Arcapita Group Holdings Limited

INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Arcapita Group Holdings Limited (the 'Company') and its subsidiaries (together 'the Group') which comprise the consolidated statement of financial position as at 30 June 2015 and the consolidated statements of comprehensive income, cash flows and changes in equity for the year ended 30 June 2015 and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2015, and its consolidated financial performance and cash flows for the year ended 30 June 2015 in accordance with International Financial Reporting Standards.

Ernst + Young

Partner's registration no. 121
12 July 2015
Manama, Kingdom of Bahrain

Arcapita Group Holdings Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 USD '000	2014 USD '000
ASSETS			
Cash and cash equivalent	7	**78,324**	56,620
Investment	8	**50,438**	-
Receivables and other assets	9	**9,183**	901
TOTAL ASSETS		**137,945**	57,521
EQUITY AND LIABILITIES			
LIABILITIES			
Investment related payable	10	**45,438**	-
Accrued expenses and other liabilities	11	**10,781**	5,094
Fee received in advance		**613**	2,832
Payable to a related party	11	**-**	2,281
TOTAL LIABILITIES		**56,832**	10,207
EQUITY			
Share capital	12	**6**	2
Share premium	13	**61,661**	17,379
Shares pending allotment	14	**-**	21,896
Retained earnings		**14,906**	8,126
Proposed dividend		**4,667**	-
Foreign currency translation reserve		**(127)**	(89)
TOTAL EQUITY		**81,113**	47,314
TOTAL EQUITY AND LIABILITIES		**137,945**	57,521

Abdulaziz Aljomaih
Chairman of the Board of Directors

Atif A. Abdulmalik
Chief Executive Officer and Director

The attached explanatory notes 1 to 23 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	*For the year ended 30 June 2015 USD '000*	*For the period from 30 January 2013 to 30 June 2014 USD '000*
OPERATING INCOME			
Fee income and other	16	**35,463**	29,296
Total operating income		**35,463**	29,296
OPERATING EXPENSES			
Staff compensation and benefits		**(12,893)**	(9,528)
Professional and consultancy fees		**(5,383)**	(4,133)
General and administration expenses		**(4,779)**	(5,499)
Share based compensation expenses		**(1,481)**	-
Total operating expenses		**(24,536)**	(19,160)
Foreign exchange gain / (loss)		**520**	(10)
NET INCOME		**11,447**	10,126
Other comprehensive income to be reclassified to profit and loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(38)**	(89)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR / PERIOD		**11,409**	10,037

Abdulaziz Aljomaih
Chairman of the Board of Directors

Atif A. Abdulmalik
Chief Executive Officer and Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	**For the year ended 30 June 2015 USD '000**	*For the period from 30 January 2013 to 30 June 2014 USD '000*
OPERATING ACTIVITIES			
Net income for the period		**11,447**	10,126
Adjustment for non cash items:			
Share based compensation costs		**1,481**	-
Operating income before changes in operating assets and liabilities		**12,928**	10,126
Changes in operating assets and liabilities:			
Investment		**(50,438)**	-
Receivables and other assets		**(8,282)**	(901)
Accrued expenses and other liabilities		**4,168**	5,005
Fee received in advance		**(2,219)**	2,832
Investment related payables		**45,438**	-
Payable to a related party		**(2,281)**	2,281
Net cash flows (used in) from operating activities		**(686)**	19,343
FINANCING ACTIVITIES			
Proceeds from the issuance of share capital	14	**22,390**	39,277
Dividend paid		**-**	(2,000)
Net cash flows from financing activities		**22,390**	37,277
NET INCREASE IN CASH AND CASH EQUIVALENTS		**21,704**	56,620
Cash and cash equivalents at beginning of period		**56,620**	-
CASH AND CASH EQUIVALENTS AT END OF YEAR / PERIOD	7	**78,324**	56,620

The attached explanatory notes 1 to 23 form part of these consolidated financial statements.

