

Arcapita Investment Management B.S.C. (c)
(Formerly AIM Investment Management B.S.C. (c))

**SHARI'AH SUPERVISORY BOARD REPORT,
REPORT OF THE BOARD OF DIRECTORS,
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2015

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 54(e) of the Articles of Association of Arcapita Investment Management B.S.C.(c) ("the Company"), we are required to submit the following report:

We have reviewed the principles and the contracts relating to the transactions and applications introduced by the Company during the year ended 30 June 2015. We have also conducted our review to form an opinion as to whether the Company has complied with Shari'ah rules and principles and also with the specific fatwas, ruling and guidelines issued by us.

The Company's management is responsible for ensuring that the Company 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 Company, 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 Company has not violated the rules and principles of Islamic Shari'ah.

In our opinion :

The services agreement entered into by the Company with AIM Group Limited, and the transactions and dealings resulting from such agreement during the year ended 30 June 2015 are in compliance with the Islamic 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. Mohammed Al Jamea
Member

6 July 2015

Arcapita Investment Management B.S.C. (c)
REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in submitting their report and the audited financial statements of Arcapita Investment Management B.S.C. (c) (the "Company") for the year ended 30 June 2015.

Principal activities and review of business developments

The Company operates under an Investment Firm license - Category I (Islamic Principles) issued by the Central Bank of Bahrain ("CBB"), to operate under Islamic Shari'ah principles, and is supervised and regulated by the CBB. The Company's principal activities are in dealing in financial instruments as an agent, and arranging, managing, safeguarding and advising on financial instruments.

Financial Highlights

	<i>Year ended 30 June 2015 USD'000</i>	<i>For the period from 10 October 2013 to 30 June 2014 USD'000</i>
OPERATING INCOME		
Fee income and other	12,674	9,006
Foreign exchange (loss) / gain	(118)	12
Total operating income	<u>12,556</u>	<u>9,018</u>
OPERATING EXPENSES		
Staff compensation and benefits	(8,600)	(5,544)
General and administration expenses	(2,454)	(1,754)
Professional and consulting fees	(1,502)	(1,720)
Total operating expenses	<u>(12,556)</u>	<u>(9,018)</u>

Auditors

EY have expressed their willingness to continue in office and a resolution proposing their appointment as auditors of Arcapita Investment Management B.S.C. (c), for the year ending 30 June 2016, will be submitted to the Annual General Meeting.

Signed on behalf of the Board



Chairman of the Board of Directors

12 July 2015

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARCAPITA INVESTMENT MANAGEMENT B.S.C. (c)

Report on the financial statements

We have audited the accompanying statement of financial position of Arcapita Investment Management B.S.C.(c) (the "Company"), as at 30 June 2015, and the related statements of income, cash flows and changes in owners' equity for the year then ended. These financial statements and the Company's undertaking to operate in accordance with Islamic Shari'a Rules and Principles are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 30 June 2015, the results of its operations, its cash flows and changes in owners' equity for the year then ended in accordance with the Financial Accounting Standards issued by AAOIFI.

Report on other regulatory requirements

As required by the Bahrain Commercial Companies Law and the Central Bank of Bahrain ("CBB") Rule Book (Volume 4), we report that:

- a) the Company has maintained proper accounting records and the financial statements are in agreement therewith; and
- b) the financial information contained in the Report of the Board of Directors is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
OF ARCAPITA INVESTMENT MANAGEMENT B.S.C. (c) (continued)**

Report on other regulatory requirements (continued)

We are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 4 and applicable provisions of Volume 6) and CBB directives, or the terms of the Company's memorandum and articles of association during the year ended 30 June 2015 that might have had a material adverse effect on the business of the Company or on its financial position. Satisfactory explanations and information have been provided to us by management in response to all our requests. The Company has also complied with the Islamic Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Company.

Ernst + Young

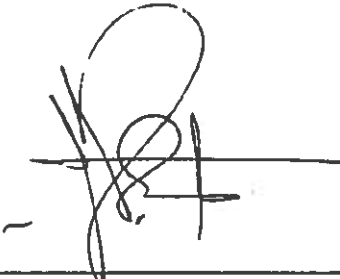
12 July 2015
Manama, Kingdom of Bahrain

Arcapita Investment Management B.S.C. (c)

