RA Holding Mudareb Limited

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2013 (Unaudited)

RA Holding Mudareb Limited

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013 (Unaudited)

	Note	*(Unaudited)* *31 December 2013* *US$ '000*
ASSETS		
Balances with banks		**$ 103,053**
Receivables	3	**428,965**
Investments	4	**946,511**
Other assets		**4,522**
TOTAL ASSETS		**1,483,051**
LIABILITIES AND EQUITY		
LIABILITIES		
Payable to RA Invest Limited	5	**569,167**
Due to financial and other institutions	6	**435,929**
Other liabilities	7	**28,439**
TOTAL LIABILITIES		**1,033,535**
EQUITY		
Contributed surplus (opening)		**465,989**
New transfers during the period		**1,606**
Contributed surplus from 17 September		**(17,702)**
Retained earnings		**(377)**
TOTAL EQUITY		**449,516**
TOTAL LIABILITIES AND EQUITY		**$ 1,483,051**

I hereby certify that, to the best of my knowledge, the interim condensed consolidated financial statements fairly represent the financial condition and operations of the Group as of December 31, 2013.

Director

RA Holding Mudareb Limited

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the period from inception to 31 December 2013 (Unaudited)

	Note	***(Unaudited)*** Period from inception to 31 December 2013 US$ '000
INCOME		
Management fee income		**$ 15,185**
Unrealised fair value gain on investments		**9,408**
Profit on murabaha with investee companies		**6,677**
Capital loss on disposal of investments		**(215)**
Profit on disposal of the subsidiary		**5,614**
Other income		**21**
TOTAL INCOME		**36,690**
EXPENSES		
Asset management and incentive fees		**(24,824)**
Financing expenses		**(19,049)**
Funding on Sukuk obligation		**(19,167)**
Legal and professional expenses		**(6,370)**
Staff Costs		**(1,474)**
General and administrative expenses		**(3,082)**
Other expenses		**(398)**
TOTAL EXPENSES		**(74,364)**
OPERATING LOSS FOR THE PERIOD		**(37,674)**
Reversal on provisions against receivables		**3,250**
Gain on foreign exchange		**16,345**
NET LOSS FOR THE PERIOD		**$ (18,079)**

RA Holding Mudareb Limited

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from inception to 31 December 2013 (Unaudited)

	Unaudited
	Period from inception to 31 December 2013
	US$ '000
OPERATING ACTIVITIES	
Net loss for the period	**$ (18,079)**
Adjustments:	
Financing expenses	**19,049**
Operating profit before changes in operating assets and liabilities	**970**
Changes in operating assets or liabilities	
Receivables	**(428,965)**
Investments	**(946,511)**
Other assets	**(4,522)**
Other liabilities	**28,439**
Funding costs on Sukuk obligation	**569,167**
Assets held for sale	**-**
Liabilities held for sale	**-**
Net cash used in operations	**(782,392)**
Financial charges paid	**(13,133)**
Net cash used in operating activities	**(795,525)**
FINANCING ACTIVITIES	
Due to financial and other institutions	**503,343**
Repayment of due to financial institution	**(73,330)**
Contributed surplus during the period	**1,606**
Contributed surplus transferred from the Parent	**465,989**
Net cash from financing activities	**897,608**
Net movement in cash and cash equivalents	**103,053**
Cash and cash equivalents at the beginning of the period	**-**
Cash and cash equivalents at the end of the period	**$ 103,053**

RA Holding Mudareb Limited

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from inception to 31 December 2013 (Unaudited)

	(Unaudited)		
	Contributed Surplus	Retained Earnings	Total Equity
	US$'000	US$'000	US$'000
Net assets and liabilities transferred to RA Holding Mudareb	$ 465,989	$ -	$ 465,989
New transfers during the period	1,606	-	1,606
Net income for the period	(17,702)	(377)	(18,079)
Balance at 31 December 2013	$ 449,893	$ (377)	$ 449,516

1 INTRODUCTION

Corporate information:
RA Holding Mudareb Limited (the "Company") is an exempted limited liability company incorporated in the Cayman Islands on 28 June 2013 with its registered office situated at the offices of Paget-Brown Trust Company Ltd., Boundary Hall, Cricket Square, P.O. Box 1111, Grand Cayman KY1-1102, Cayman Islands.

