cost category.

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

These are remeasured at amortised cost less ECLs. Amortised cost is calculated based on effective interest rate (EIR) method as explained below.

Amortised cost and EIR method
The EIR method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised using EIR method for debt instruments measured subsequently at amortised cost. Interest income is recognised in the consolidated statement of profit or loss.

ii) Equity instruments
Equity instruments are instruments that meet the definition of equity from the issuer's perspective, i.e. instruments do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group measures all equity instruments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group has not designated any of its investments at FVOCI.

The investments classified as FVTPL represent the Group’s co-investments in private equity investment and real estate investment. These investments are initially recorded at acquisition cost (being the initial fair value) and are re-measured to fair value at each reporting date, with resulting unrealised gains or losses being recorded as fair value changes in the consolidated statement of profit or loss.

Financial liabilities subsequently measured at amortised cost
Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the EIR method. Interest expense is included in the 'financing cost' line item in the consolidated statement of profit or loss.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

6.6 Financial instruments (continued)

ii) Equity instruments (continued)

Derecognition

(i) Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial

- the rights to receive cash flows from the asset have expired; or
- 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:
- the Group has transferred substantially all the risks and rewards of the asset, or
- the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of profit or loss.

On derecognition of a financial asset that is classified as FVOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair values of financial assets at FVOCI is not reclassified to consolidated statement of profit or loss, but is reclassified to retained earnings.

On derecognition of a financial asset measured at FVTPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of profit or loss.

(ii) Financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss.

6.7 Impairment
The Group recognises loss allowances or ECL on financial assets subject to credit risk excluding investments classified as FVTPL. These are recorded in the consolidated statement of profit or loss.

The Group recognises loss allowances for ECL on financial instruments that are not measured at FVTPL. For cash and cash equivalents, the Group calculates ECL through general approach, in which it would recognise loss allowances for ECL equal to 12-months ECL, except for financial instruments on which credit risk has increased significantly since their initial recognition and are not determined to have low credit risk at the reporting date, in which case the Group would recognise lifetime ECL.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

6.7 Impairment (continued)

12-month ECLs are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The key inputs into the measurement of ECL are the term structure of the following variables: i) probability of default (PD), ii) loss given default (LGD), and iii) exposure at default (EAD).

The Group has calculated the ECL allowance on its financial assets as of 1 July 2018 and 30 June 2019 and is considered as immaterial, accordingly, it has not been reflected in these consolidated financial statements separately.

6.8 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement.

6.9 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 consolidated statement of financial position date. Any gains or losses are recognised in the consolidated statement of profit or loss.

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 profit or loss" are taken to the consolidated statement of profit or loss and for items classified as "fair value through OCI" such differences are taken to the consolidated statement of comprehensive income.

6.10 Offsetting

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.

6.11 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.

6.12 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 consolidated statement of profit or loss, together with a corresponding increase in equity.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

6.13 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.

6.14 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Going concern

The Group's management 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 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 the going concern basis.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. Refer to note 23 for further detailed disclosures.

6.15 Policies applicable prior to 1 July 2018 (Prior to adoption of IFRS 9)

6.15.1 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.

6.15.1.1 Financial assets

Financial assets comprise of cash and cash equivalents, receivables, investments and other assets.

Initial recognition

The Group classifies its financial assets into two categories: at fair value through profit or loss and amortised cost. 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 transaction costs that are directly attributable to its acquisition or issue except in the case of financial assets recorded at fair value through profit or loss.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.15 Policies applicable prior to 1 July 2018 (Before adoption of IFRS 9) (continued)

6.15.1 Financial instruments (continued)

6.15.1.1 Financial assets (continued)

Subsequent measurement

Financial assets at FVTPL

Financial assets designated at FVTPL 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 FVTPL are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the consolidated statement of profit or loss.

Financial assets at amortised cost

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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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 reorganisation 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.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

6.15 Policies applicable prior to 1 July 2018 (Before adoption of IFRS 9) (continued)

6.15.1.2 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 payable on acquisition of investments, murabaha financing, accrued expenses and other liabilities.

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 profit or loss, when the liabilities are derecognised, as well as through the effective interest rate 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 profit or loss.

6.16 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 16 Leases (IFRS 16)
The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17 Leases.

The Group plans to apply IFRS 16 on 1 July 2019, using a modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group plans to apply the practical expedient to grandfather the definition of a lease on transition which means that it will apply IFRS 16 to all contracts entered into before 1 July 2019.