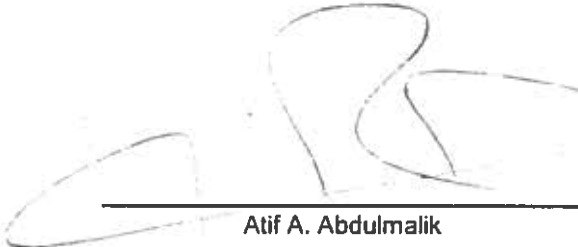
STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	<i>Note</i>	2015 USD'000	2014 USD'000
ASSETS			
Cash and cash equivalents	5	6,343	1,081
Receivables and other assets	6	1,174	558
Receivable from a related party		-	2,281
TOTAL ASSETS		7,517	3,920
LIABILITIES AND EQUITY			
LIABILITIES			
Accrued expenses and other liabilities		2,517	738
TOTAL LIABILITIES		2,517	738
EQUITY			
Share capital	7	2,645	2,645
Shares pending allotment	8	2,355	537
TOTAL EQUITY		5,000	3,182
TOTAL LIABILITIES AND EQUITY		7,517	3,920



Abdulaziz Aljomaih
Chairman of the Board of Directors



Atif A. Abdulmalik
Chief Executive Officer and Director

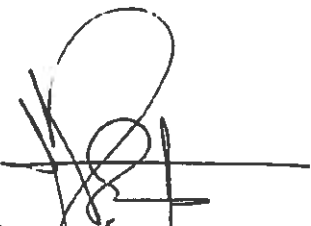
The attached notes 1 to 14 form part of these financial statements.

Arcapita Investment Management B.S.C. (c)


STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

		<i>For the period from 10 October 2013 to 30 June 2014</i>
	<i>Year ended 30 June 2015</i>	<i>30 June 2014</i>
<i>Note</i>	<i>USD'000</i>	<i>USD'000</i>
OPERATING INCOME		
Fee income and other	9.1 12,674	9,006
Total operating income	12,674	9,006
OPERATING EXPENSES		
Staff compensation and benefits	(8,600)	(5,544)
General and administration expenses	(2,454)	(1,754)
Professional and consulting fees	(1,502)	(1,720)
Total operating expenses	(12,556)	(9,018)
Foreign exchange (loss) / gain	(118)	12
NET INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR / PERIOD	-	-



 Abdulaziz Aljomaih
 Chairman of the Board of Directors



 Atif A. Abdulmalik
 Chief Executive Officer and Director

The attached notes 1 to 14 form part of these financial statements.

Arcapita Investment Management B.S.C. (c)

STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	Year ended 30 June 2015 USD'000	For the period from 10 October 2013 to 30 June 2014 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		-	-
Changes in operating assets and liabilities			
Receivable from a related party		2,281	(2,281)
Receivables and other assets		(616)	(558)
Accrued expenses and other liabilities		1,779	738
Net cash from (used) in operating activities		3,444	(2,101)
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from the issuance of share capital	7 & 8	1,818	3,182
Net cash from financing activity		1,818	3,182
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,262	1,081
Cash and cash equivalents at the beginning		1,081	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR / PERIOD	5	6,343	1,081

The attached notes 1 to 14 form part of these financial statements.

Arcapita Investment Management B.S.C. (c)

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	<i>Share capital USD'000</i>	<i>Shares pending allotment USD'000</i>	<i>Retained earnings USD'000</i>	<i>Total equity USD'000</i>
As at 1 July 2014	2,645	537	-	3,182
Net income for the year	-	-	-	-
Amount received from issuance of share capital	-	1,818	-	1,818
As at 30 June 2015	2,645	2,355	-	5,000
Net income for the period				
Amount received from issuance of share capital	2,645	537	-	3,182
As at 30 June 2014	2,645	537	-	3,182

The attached notes 1 to 14 form part of these financial statements.

Arcapita Investment Management B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

1 ORGANISATION AND ACTIVITIES

Arcapita Investment Management B.S.C. (c) ("the Company") is a closed joint stock company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain and operates under the commercial registration number 87184 obtained on 10 October 2013, which is the date the Company commenced commercial operations. The address of the Company's registered office is P O Box 1357, Arcapita Building, 5th floor, Bahrain Bay, Manama, Kingdom of Bahrain.

The Company operates under an Investment Firm license - Category I (Islamic Principles) issued by the Central Bank of Bahrain ("CBB"), to operate under Islamic Shari'ah principles, and is supervised and regulated by the CBB. The Company's principal activities are in dealing in financial instruments as an agent, and arranging, managing, safeguarding and advising on financial instruments.

As at 30 June 2015, the Company has USD nil (2014: nil) as asset under management.

These financial statements have been prepared for the year ended 30 June 2015 and were authorized for issue by the Board of Directors on 12 July 2015.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), the Shari'ah Rules and Principles as determined by the Shari'ah Supervisory Board of the Company, the Bahrain Commercial Companies Law, Financial Institutions Law, the CBB Rulebooks, directives, regulations and associated resolutions and the terms of the Company's memorandum and articles of association. In accordance with the requirements of AAOIFI, for matters for which no AAOIFI standard exists, the Company uses the relevant International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB").