Activities:
The Company has been formed to indirectly hold interests in various portfolio companies that were originally partially owned and wholly managed for the benefit of investors by Arcapita Bank B.S.C.(c) ("Arcapita" or the "Predecessor Company"). The objective of the Company is to sell down these investments in the normal course of business and in a manner which is expected to maximize returns to all stake holders. The Company is a direct 100% owned subsidiary of RA Holding Corp ("RA Holding" or the "Successor Company" or "parent" and, together with its subsidiaries, the "RA Group").

Background to the Company's incorporation:
RA Holding is the Successor Company to Arcapita. On 19 March 2012, the Predecessor Company and five of its direct and indirect subsidiaries, Arcapita Investment Holdings Limited (AIHL), Arcapita LT Holdings Limited (ALTHL), AEID II Holdings Limited, RailInvest Holdings Limited and WindTurbine Holdings Limited (together, the "filing entities") filed voluntary petitions for reorganization under chapter 11 of the United States Bankruptcy Code ("Chapter 11"). On 17 September 2013, the Predecessor Company emerged from Chapter 11 reorganization pursuant to the terms of the Second Amended Joint Plan of Reorganization of Arcapita and related Debtors under Chapter 11 of the Bankruptcy Code (with First Technical Modifications) (the "Plan of Reorganization"). The Plan of Reorganization received the formal endorsement of the official committee of unsecured creditors appointed in the Chapter 11 cases and, as modified, was confirmed by an order of the U.S. Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") on 17 June 2013 (the "Confirmation Order"). The Predecessor Company is presently an indirectly majority owned subsidiary of the Successor Company.

Pursuant to the Plan of Reorganization and an "implementation memorandum" also approved in the Confirmation Order, the assets of the Predecessor Company were transferred to RA Group while the liabilities were either reinstated and transferred to the RA Group or cancelled in return for either, (a) with respect to a limited amount of claims, an entitlement to receive cash from RA Holding or certain of its affiliates or (b) equity instruments issued by RA Holding or debt instruments issued by RA Invest Limited, a Cayman Islands company formed for the purpose of issuing these Shariah compliant instruments.

The Company and its subsidiaries (together the "Group") do not have any employees, and the Company's limited operations are being overseen by its Board of Directors. The Company's interests in various portfolio companies are being managed by AIM Group Limited ("AIM"), an independent management company formed by a former shareholder of Arcapita, pursuant to the Management Services Agreement entered into by AIM and a subsidiary of the Company (the "MSA").

1 INTRODUCTION (continued)

Control over the Company's portfolio investments, and the Company's relationships with the various third-party investors who own syndicated equity interests in the portfolio investments, are governed by a number of shareholder agreements and provisions in corporate documents that collectively implement a term sheet approved by the Bankruptcy Court in connection with the Plan of Reorganization. These shareholder agreements and other corporate documents implement a system whereby disposition of portfolio investments are subject to approval by a "Disposition Committee" comprised of members appointed, respectively, by (a) RA Holding (through its board of directors) and (b) AIM (on behalf of the third-party co-investors in such portfolio investment), with these members' voting power with respect to a specific portfolio investment allocated by agreement between AIM and RA Holding according to each party's relative economic interest in the proceeds to be realized from a disposition of that portfolio investment (attributing the economic interests of the third-party co-investors to AIM). Each Disposition Committee makes its determination by majority vote, but for certain agreed "major" investments, each party (RA Holding and AIM) must approve a transaction that does not meet a certain minimum price (as agreed in advance) and, in the event that the party with a majority representation on the Disposition Committee refuses to accept an offer that meets certain conditions, including the agreed minimum price, and that is made after the deadline for disposing of such investment (as agreed in advance), the party with a minority representation on the Disposition Committee may require the other party to purchase its interests in the investment on the terms of the refused offer. Each of the minimum prices for the respective investments is set in advance, but any such minimum price may be amended on the agreement of RA Holding and AIM.