Arcapita Group Holdings Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Share capital USD '000	***Share premium USD '000***	***Shares pending allotment USD '000***	***Retained earnings USD '000***	***Proposed Dividend USD '000***	***Foreign currency translation reserve USD '000***	***Total equity USD '000***
As at 1 July 2014	**2**	**17,379**	**21,896**	**8,126**	**-**	**(89)**	**47,314**
Net income	-	-	-	11,447	-	-	**11,447**
Exchange differences arising from translation of foreign operations	-	-	-	-	-	(38)	**(38)**
Total comprehensive income	**-**	**-**	**-**	**11,447**	**-**	**(38)**	**11,409**
Issue of share capital	4	44,282	(21,896)	-	-	-	**22,390**
Dividends proposed	-	-	-	(4,667)	4,667	-	**-**
Balance as at 30 June 2015	**6**	**61,661**	**-**	**14,906**	**4,667**	**(127)**	**81,113**

	Share capital USD '000	*Share premium USD '000*	*Shares pending allotment USD '000*	*Retained earnings USD '000*	*Proposed Dividends USD '000*	*Exchange equalization reserve USD '000*	*Total equity USD '000*
As at 30 January 2013	-	-	-	-	-	-	-
Net income	-	-	-	10,126	-	-	10,126
Exchange differences arising from translation of foreign operations	-	-	-	-	-	(89)	(89)
Total comprehensive income	-	-	-	10,126	-	(89)	10,037
Issue of share capital	2	17,379	21,896	-	-	-	39,277
Interim dividend paid	-	-	-	(2,000)	-	-	(2,000)
Balance as at 30 June 2014	2	17,379	21,896	8,126	-	(89)	47,314

The attached explanatory notes 1 to 23 form part of these financial statements.

1 ORGANISATION AND ACTIVITIES

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

These consolidated financial statements have were authorized for issue by the Board of Directors on 12 July 2015.

2 BASIS OF PREPARATION

The consolidated financial statements has been prepared under the historical cost convention. The consolidated financial statements have been presented in US Dollars (USD) being the functional currency of the Group and all values are rounded to the nearest USD thousand, except when otherwise indicated.

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

3 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2015. Control is achieved if and only if the Group has:

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

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

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

The Company acquired control of AIM Group Limited (a wholly owned subsidiary of the Company) on 30 January 2014. As at the time of acquisition Aljomaih Company Limited E.C wholly controlled both the Company and AIM Group Limited and as a result the business combination was excluded from IFRS 3 : Business Combination and the use of the acquisition method of accounting for the consolidation. Thus, for the prior period consolidated financial statements, the Group included the results of the combining entities for the full financial period ended 30 June 2014 irrespective of when the combination took place.

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

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

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

3 BASIS OF CONSOLIDATION (continued)

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

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

Investment entity
The Group meets the definition of an investment entity as per the following criteria prescribed under IFRS 10 and is required to account for investments in subsidiaries held for sale in the normal course of business, at fair value through the statement of income.

- The Group, obtains funds from multiple investors for the purpose of providing those investors with investment management services;
- The Group’s business purpose is holding, managing and disposing of Islamically compliant investments through orderly market transactions and in a manner which would result in capital appreciation and maximization of benefits to all stakeholders;

3 BASIS OF CONSOLIDATION (continued)

Investment entity (continued)

- The Group intends to exit investments through orderly market transactions rather than hold them for the long term; and
- The Group measures and evaluates the performance of substantially all its investments, and communicates information about the performance of each investment to investors and stakeholders on a fair value basis.

Unconsolidated subsidiaries	*Note*	***Effective ownership***	***Country of incorporation***
SBA Capital Limited	8	73%	Cayman Islands
SBA Holdings Limited	8	100%	Cayman Islands

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

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

Fair value of financial instruments
The Group measures certain financial instruments at fair value at each date of statement of financial position. Fair value is the price that would be received to sell an asset or 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:

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year, except for the disclosure relating to the following new and amended IFRS and the IFRS Interpretations Committee (the “IFRIC”) interpretations which became effective for accounting periods beginning on or after 1 January 2014:

IFRS 10 ‘Consolidated financial statements’ (IFRS 10) and Amendments to IFRS 10
The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The amendments to IFRS 10 define an investment entity and introduce an exception from the consolidation requirements for investment entities. On adoption the Group has determined that it meets the definition of an investment entity and has therefore accounted for its investment in companies in which it may have control, at fair value through the statement of income.

IFRS 12 ‘Disclosure of interests in other entities’ (IFRS 12) and amendments to IFRS 12
The standard requires entities to disclose significant judgements and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some other interests in other entities. Entities will also be required to provide more disclosures around certain ‘structured entities’. The amendments also introduce new disclosure requirements related to investment entities. Adoption of the standard has impacted the Group's level of disclosures, but has not impacted the carrying value of assets in the Group's consolidated financial position.

6 SIGNIFICANT ACCOUNTING POLICIES

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

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

(i) Financial assets
Financial assets comprise of cash and cash equivalent, receivables and investment.

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

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

Subsequent measurement

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

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement (continued)

Receivables
These are non-derivative financial assets that are not quoted in an active market and are stated at fair value plus transaction costs. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. 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. Balances with banks and receivables which have fixed or determinable payments are classified as receivables.