2.2 Accounting convention

The financial statements have been prepared on the historical cost basis and presented in United States Dollars, which is the functional currency of the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are:

a. Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts due from banks on demand or with an original maturity of three months or less and balances held with deposit agents.

b. Receivables and other assets

Receivables and other assets are carried at their anticipated values. An estimate is made for impaired receivables based on a review of all outstanding amounts at the year end.

c. Financial instruments

Recognition and de-recognition

Financial instruments comprise financial assets and financial liabilities.

All financial assets and financial liabilities are initially recognised on the trade date, i.e. the date that the Company becomes a party to the contractual provisions of the instrument.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

Recognition and de-recognition (continued)

- the right to receive cash flows from the asset has expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Fair value of financial instruments

The Company 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 Company. 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.

d. Accrued expenses and other liabilities

Accrued expenses and other liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

e. Amortized cost measurement

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as such when the Company has the positive intention and ability to hold them to maturity. After initial measurement, these investments are measured at amortised cost using the effective profit rate (EPR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EPR. The EPR amortisation is included in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss under 'provisions'.

f. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a legally enforceable or religious right to set off the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Revenue recognition

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

Fee income

The fee income represents income the Company earns for asset management and administrative services rendered in accordance to the contractual terms agreed between the parties.

h. Shari'ah supervisory board

The Company's business activities are subject to the supervision of a Shari'ah supervisory board consisting of at least three members appointed by the general assembly.

i. Earnings prohibited by Shari'ah

The Company is committed to avoid recognizing any income generated from non-Islamic sources. Accordingly all non-Islamic income is credited to a charity account where the Group uses these funds for various social welfare activities.

j. Foreign currencies

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

Monetary assets and liabilities in foreign currencies are translated into United States Dollars at exchange rates prevailing at the statement of financial position date. Any gains or losses are recognized in the 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 statement of income" are taken to the statement on income and for items classified as "fair value through equity" such differences are taken to the statement of income.

k. Employees' end of service benefits

Bahraini employees are covered by the Social Insurance Organization scheme which comprises a defined contribution scheme to which the Company contributes a monthly sum based on a fixed percentage of the salary. The contribution is recognized as an expense in the statement of profit or loss.

The Company provides end of service benefits to its non-Bahraini employees. Entitlement to these benefits is usually based upon the employees' length of service and the completion of a minimum service period. The expected costs of these benefits which comprise a defined benefit scheme are accrued over the period of employment based on the notional amount payable if all employees had left at the statement of financial position date.

l. Impairment of financial assets

An assessment is made at each financial position date to determine whether there is objective evidence that a specific financial asset or a Group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the assessment by the Company of the estimated cash equivalent value, is recognized in the statement of profit or loss. Specific provisions are created to reduce all impaired financial contracts to their realizable cash equivalent value. Financial assets are written off only in circumstances where effectively all possible means of recovery have been exhausted.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment value was recognized, the previously recognized impairment loss is reversed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Events after the statement of financial position date

The financial statements are adjusted to reflect events that occurred between the statement of financial position date and the date the financial statements are authorized for issue, provided they give evidence of conditions that existed as of the statement of financial position date. Events that are indicative of conditions that arose after the statement of financial position date are disclosed, but do not result in an adjustment to the financial statements.

n. Zakah

Individual shareholders are responsible for payment of Zakah.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, 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 could require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

(i) Estimates and assumptions

The key 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, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(ii) Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it 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 Company's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

5 CASH AND CASH EQUIVALENTS

	Note	As at 30 June 2015 USD'000	As at 30 June 2014 USD'000
Cash and balances with banks		3,989	544
Capital raise proceeds with deposit agent	5.1	2,354	537
		<u>6,343</u>	<u>1,081</u>

5.1 Capital raise proceeds with deposit agent

Proceeds from the capital raise were held by the deposit agent, Arcapita Cayman SPE Limited through a segregated client account operated by a reputed international bank until allocation and issuance of shares.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

6 RECEIVABLES AND OTHER ASSETS

Receivables and other assets comprise of prepaid expenses, reimbursables and equipment.

7 SHARE CAPITAL

	<i>As at 30 June 2015 USD</i>	<i>As at 30 June 2014 USD</i>
<u>Authorized capital</u>		
26,455,030 ordinary shares with a par value of USD 1 per share	26,455,030	26,455,030
<u>Issued and paid up capital</u>		
As at 1 July 2014 / 10 October 2013 (2015: 2,645,503 Ordinary shares 2014 : Nil)	2,645,503	-
Issued during the year or period (2015: Nil: 2014: 2,645,503)	-	2,645,503
As at 30 June 2015 / 30 June 2014 (2015:2,645,503 : 2014: 2,645,503)	2,645,503	2,645,503

On 30 January 2014, the Board of Directors recommended to re-designate the share capital from Bahraini Dinars to United States Dollars by way of an amendment to the Memorandum and Articles of Association. The amendment was approved by the shareholders in an Extraordinary General Meeting held on 28 August 2014. As a result of the proposed amendment the par value of shares was also amended to 1 USD per share from BHD 1 per share. As a result the comparative figures for the period ended 30 June 2014 have been restated at USD equivalents.