Exit facility transferred to the Company:

Arcapita became obligated under a debtor-in-possession murabaha financing facility during the Chapter 11 proceedings. Pursuant to the Plan of Reorganization, this facility has been converted into an exit facility (the "Exit Facility"). Arcapita initially drew US$ 175 million which were used to settle Arcapita's previous debtor-in-possession financing facility. The Exit Facility further allowed for an additional drawdown of US$ 175 million which were drawn by Arcapita and were used partially to settle the obligations under an outstanding secured financing facility. In line with the approved Plan of Reorganization, the Exit Facility has been transferred to one of the wholly owned subsidiaries of the Company. Accordingly, the outstanding amount has been presented as a "due to financial institution" in the consolidated statement of financial position. For the terms of this Exit Facility refer to note 7.1 to the consolidated financial statement.

The interim condensed consolidated financial statements have been approved and authorised for issuance by the Board of Directors on 14 Feburary 2014.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

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

The Group consists of the Company and its subsidiaries as detailed in note 2.2, whereas the RA Group consists of RA Holding (ultimate parent of the Group) and its subsidiaries and affiliates.

This interim condensed consolidated financial statements consist of a consolidated statement of financial position of the Group, a summary of significant accounting policies and other explanatory information. This interim condensed consolidated financial statements represents the only financial statement issued for the Group.

The assets of the Predecessor Company were transferred to the Group primarily at their fair values as determined by third party independent valuers. The liabilities have been recognised at their estimated settlement amounts. The consolidated financial statement is presented in United States Dollars (US$), which is the Group's functional currency, and all values are rounded to the nearest thousand (US$ '000) except when otherwise indicated.

The interim condensed consolidated financial statements include certain expenses and cash payments that were triggered upon the effectiveness of the emergence from bankruptcy.

2 ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation

The interim condensed consolidated financial statements consist of the consolidated statement of financial position of the Company and its subsidiaries as at 30 September 2013. The financial statements of subsidiaries are prepared using consistent accounting policies. The Group has taken the "investment entity" exemption for investment in subsidiaries held for sale in the normal course of business. These investments are carried at fair value through profit or loss as explained in note 2.4 to this consolidated financial statement.

Control is achieved when the Group is exposed to, 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 an investee if and only if the Group has:

a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
b) Exposure, or rights, to variable returns from its involvement with the investee; and
c) 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

a) The contractual arrangement with the other vote holders of the investee;
b) Rights arising from other contractual arrangements; and
c) The Group’s voting rights and potential voting rights.

The Group will 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.

All intra-group assets and liabilities between members of the Group are eliminated in full upon consolidation.

2 ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

The following are the principal operating subsidiaries of the Company which have been consolidated in this consolidated financial statement:

Subsidiary	*Ownership*	*Year of incorporation*	*Country of incorporation*
RA Holdco 1 Limited ("RA Holdco 1")			
RA Holdco 1 is the holding company of RA Holdco 2	100%	2013	Cayman Islands
RA Holdco 2 LLC (Delaware) ("RA Holdco 2")			
RA Holdco 2 is the holding company of RA Holdco 3 Limited, ALTHL and other Working Capital Finance (WCF) interests transferred from Arcapita.	100%	2013	United States of America
Arcapita LT Holdings Limited ("ALTHL")			
ALTHL's main activity is to hold the Group's share in investee companies.	100%	2010	Cayman Islands
RA Holdco 3 Limited ("RA Holdco 3")			
RA Holdco 3 is the holding company of AIML, AIFL and other management companies.	100%	2013	Cayman Islands
Arcapita Investment Management Limited			
AIML's main activity is to maintain and manage the books of accounts of the	100%	1997	Cayman Islands
Arcapita Investment Funding Limited			
AIFL is the holding company of ASFL; its main activities are to sponsor other investment banking activities.	100%	1998	Cayman Islands
Arcapita Structured Finance Limited			
ASFL's main activity is to structure Islamic acceptable financing facilities and to undertake post-acquisition asset management.	100%	1998	Cayman Islands

2.3 Standards and amendments effective for annual period beginning on 1 January 2014 and

The Group has early adopted the investment entity amendments to IFRS 10 'Consolidated financial

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 profit or loss.

2 ACCOUNTING POLICIES (continued)

2.3 Standards and amendments effective for annual period beginning on 1 January 2014 and

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.