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

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

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

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

(ii) Financial liabilities

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

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

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

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

(ii) Financial liabilities (continued)

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

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

b) Offsetting financial instruments

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

c) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

d) Revenue recognition

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

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

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

e) Foreign currencies

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

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

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

f) 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.

g) 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.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work though the adoption date is subject to the recently issued Exposure Draft on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2015, but amendments to IFRS 9 issued in November 2013, removed the mandatory effective date of 1 January 2015 for IFRS 9. A new mandatory date for IFRS 9 will be determined by the IASB when IFRS 9 is closer to completion.

7 CASH AND CASH EQUIVALENT

	Note	***As at 30 June 2015 USD'000***	*As at 30 June 2014 USD'000*
Cash and balances with banks		**73,090**	34,724
Murabaha with financial institution		**5,234**	-
Capital raise proceeds with deposit agent	7.1	**-**	21,896
		78,324	56,620

7.1 Capital raise proceeds with deposit agent

As at 30 June 2014, proceeds from the capital raise were held by the deposit agent Arcapita Cayman SPE Limited (a wholly owned subsidiary of the Company) through a segregated client account operated by a reputed international bank until allocation and issuance of shares.

8 INVESTMENT

		As at 30 June 2015 USD'000	*As at 30 June 2014 USD'000*
Real estate	8.1	**50,438**	-
		50,438	-

8.1 Real estate

The Group has invested (through its structured entities, SBA Capital Limited and SBA Holdings Limited) USD 50.438 million in three residential buildings in a regional residential real estate investment.

9 RECEIVABLES AND OTHER ASSETS

	As at 30 June 2015 USD'000	*As at 30 June 2014 USD'000*
Placement and arrangement fee	**3,829**	-
Other receivables	**3,706**	499
VAT refund receivable	**391**	300
Prepayments and other assets	**674**	100
Property, plant and equipment	**583**	2
	9,183	901

10 INVESTMENT RELATED PAYABLE

Investment related payable consist of a payable arising from the recent acquisition of a regional residential real estate investment. The liability was settled subsequent to the balance sheet date.

11 RELATED PARTY TRANSACTIONS

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

Income and Expenses paid to related parties are as follows:

	Note	***For the year ended 30 June 2015 USD'000***	*For the period from 30 January 2013 to 30 June 2014 USD'000*
Income			
Placement income		**142**	-
Expenses			
Reimbursement of expenses	**11.1**	**12,649**	8,995
Key management personnel costs		**2,901**	1,540
Share based compensation to key personnel	**17**	**1,481**	-
Balances with related parties			
Assets			
Receivable from related parties		**4,323**	**-**
Liabilities			
Payable to key personnel		**1,436**	677
Payable to related parties		**3,206**	2,281
Payable to Board members		**816**	**-**

11.1 Reimbursement of expenses

The Group and Arcapita Investment Management B.S.C.(c) (Formerly AIM Investment Management B.S.C(c)) are under the common control of the same shareholders and share an identical Board of Directors. As a result Arcapita Investment Management B.S.C.(c) is a related party to the Group. The Group reimburses the expenditures incurred by Arcapita Investment Management B.S.C.(c) in providing services to the Group. In the consolidated statement of income for the year ended 30 June 2015, the reimbursement is included with general and administration expenses, legal and professional expenses, staff compensation and benefit expenses and share based compensation cost.

11.2 Accrued expenses and other liabilities

Included in accrued expenses and other liabilities are amounts recovered by the Group from a customer, 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. At no point in time, any portion of amounts so collected, will revert to the Group.

12 SHARE CAPITAL

	As at 30 June 2015 USD	*As at 30 June 2014 USD*
Authorized capital		
50,000,000 ordinary shares with a par value of USD 0.001 per share	**50,000**	50,000
Issued and paid up capital		
As at 1 July 2014 / 30 January 2013 *(2015: 1,738,095.2 ordinary shares, 2014: Nil ordinary shares)*	**1,738**	-
Issued during the year / period *(2015:4,428,571.8 ordinary shares 2014: 1,738,095.2 ordinary shares)*	**4,429**	1,738
As at 30 June 2015 / 30 June 2014 *(2015: 6,166,667 shares 2014:1,738,095.2 shares)*	**6,167**	1,738

The shareholders have subscribed to share capital in two tranches with the first tranche of USD 6,167 (USD 61,666,670 including share premium) being fully paid up. A further USD 3,083 (USD 30,833,333 including share premium) will be called the second tranche of capital issue.