The Group has performed an impact assessment of IFRS 16 and it expects that on adoption its assets and liabilities will increase by USD 1,793 thousand.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

6.16 Standards issued but not yet effective (continued)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Annual improvements 2015-2017 cycle (issued in December 2017)
These improvements include:

IFRS 3 Business combinations
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

IAS 12 Income taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

IAS 23 Borrowing costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

7 CASH AND CASH EQUIVALENTS

	Note	**30 June 2019 USD '000**	*30 June 2018 USD '000*
Cash and balances with banks		**25,373**	5,416
Murabaha with a financial institution	7.1	**-**	21,012
Cash in hand		**-**	1
		25,373	26,429

7.1 This represented a short term murabaha placement with a bank, rated 'A' by Standard & Poor's. This murabaha carried a profit rate of 2.0% per annum and matured in July 2018.

8 RECEIVABLES

	Note	**30 June 2019 USD '000**	*30 June 2018 USD '000*
Advances to investment companies	8.1	**9,051**	2,324
Investment yield / dividend receivable	8.2	**2,531**	2,069
Receivable from employee incentive programs	8.3	**2,285**	3,535
Fee receivable		**2,563**	1,919
Other receivables		**1,979**	158
Deal subscription receivable	8.4	**-**	91,000
		18,409	101,005

8.1 This represents interest free advances to investment structure entities and will be recovered from distributions or exit proceeds.

8.2 This represents dividend income that the Group is entitled to receive from its structured entities. These are expected to be received over the short term.

8.3 This largely represents amounts advanced to the Arcapita Investment Participation Program on an interest free basis for an allocation in the Group's investment products. Employees have been provided an opportunity to acquire investment products in cash from this allocation. Unutilised allocations will be returned to the Group and the receivable will be reversed. These are collected over the short term.

8.4 Deal subscription receivable represent amounts due from investors for participation in the Group's investment products. These arise in the normal course of the Group's placement activities and are recorded along with placement fee when the investor signs a binding agreement confirming their participation in an investment product. These are collected over the short term.

9 INVESTMENTS

	30 June 2019 USD '000	*30 June 2018 USD '000*
Private equity	**165,810**	117,791
Real estate	**79,737**	93,226
	245,547	211,017

9.1 The investments are classified at FVTPL. The Group has invested through its structured entities in real estate portfolios and private equity investments in the Middle East and in the United States of America.

10 OTHER ASSETS

	30 June 2019 USD '000	*30 June 2018 USD '000*
Equipments	**1,216**	1,267
Prepayments	**281**	320
Others	**304**	313
	1,801	1,900

11 MURABAHA FINANCING

During 2017, the Group entered into a Murabaha Financing Facility (the "Facility") with Strategic Investors Facility Limited (“SIF”), a Cayman Islands limited liability company owned by a group of shareholders and investors. Under this facility, AGHL can utilise financing of up to USD 75 million. As of 30 June 2019, USD 37 million (2018: USD 14 million) is outstanding under the Facility. The Facility will mature on 1 March 2022 unless SIF exercises an option at any time prior to 1 December 2019 to require a reduced maturity date of 1 March 2020 for all or a part of the Facility. The Facility is unsecured and Arcapita Investment Limited, a wholly owned subsidiary of the Group, which holds the investments of the Group, has provided a guarantee with respect to the entire facility amount outstanding.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	***30 June 2019 USD '000***	*30 June 2018 USD '000*
Due to investment companies		**24,912**	29,715
Employee related payables	14.3	**1,815**	1,628
Payable to an affiliate		**474**	731
Payable to board members		**500**	400
Payable for charitable activities		**455**	-
Accrued expenses and supplier payables		**286**	212
Other liabilities		**487**	85
		28,929	32,771

13 PAYABLE ON ACQUISITION OF INVESTMENTS

This represented obligations of the Group with respect to three investments acquired in June 2018 and settled during the year ended 30 June 2019.

14 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, 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.