IAS 27 (revised 2011) ‘Separate financial statements’ (IAS 27) and amendments to IAS 27
The objective of the standard is to prescribe the accounting and disclosure requirements when an entity prepares separate financial statements. The amendments require an investment entity as defined in IFRS 10 to present separate financial statements as its only financial statements in the case where it measures its specific subsidiaries at fair value through profit or loss and to disclose that fact. This consolidated financial statement is the only financial statement presented issued by the Company, and this fact has been disclosed in note 2.1 to this consolidated financial statement.

2.4 Investment entity

The Group meets the definition of an investment entity as defined by IFRS 10 and is required to account for investments in subsidiaries held for sale in the normal course of business, at fair value through profit or loss.

- The Predecessor Company, which pursuant to the Plan of Reorganization has transferred its assets to the Group, was deemed an investment entity and obtained funds from multiple investors for the purpose of providing those investors with investment management services. Pursuant to the Plan of Reorganization, such management investment services will be provided to investors by the Group;
- The Group's business purpose, which is communicated to its stakeholders through the Plan of Reorganization and related documents, is holding, managing and disposing of investments through orderly market transactions and in a manner which would result in capital appreciation and maximization of benefits to all stakeholders;
- 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 will communicate information about the performance of each investment to investors/stakeholders on a fair value basis.

The Company also meets all typical characteristics of investment entities stipulated by IFRS 10, which

- the Group holds multiple investments;
- the Group has multiple unrelated investors/stakeholders;
- the Group has investors that are not related parties of the Company; and
- the Group's ownership interests in investment companies are in the form of equity or similar interests.

Since the Group measures and evaluates the performance of substantially all its investments on a fair value basis, it has elected to use the exemption available to investment entities from applying the equity method of accounting under IAS 28 'Investment in associates' and has designated such investments at fair value through profit or loss.

The following significant subsidiaries have not been consolidated and are accounted for at fair value through profit and loss in this consolidated financial statement:

Unconsolidated subsidiaries	***Effective ownership***	***Country of incorporation***
AEID II (Lux) Holding Company sarl	89%	Luxembourg
Poland Residential Development Company Limited	54%	Cayman Islands
Arc Industrial France Development I Sarl	56%	Luxembourg
Honiton Energy Holdings Plc	60%	China

2.5 Significant accounting judgements and estimates

In the process of applying the Group's accounting policies, the Board of Directors has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statement:

2.5.1 Going concern

The Group's Board of Directors has made an assessment of the Group's ability to continue as a going concern which entails managing and maximizing the value of the Group's investment portfolio and selling down investments in a manner which will maximize returns to all shareholders, 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 upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statement has been prepared on a going concern basis.

2.5.2 Fair value measurement 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 (as defined in note 12 to the consolidated financial statement) and the Company uses various valuation techniques which are based on unobservable market inputs to determine the fair value of such investments.

The Group has engaged third party qualified valuation experts to perform the valuation of the Group's entire investment portfolio as at the date of statement of financial position. The third party valuers have utilized methods and techniques generally recognised as standard within the industry. These include discounted cash flows, earnings multiples and comparable market transaction approaches for private equity investments. Real estate investments were primarily measured using sales comparison, discounted cash flows or the capitalization of future cash streams of the underlying asset using the prevailing capitalization rate for similar properties or similar geographies. The valuation experts applied their judgment in determining the appropriate valuation techniques and considerations of unobservable valuation inputs used in valuation models which include discount rates, exit multiples, specific risk premiums, control premiums and comparable assets or companies.

The external valuers provided the Board of Directors with a range of values which were determined on the basis of different valuation approaches. The Board of Directors applied their judgment in determining appropriate values for individual investments from within the range which in their view is more representative of the fair value under the market conditions as at the date of the consolidated statement of financial position.

2.5.3 Allowance for doubtful receivables

The Group reviews its individually significant receivables at each balance sheet date to assess whether an allowance should be made for recoverability. In determining this allowance, judgement by the Board of Directors is required in the estimation of the amount and timings of future cash flows. Such estimates are based on assumptions of a number of factors and actual results may differ, resulting in future changes to the allowance.