13 SHARE PREMIUM

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

14 SHARES PENDING ALLOTMENT

As of the prior period ended 30 June 2014, the Group had received signed share purchase agreements ("SPA") for shares worth USD 67.802 million and investors had paid up USD 39.277 million. Out of the paid up amounts, USD 21.896 million was unallocated and held with the deposit agent of the Group. During the current year ended 30 June 2015, the allotment of shares have been completed. No shares were pending allotment as at 30 June 2015.

15 PROPOSED DIVIDEND

Proposed dividends are disclosed as appropriations within equity until the time they are approved by the shareholders. On approval by shareholders, these are transferred to liabilities. As at 30 June 2015, the Group has proposed dividend amounting to USD 4.667 million.

16 FEE INCOME AND OTHER

	For the year ended 30 June 2015 USD'000	*For the period from 30 January 2013 to 30 June 2014 USD'000*
Management and performance fee	**31,593**	29,197
Placement fee	**2,472**	-
Arrangement fee	**1,357**	-
Other	**41**	99
	35,463	29,296

17 EQUITY INCENTIVE PROGRAM

New investment units comprising shares of the Company and shares of Arcapita Investment Management B.S.C. (c) (collectively the “Arcapita Group”) equal to 10 percent of the issued and outstanding equity, on a fully diluted basis, will be allocated to the program upon its inception. Participants may be granted investment units, up to a maximum of twenty percent in aggregate, of the plan allocation each year, based on Arcapita Group’s performance. For the year ended 30 June 2015, the Arcapita Group has met the criteria for the grant of shares. The allocation of the grant among individual program participants has not been finalized by Arcapita Group as of 30 June 2015, management expects it to be finalized subsequent to the year end and consequently an accrual of USD 1.481 million, as share based compensation expense, in the consolidated financial statements for the financial year 2015 is recorded.

18 INVESTOR FUNDS

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

19 RISK MANAGEMENT

19.1 Introduction

The Group is in the process of establishing a risk management department and a robust risk management framework. While such a framework is being established management has identified and is monitoring the risks identified below. Significant matters if any are brought to the attention of the Board of directors.

19.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balance and receivables. This risk is considered minimal as the bank balances are maintained in current accounts with reputed international banks having good credit standings. The receivable balances primarily represents prepayments to vendors and receivable from staff.

19.3 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 arise from an inability to realize a financial asset quickly at an amount close to its fair value. The Group has enough cash and bank balances available as of 30 June 2015 in order to discharge its financial liabilities when they fall due.

19 RISK MANAGEMENT (continued)

19.4 Market risk

Market risk is the risk that changes in market prices, such as profit rate and foreign exchange rates will affect the Group's income. Market risk comprises three types of risk: profit rate risk, currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the risk adjusted return on capital.

Profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market profit rates. The Groups exposure to such instruments derive from its investment in Sukuk and Murabaha receivable with financial institutions.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to currency risk arises from its foreign operations which are insignificant as at the statement of financial position date.

19.5 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.

20 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.

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

As at the statement of financial position date the Group carried its financial assets and liabilities at amortized cost or fair value through income statement. The following table sets out the fair values of financial instruments and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized.

As at 30 June 2015

	Level 1 USD'000	*Level 2 USD'000*	*Level 3 USD'000*	*Total fair values USD'000*	*Total carrying amount USD'000*
Financial assets					
Investments	**-**	**-**	**50,438**	**50,438**	**50,438**
Balance due from banks	**78,319**	**-**	**-**	**78,319**	**78,319**
Receivables	**-**	**-**	**7,926**	**7,926**	**7,926**
	78,319	**-**	**58,364**	**136,683**	**136,683**
Financial liabilities					
Other liabilities	**-**	**-**	**6,012**	**6,012**	**6,012**
Fee received in advance	**-**	**-**	**613**	**613**	**613**
	-	**-**	**6,625**	**6,625**	**6,625**

21 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

As at 30 June 2014

	Level 1 USD'000	*Level 2 USD'000*	*Level 3 USD'000*	*Total fair values USD'000*	*Total carrying amount USD'000*
Financial assets					
Balance due from banks	34,719	-	-	34,719	34,719
Capital raise proceeds with deposit agent	21,896	-	-	21,896	21,896
Receivables	-	-	799	799	799
	56,615	-	799	57,414	57,414
Financial liabilities					
Other liabilities	-	-	3,558	3,558	3,558
Fee received in advance	-	-	2,832	2,832	2,832
	-	-	6,390	6,390	6,390

As at 30 June 2015, the fair values of the Company's financial instruments approximated their carrying values.