The shareholders have subscribed to share capital in two tranches with the first tranche of USD 5,000,000 fully paid up. A further USD 2,500,000 can be called as a second tranche.

8 SHARES PENDING ALLOTMENT

As at 30 June 2015 the company had received USD 5,000,000, the full commitment as part of the first tranche of capital issuance. Out of the capital raised of USD 5,000,000, an amount of USD 2,354,497 is still categorized as shares pending allotment as the legal formalities necessary to issue shares have still not been completed. These formalities are expected to be completed subsequent to year end.

9 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, the parent and its major shareholders, directors and key management personnel of the Company, the Company'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 Company's management. Outstanding balances at year end if any, are unsecured.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Income received from related parties is as follows:

	Note	Year ended 30 June 2015 USD'000	For the period from 10 October to 30 June 2014 USD'000
Fee income	9.1	12,649	8,995
Key management personnel costs		3,670	2,114
Balances with related parties			
Assets			
Receivable from a related party		-	2,281
Liabilities			
Payable to a related party		968	-

9.1 Fee income

AIM Group Limited is a wholly owned subsidiary of Arcapita Group Holdings Limited. As of the statement of financial position date Arcapita Group Holdings Limited is beneficially controlled by the same shareholders and has an identical board of directors as the Company. In accordance with the terms of a service agreement with AIM Group Limited for the provision of advisory and administrative services, the Company earns a fee equivalent to the Company's net expenses after adjusting for foreign exchange movements and other income.

10 SEGMENTAL INFORMATION

The Company's sole business is the provision of advisory and administrative services. Therefore the Company does not have any other reportable segments for this financial period.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing fair value of financial assets and financial 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.

As at the statement of financial position date the Company carried its financial assets and financial liabilities at cost or amortized cost. The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

As at 30 June 2015

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>	<i>Total</i>
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>fair values</i>	<i>carrying</i>
				<i>USD'000</i>	<i>amount</i>
					<i>USD'000</i>
Financial assets					
Balance due from banks	3,989	-	-	3,989	3,989
Capital raise proceeds with deposit agent	2,354	-	-	2,354	2,354
Receivables	-	-	107	150	150
	<u>6,343</u>	<u>-</u>	<u>107</u>	<u>6,493</u>	<u>6,493</u>
Financial liabilities					
Other liabilities	-	-	1,634	1,634	1,634
	<u>-</u>	<u>-</u>	<u>1,634</u>	<u>1,634</u>	<u>1,634</u>

As at 30 June 2014

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>	<i>Total</i>
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>fair values</i>	<i>carrying</i>
				<i>USD'000</i>	<i>amount</i>
					<i>USD'000</i>
Financial assets					
Balance due from banks	544	-	-	544	544
Capital raise proceeds with deposit agent	537	-	-	537	537
Receivables	-	-	2,355	2,355	2,355
	<u>1,081</u>	<u>-</u>	<u>2,355</u>	<u>3,436</u>	<u>3,436</u>
Financial liabilities					
Other liabilities	-	-	206	206	206
	<u>-</u>	<u>-</u>	<u>206</u>	<u>206</u>	<u>206</u>

As at 30 June 2015 and 2014, the fair values of the Company's financial instruments approximated their carrying values.

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.

Other liabilities are current in nature and the fair value of these financial instruments represents their carrying value.

12 CAPITAL MANAGEMENT

The objective of capital management is to ensure the Company's ability to operate as a going concern by maintaining an appropriate capital base in line with regulatory requirements.

13 RISK MANAGEMENT

13.1 Introduction

The Company 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.

13.2 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 Company is exposed to credit risk on its bank balance and receivables. This risk is considered minimal as the bank balances are maintained in current accounts with reputable international banks having good credit standings. The receivable balances primarily represent prepayments to vendors and other receivable.

13.3 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 Company has enough cash and bank balances available as of 30 June 2015 in order to discharge its financial liabilities when they fall due. All of the assets and liabilities as presented in the statement of financial position of the Company are of current nature.

13.4 Market risk

Market risk is the risk that changes in market prices, such as profit rate and foreign exchange rates will affect the Company'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 Company does not have any such financial instrument which are profit linked and are likely to change due to changes in market profit rates.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

13.5 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 Company minimizes the operational risk by maintaining a strong internal control environment and oversight by the Board of Directors.

14 CHANGE OF NAME

The name of the Company was changed to Arcapita Investment Management B.S.C.(c) during the year ended 30 June 2015 and all required regulatory approvals and other legal formalities have been completed.