14 RELATED PARTY TRANSACTIONS (continued)

Income and expenses on transactions with related parties included in the consolidated statement of profit or loss:

	Note	***30 June 2019 USD '000***	*30 June 2018 USD '000*
Income			
Placement income		**2,504**	6,663
Reversal of placement income		**(3,601)**	(6,439)
Yield and dividend income from investment companies		**7,876**	4,670
Management fee from investment companies		**6,054**	3,412
Arrangement fee from investment companies		**-**	1,335
Expenses			
Reimbursement of expenses with an affiliate	14.1	**16,979**	14,382
Key management personnel costs		**2,056**	1,734
Financing cost	14.2	**1,734**	1,279
Fees to the Board of Directors		**500**	400

Balances with related parties as of the date of the consolidated statement of financial position are:

	Note	***30 June 2019 USD '000***	*30 June 2018 USD '000*
Assets			
Advances to investment companies		**9,051**	2,324
Investment yield / dividend receivable from investment companies		**2,531**	2,069
Management fee receivable from investment companies		**1,879**	965
Deal subscription receivable		**-**	37,000
Liabilities			
Murabaha financing	14.2	**37,299**	14,076
Payable to investment companies		**24,912**	29,715
Payable to board members		**500**	400
Payable to key personnel	14.3	**39**	193
Payable to an affiliate	14.1	**474**	731

14.1 Reimbursement of expenses

The Group and Arcapita Investment Management B.S.C. (c) ("AIM BSC") are under the common control of the same shareholders and governed by the same Board of Directors. As a result AIM BSC is a related party to the Group. The Group reimburses the expenditures incurred by AIM BSC in providing services to the Group. In the consolidated statement of profit or loss for the year ended 30 June 2019, the reimbursement is included within general and administration expenses, legal and professional expenses, staff compensation and benefit expenses and AEIP expenses.

14.2 Profit rate

This carries a fixed profit rate of 6.5% per annum up to 1 March 2020 and 7.5% per annum thereafter.

14.3 Payable to key personnel

This represents 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.

15 SHARE CAPITAL AND PREMIUM

15.1 Share capital

	30 June 2019 USD	*30 June 2018 USD*
Authorised capital		
50,000,000 (2018: 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 *(**2019: 16,453,459 shares**, 2018: 10,277,778 shares)*	**16,454**	10,278
Bonus shares issued during the year *(**2019: 509,300 shares**, 2018: Nil shares)*	**509**	-
Shares issued during the year *(**2019: 232,931 shares**, 2018: 6,175,681 shares)*	**233**	6,176
As at 30 June *(**2019: 17,195,690 shares**, 2018: 16,453,459 shares)*	**17,196**	16,454

15.2 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. This also includes excess of price over the par value in case of bonus shares distributed by the Group.

15.3 Unallocated AEIP shares

As detailed in note 19, 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.

16 PROPOSED DIVIDENDS

For the year ended 30 June 2019, the Board of Directors of the Group have proposed a cash dividend of USD 0.45 (2018: USD 0.42) per share amounting to USD 7.461 million (2018: USD 6.651 million) and bonus shares of 549,783 shares (2018: 509,300 shares) for approval by the shareholders at the next annual general meeting. The Board of Directors have priced the bonus shares at USD 13.57 per share (2018: USD 13.06 per share) and authorised a debit to retained earnings of USD 7.461 million (2018: USD 6.651 million) pending approval by shareholders.

17 INCOME FROM INVESTMENTS

	30 June 2019 USD '000	*30 June 2018 USD '000*
Fair value gain on investments at FVTPL	**37,165**	14,320
Investment yield / dividend income	**7,876**	4,670
	45,041	18,990

18 FEE AND OTHER INCOME

	30 June 2019 USD '000	*30 June 2018 USD '000*
Management and performance fees	**6,264**	6,666
Placement fees	**2,716**	10,369
Others	**70**	351
Arrangement fees	**-**	1,335
	9,050	18,721

19 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 of 1,027,778 shares of the Company were allocated to the program upon its inception. Based on the 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. AEIP expense) to the consolidated statement of profit or loss.

No shares were granted for the year ended 30 June 2019 (2018: nil).

Movement during the year

	2019 in '000	*2018 in '000*
Number of un-allocated shares outstanding at 30 June	**616,666**	616,666

The performance period for the plan expired on 30 June 2018. The Group is in the process of evaluating the program. Accordingly, the unallocated shares will be held till the time a new performance period is approved by the Board of Directors.

20 COMMITMENTS AND CONTINGENCIES

20.1 Operating lease commitments

	2019 USD '000	*2018 USD '000*
Operating lease commitments relating to rented premises		
within one year	**518**	524
within two to five years	**1,592**	2,017
more than five years	**-**	143
	2,110	2,684

21 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 established reputed international bank based in New York and are held pursuant to investment account agreements with investors and portfolio investment companies in which these investors have invested. The 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 consolidated financial statements. Investor funds as at 30 June 2019 amounted to USD 19.9 million (2018: USD 41.7 million).