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.

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:

	As at 30 June 2015 USD'000	*As at 30 June 2014 USD'000*
Balance as at 1 July 2014 /30 January 2013	**-**	-
Acquisition of investment	**50,438**	-
	50,438	-

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

The recoverability of receivable were determined by the management as part of impairment testing by calculating the net present values of the expected cash flows. The carrying amounts therefore approximate the fair value of these receivables.

21 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Valuation process of the Group (continued)

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

Fee received in advance, other liabilities and payable to related party are current in nature and the fair value of these financial instruments represents their carrying value.

22 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.

23 EARNINGS PROHIBITED BY SHARI'AH

The Group receives interest from incidental deposits. These earnings are prohibited by Shari'ah, hence set aside as a liability to be used exclusively for charitable purposes and amount to USD 9,071.84 (Period ended 30 June 2014 : USD 3,970.57)

SUPPLEMENTARY INFORMATION

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

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

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

Arcapita group pro-forma statement of income

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

SUPPLEMENTARY INFORMATION

	For the period 30 January 2013 to 30 June 2014			
	AGHL Group USD'000	*Arcapita Bahrain USD'000*	*Consolidation adjustments USD'000*	*Arcapita Group USD'000*
INCOME				
Fee Income and other	29,296	9,006	(8,995)	29,307
Total operating income	29,296	9,006	(8,995)	29,307
EXPENSES				
Staff compensation and benefits	(9,528)	(5,544)	5,544	(9,528)
General and administration expenses	(5,499)	(1,754)	1,731	(5,522)
Professional and consultancy fees	(4,133)	(1,720)	1,720	(4,133)
Total operating expenses	(19,160)	(9,018)	8,995	(19,183)
Foreign exchange gain / (loss)	(10)	12		2
NET INCOME	10,126	-	-	10,126

Arcapita group pro-forma statement of financial position

	As at 30 June 2015			
	AGHL Group USD'000	***Arcapita Bahrain USD'000***	***Consolidation adjustments USD'000***	***Arcapita Group USD'000***
ASSETS				
Cash and cash equivalents	**78,324**	**6,343**	**26**	**84,693**
Investment	**50,438**	**-**	**-**	**50,438**
Receivables and other assets	**9,183**	**1,174**	**(994)**	**9,363**
TOTAL ASSETS	**137,945**	**7,517**	**(968)**	**144,494**
LIABILITIES				
Investment related payable	**45,438**	**-**	**-**	**45,438**
Accrued expenses and other liabilities	**10,781**	**1,549**	**-**	**12,330**
Fee received in advance	**613**	**-**	**-**	**613**
Payable to AGHL Group	**-**	**968**	**(968)**	**-**
TOTAL LIABILITIES	**56,832**	**2,517**	**(968)**	**58,381**
EQUITY				
Share capital and premium	**61,667**	**2,646**	**-**	**64,313**
Shares pending allotment		**2,354**		**2,354**
Retained earnings	**14,906**	**-**	**-**	**14,906**
Proposed dividends	**4,667**	**-**	**-**	**4,667**
Exchange equalization reserve	**(127)**	**-**	**-**	**(127)**
TOTAL EQUITY	**81,113**	**5,000**	**-**	**86,113**
TOTAL EQUITY AND LIABILITIES	**137,945**	**7,517**	**(968)**	**144,494**

SUPPLEMENTARY INFORMATION

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

	As at 30 June 2014			
	AGHL Group USD'000	*Arcapita Bahrain USD'000*	*Consolidation adjustments USD'000*	*Arcapita Group USD'000*
ASSETS				
Cash and cash equivalents	56,620	1,081		57,701
Receivables and other assets	901	558	(26)	1,433
Receivable from AGHL Group	-	2,281	(2,281)	-
TOTAL ASSETS	57,521	3,920	(2,307)	59,134
LIABILITIES				
Accrued expenses and other liabilities	5,094	-		5,094
Fee received in advance	2,832	738		3,570
Payable to Arcapita Bahrain	2,281	-	(2,281)	-
TOTAL LIABILITIES	10,207	738	(2,281)	8,664
EQUITY				
Share capital and premium	17,381	2,645	(26)	20,000
Shares pending allotment	21,896	537	-	22,433
Retained earnings	8,126	-	-	8,126
Exchange equalization reserve	(89)	-	-	(89)
TOTAL EQUITY	47,314	3,182	(26)	50,470
TOTAL EQUITY AND LIABILITIES	57,521	3,920	(2,307)	59,134