2.6 Summary of significant accounting policies

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

2.6.1 Foreign currencies

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

Monetary assets and liabilities in foreign currencies are translated into United States Dollar at rates of exchange prevailing at the consolidated statement of financial position date. Any exchange gains and losses are taken to the statement of comprehensive income.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items in a foreign currency measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2.6.2 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.

(a) Financial assets

Financial assets comprise of balances with banks, receivables and investments.

Initial recognition

The Group classifies its financial assets into two categories: at fair value through profit or loss 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 profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Subsequent measurement

Financial assets at fair value through profit or loss

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

2.6 Summary of significant accounting policies (continued)

2.6.2 Financial instruments (continued)

(a) 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.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial

(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.

Financial assets carried at amortised cost
The Group assesses whether objective evidence of impairment of financial assets carried at amortised cost exists as at the date of consolidated statement of financial position. The amount of any impairment identified is measured as the difference between the financial asset's carrying value and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective profit rate.

2.6 Summary of significant accounting policies (continued)

2.6.2 Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)
The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of impairment is recognised in the consolidated statement of comprehensive income. Assets, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited in the consolidated statement of comprehensive income.

Investment related receivables carried at amortised cost
The recoverability of investment related receivables, which include management fees receivables, murabaha with investee companies and receivables from investee companies, and which are primarily recoverable upon exit from individual investment companies, is determined through waterfall calculations which used the enterprise values derived from the valuation models adopted by the Group. As at 17 September 2013, the Group used the enterprise values determined by the independent valuation experts to determine the recoverability of its investment related receivables.

(b) 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 due to financial and other institutions 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.

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.

2.6.3 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.

2.6 Summary of significant accounting policies (continued)

2.6.4 Assets and liabilities classified as held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale of assets, excluding the finance costs and income tax expense. When the Group is committed to a sale plan of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described below is met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Assets and liabilities classified as held for sale are not amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the consolidated statement of financial position.

The criteria for the held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2.6.5 Provisions

Provisions are recognised when the Group has an present obligation (legal or constructive) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

2.6.6 Obligations under sale and leaseback financing transaction

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The lease payment and the sale price are usually interdependent because they are negotiated as a package. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved. The Predecessor Company entered into a sale and leaseback in connection with a land held by an investee company of the Group. This transaction was treated as a finance lease on the basis that the Group retains the risks and rewards of the underlying asset and it has the option to buy back the asset during the lease term at a predetermined fixed price. This option has been transferred to the Group as part of the Plan of Reorganization. Future lease payments represent funding cost and will be recognised in the statement of comprehensive income under borrowing costs.

2.6.7 Terminologies used in the consolidated financial statement

The following terms are being used in the consolidated financial statement and have the meanings as specified below:

a) Management fees receivable

These represent receivables in respect of a recurring fee earned for rendering management and

b) Receivables from investee companies

These represent receivables from investee companies in respect of expenses incurred on behalf of the investee companies and are carried at amortised cost.

c) Murabaha with investee companies

These represent Islamic financing facilities provided to investee companies in the form of Murabaha financing contracts. Income on murabaha with investee companies is recognised on a time apportioned basis over the period of the contract.

Murabaha financing represents a sale contract whereby a commodity is sold to the investee company at an agreed upon profit mark up on cost. Profit from a murabaha is quantifiable at the commencement of the transaction. Such income is recognised as it accrues over the period of the contract on the effective profit rate method on the balance outstanding.

d) Private equity investments

Private equity investments represent equity stakes in established unlisted entities which operate in several sectors including energy generation and transmission industries, transportation, clothing, logistics, and are spread across several regions including the United States of America, Europe and East Asia.

e) Real estate investments

Real estate investments represent joint ventures or equity interests in companies which operate in real estate sectors which includes warehousing, senior assisted living, real estate project development companies and other yielding real estate assets.

f) Abbreviations used in this consolidated financial statement

INR:	Indian Rupee
BHD:	Bahraini Dinar
LTM:	Last Twelve Months
EBITDA:	Earnings Before Interest, Tax, Depreciation and Amortisation
NFY:	Next Fiscal Year
MW:	Mega Watts

2.7 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statement are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. The Group will assess the impact of these amendments when these become effective.