22 RISK MANAGEMENT

22.1 Introduction

The Group adopts 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 is to optimize shareholder and investor returns while maintaining the Group's risk exposure within self-imposed parameters defined within the Group's Board approved risk strategy, appetite and policy documents.

The overall responsibility for the implementation of a sound risk management framework lies with the Group's senior management and the Board of Directors. The Group has established an independent Risk Management Department (RMD) that works 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 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 of Directors and supports the Board of Directors in the execution of its responsibilities pertaining to risk management.

22.2 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 balances and receivables. This risk is considered minimal as the bank balances are maintained in current accounts with reputable international banks with good credit standings. The receivable balances primarily represents receivable from deal subscriptions, investee companies, staff and prepayments to vendors.

22.3 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 realise a financial asset quickly at an amount close to its fair value.

The Group has established a liquidity risk management framework having defined minimum liquid asset requirements, liquidity monitoring and reporting responsibilities and limits on the extent of leverage and investment underwriting on the Group's consolidate statement of financial position. The Group's Asset and Liability Committee (ALCO), supported by the RMD and the Treasury function closely monitor the Group's actual and forecasted liquidity position and ensures that the RMC is frequently updated on the Group's exposure to liquidity risk. As part of the Group's risk appetite framework, the ARC is updated on a regular basis on aspects relating to liquidity risk defined within the risk appetite statement.

The Group's exposure to funding liquidity risk is low given that the Group maintains minimal balance sheet leverage. The Group has sufficient cash and bank balances available as of 30 June 2019 in order to discharge its financial liabilities when they fall due.

22 RISK MANAGEMENT (continued)

22.3 Liquidity risk (Continued)

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

	As at 30 June 2019					
	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	**25,373**	**-**	**25,373**		**-**	**25,373**
Receivables	**516**	**4,756**	**5,272**	**13,137**	**-**	**18,409**
Investments	**200**	**36,930**	**37,130**	**208,417**	**-**	**245,547**
Other assets - refundable deposits with vendors	**-**	**-**	**-**	**304**	**-**	**304**
Total financial assets	**26,089**	**41,686**	**67,775**	**221,858**	**-**	**289,633**
Non-financial assets						
Prepayments	**-**	**-**	**-**	**-**	**281**	**281**
Equipments	**-**	**-**	**-**	**-**	**1,216**	**1,216**
Total assets	**26,089**	**41,686**	**67,775**	**221,858**	**1,497**	**291,130**
LIABILITIES						
Financial liabilities						
Murabaha financing	**167**	**-**	**167**	**37,132**	**-**	**37,299**
Accrued expenses and other liabilities	**5,510**	**23,116**	**28,626**	**303**	**-**	**28,929**
Total financial liabilities	**5,677**	**23,116**	**28,793**	**37,435**	**-**	**66,228**
Net gap	**20,412**	**18,570**	**38,982**	**184,423**	**1,497**	**224,902**

22 RISK MANAGEMENT (continued)

22.3 Liquidity risk (Continued)

	As at 30 June 2018					
	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	26,429	-	26,429	-	-	26,429
Receivables	96,761	2,159	98,920	2,085	-	101,005
Investments	-	100,536	100,536	110,481	-	211,017
Other assets - refundable deposits with vendors	-	-	-	313	-	313
Total financial assets	123,190	102,695	225,885	112,879	-	338,764
Non-financial assets						
Prepayments	-	-	-	-	320	320
Equipments	-	-	-	-	1,267	1,267
Total assets	123,190	102,695	225,885	112,879	1,587	340,351
LIABILITIES						
Financial liabilities						
Payable on acquisition of investment	46,615	40,041	86,656	-	-	86,656
Murabaha financing	76	-	76	14,000	-	14,076
Accrued expenses and other liabilities	32,771	-	32,771	-	-	32,771
Total financial liabilities	79,462	40,041	119,503	14,000	-	133,503
Net gap	43,728	62,654	106,382	98,879	1,587	206,848

22 RISK MANAGEMENT (continued)

22.4 Investment risk

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

RMD monitors the Group's investment risk exposures in light of the Group's risk appetite limits and reports to RMC and ARC on a regular basis. Additionally, RMD works closely with the business units to conduct investment risk analysis at the individual deal and portfolio level throughout the investment cycle. The analysis focuses on the risk profile of each individual investment and the overall investment portfolio in light of the Group's risk strategy, appetite, policies and the risk limits and guidelines defined therein.

At the pre-acquisition stage, RMD works with business units to undertake pre-acquisition risk analysis based on the characteristics of proposed investments. The objective of this analysis is to filter investments at an initial stage and to complement the extensive due diligence undertaken by business units.

Following the acquisition of any investment, business units and RMD periodically perform post-acquisition risk analysis to ascertain how the risks of the portfolio change over time and assess the impact in line with the Group's risk strategy, appetite, policies and the risk limits and guidelines defined therein. Results of risk analysis are reported to RMC on a regular basis highlighting portfolio level investment risk exposure, economic capital requirements for investment risk, utilization of investment risk limits and any significant issues in light of the Group's investment risk profile. As part of the Group's risk appetite framework, ARC is updated regularly on aspects relating to investment risk defined within the risk appetite statement.

At the time of exiting an investment, RMD and business units (in conjunction with any other departments / functions relevant to the exit process) will use appropriate strategies to mitigate risks associated with the exit process and to protect the expected realization proceeds from downside risks (assessed on a case-by-case basis).

22.5 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 and private equity 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 and private equity investment portfolio, and maintains a minimal component of liabilities on its balance sheet.

As of 30 June 2019 and 30 June 2018, the Group had no significant foreign currency exposure.

The Group's exposure, not including the real estate and private equity investment portfolio, to market risk as defined above is therefore not significant.

Systematic and non-systematic risks arising from the real estate and private equity investment portfolio are categorized under "Investment risk" that is outlined under note “22.4 Investment risk” in these consolidated financial statements.

22 RISK MANAGEMENT (continued)

22.6 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.

23 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.

24 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.

The principal or most advantageous market must be accessible by the Group.

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

30 June 2019

	At FVTPL USD '000	*At cost/ amortised cost USD '000*	*Total USD '000*
ASSETS			
Cash and balances with banks	**-**	**25,373**	**25,373**
Receivables	**-**	**18,409**	**18,409**
Investments	**245,547**	**-**	**245,547**
Other assets - refundable deposits with vendors	**-**	**304**	**304**
	245,547	**44,086**	**289,633**
LIABILITIES			
Murabaha financing	-	**37,299**	**37,299**
Accrued expenses and other liabilities	-	**28,929**	**28,929**
	-	**66,228**	**66,228**

24 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

30 June 2018

	At FVTPL USD '000	*At cost/ amortised cost USD '000*	*Total USD '000*
ASSETS			
Cash and balances with banks	-	5,416	5,416
Murabaha with financial institution	-	21,012	21,012
Receivables	-	101,005	101,005
Investments	211,017	-	211,017
Other assets - refundable deposits with vendors	-	285	285
	211,017	127,718	338,735
LIABILITIES			
Murabaha financing	-	21,114	21,114
Accrued expenses and other liabilities	-	32,771	32,771
Payable on acquisition of investment	-	86,656	86,656
	-	140,541	140,541

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:

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 profit or loss' 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 2019 USD '000	*30 June 2018 USD '000*
Opening balance	**211,017**	75,712
Acquisition of investments	**45,188**	250,243
Fair value adjustments	**37,165**	14,320
Placement of investments	**(47,823)**	(129,258)
	245,547	211,017

24 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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 calculation of ECL. The carrying amounts approximate the fair value of these receivables.

For investments, fair value is determined by reference to valuations by an internal 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 2019 are as shown below:

			As at 30 June 2019 Impact on profit or loss	
			Favorable	***Unfavorable***
Unobservable inputs	**Input**	**Change**	***USD '000***	***USD '000***
Discount rates	7.50% to 23.83%	+/- 10%	**14,910**	**(13,781)**
TV/EV EBITDA multiples	8.5x to 9.5x	+/- 10%	**13,890**	**(13,890)**
EV/EBITDA multiples	11.0x	+/- 10%	**3,319**	**(3,319)**

			As at 30 June 2018 Impact on profit or loss	
			Favorable	*Unfavorable*
Unobservable inputs	Input	Change	*USD '000*	*USD '000*
EV/EBITDA multiples	9.1x to 10.5x	+/- 10%	10,393	(10,393)
Discount rates	7.25% to 8.40%	+/- 10%	3,037	(2,977)

25 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.

26 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 124 thousand (30 June 2018: USD 88 thousand) for the year.

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").

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 the 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 summarised pro-forma consolidated statement of financial position and profit or loss.

Arcapita group pro-forma statement of financial position

	As at 30 June 2019			
	AGHL Group USD '000	***Arcapita Bahrain USD '000***	***Consolidation adjustments USD'000***	***Arcapita Group USD'000***
ASSETS				
Cash and cash equivalents	**25,373**	**13,154**	**-**	**38,527**
Receivables	**18,409**	**1,138**	**(474)**	**19,073**
Investments	**245,547**	**-**	**-**	**245,547**
Other assets	**1,801**	**935**	**-**	**2,736**
TOTAL ASSETS	**291,130**	**15,227**	**(474)**	**305,883**
LIABILITIES				
Murabaha financing	**37,299**	**-**	**-**	**37,299**
Payable on acquisition of investments	**-**	**-**	**-**	**-**
Accrued expenses and other liabilities	**28,929**	**2,203**	**(474)**	**30,658**
TOTAL LIABILITIES	**66,228**	**2,203**	**(474)**	**67,957**
EQUITY				
Share capital and premium	**183,344**	**13,024**	**-**	**196,368**
Reserves	**41,558**	**-**	**-**	**41,558**
TOTAL EQUITY	**224,902**	**13,024**	**-**	**237,926**
TOTAL EQUITY AND LIABILITIES	**291,130**	**15,227**	**(474)**	**305,883**

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

	As at 30 June 2018			
	AGHL Group USD '000	*Arcapita Bahrain USD '000*	*Consolidation adjustments USD'000*	*Arcapita Group USD'000*
ASSETS				
Cash and cash equivalents	26,429	12,418	-	38,847
Receivables	101,005	1,034	(731)	101,308
Investments	211,017	-	-	211,017
Other assets	1,900	1,076	-	2,976
TOTAL ASSETS	340,351	14,528	(731)	354,148
LIABILITIES				
Payable on acquisition of investment	86,656	-	-	86,656
Murabaha financing	14,076	-	-	14,076
Accrued expenses and other liabilities	32,771	1,688	(731)	33,728
TOTAL LIABILITIES	133,503	1,688	(731)	134,460
EQUITY				
Share capital and premium	173,867	12,840	-	186,707
Reserves	32,981	-	-	32,981
TOTAL EQUITY	206,848	12,840	-	219,688
TOTAL EQUITY AND LIABILITIES	340,351	14,528	(731)	354,148

Arcapita group pro-forma statement of profit or loss

	Year ended 30 June 2019			
	AGHL Group USD '000	***Arcapita Bahrain USD '000***	***Consolidation adjustments USD'000***	***Arcapita Group USD'000***
INCOME				
Fee and other income	**9,050**	**17,456**	**(16,979)**	**9,527**
Income from investments	**45,041**	**-**	**-**	**45,041**
Total operating income	**54,091**	**17,456**	**(16,979)**	**54,568**
EXPENSES				
Staff compensation and benefits	**(15,936)**	**(11,293)**	**11,293**	**(15,936)**
General and administration expenses	**(8,950)**	**(5,197)**	**4,780**	**(9,367)**
Professional and consultancy fees	**(5,574)**	**(906)**	**906**	**(5,574)**
Financing cost	**(1,734)**	**-**	**-**	**(1,734)**
Total operating expenses	**(32,194)**	**(17,396)**	**16,979**	**(32,611)**
Foreign exchange loss	**5**	**(60)**	**-**	**(55)**
NET PROFIT	**21,902**	**-**	**-**	**21,902**

Arcapita group pro-forma statement of profit or loss (continued)

	Year ended 30 June 2018			
	AGHL Group USD '000	*Arcapita Bahrain USD '000*	*Consolidation adjustments USD'000*	*Arcapita Group USD'000*
INCOME				
Fee and other income	18,721	14,575	(14,382)	18,914
Income from investments	18,990	-	-	18,990
Total operating income	37,711	14,575	(14,382)	37,904
EXPENSES				
Staff compensation and benefits	(13,613)	(10,050)	10,050	(13,613)
General and administration expenses	(7,003)	(3,473)	3,336	(7,140)
Professional and consultancy fees	(3,391)	(996)	996	(3,391)
Financing cost	(1,279)	-	-	(1,279)
Total operating expenses	(25,286)	(14,519)	14,382	(25,423)
Foreign exchange loss	(3)	(56)	-	(59)
NET PROFIT	12,422	-	-	12,422