IFRIC Interpretation 21 Levies (IFRIC 21)
IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect IFRIC 21 to have a material financial impact in the future on the Group.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group is not involved in novation of derivatives. Therefore, this amendment will not have any impact on the Group's financial statements upon application.

3 Receivables

	Unaudited *31 December 2013 US$ '000*
Due from investee companies:	
Murabaha with investee companies	**167,707**
Management fee receivables	**169,075**
Receivables from investee companies	**90,486**
Other receivables	**1,697**
	428,965

4 INVESTMENTS

The Group's investments are classified as follows:

	Unaudited *31 December 2013 US$ '000*
Real estate	**513,504**
Private equity	**433,007**
	946,511

Additional information regarding the fair valuation of investments have been disclosed in note 9 to the interim consilidated financial statements.

5 INVESTMENTS

This represents the Sukuk obligation due to an affiliate of the Group, RA Invest Limited with a face amount of US$550 million plus accumulated profit for the period. The Sukuk obligation carried a profit rate of 12%.

6 DUE TO FINANCIAL AND OTHER INSTITUTIONS

	Note	**Unaudited** ***31 December 2013 US$ '000***
Due to a financial institution	6.1	**224,069**
Obligation under sale and lease back transaction	6.2	**211,860**
		435,929

6.1 This represents the exit facility. The exit facility carries a profit rate of LIBOR plus 8.25% with a LIBOR floor of 1.5% and matures on 17 September 2016. Repayments towards this facility are linked to certain triggers, which include the sale of portfolio investments. The Group's investments and rights to amounts receivable from investee companies have been pledged as a security to satisfy collateral requirements under this exit facility.

6.2 This amount represents an amount due to an investee company in connection with a leaseback financing transaction entered into by the Predecessor Company and its investment vehicle (now transferred to the Group pursuant to the Plan of Reorganization) during March 2012. The Group holds an option on behalf of the investment vehicle to buy back the asset within three years expiring in March 2015, and subject to all the payments being made on the due dates in line with the lease agreements.

7 OTHER LIABILITIES

	Note	**Unaudited** ***31 December 2013 US$ '000***
Convenience claims	7.1	**2,856**
Priority claims	7.2	**4,659**
Other liabilities		**20,063**
		27,578

7.1 Under the Plan of Reorganization, certain prepetition creditors were given an option of receiving "convenience class" treatment on account of their claims pursuant to which their claim would be settled in cash at 50% of their actual liability with a cap of US$ 12,500. These claims have been transferred to the Company pursuant to the Plan of Reorganization and are reflected at the best estimate of expected settlement. The total amount of convenience claims represents those claims which have been submitted up to the date of issuance of this consolidated financial statement and have been or are expected to be allowed. In future periods, additional claimants either qualify or may opt for convenience class which result in increase in balance of convenience claims and decrease in contributed surplus, however, aggregate cash payment to convenience claim holders is capped at US$ 9.7 million.

7.2 These comprise of creditors which were classified as "priority claims" treatment on account of their claims in accordance with the Plan of Reorganization. These claims have been transferred to the Company pursuant to the Plan of Reorganization and are reflected at expected settlement amounts.

8 RELATED PARTY BALANCES

Related parties represent associated companies, significant shareholders, directors and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions will be approved by the Company's Board of Directors.

Balances with related parties included in the consolidated statement of financial position are as follows:

	(Unaudited) 31 December 2013 US$ '000
Assets	
Murabaha with investee companies	**167,707**
Management fee receivables	**169,075**
Receivables from investee companies	**90,486**
Liabilities	
Due to a related party	**569,167**

Transactions with related parties included in the interim condensed consolidated statement of comprehensive income are as follows:

	(Unaudited) Period from inception to 31 December 2013 US$ '000
Management fee income	**15,185**
Profit on murabaha with investee companies	**6,677**
Remuneration to Board of Directors and Audit Committee members	**393**

9 OTHER DISCLOSURES

Valuation of Investment Positions and Receivables:

The Group engaged third party qualified valuation experts to perform the valuation of the Group's entire investment portfolio as of 17 September 2013.

The third party valuers utilized methods and techniques generally recognized as standard within the industry. These include the discounted cash flows, earnings multiples and comparable market transactions approaches for private equity investments. Real estate investments were measured using the sales approach, discounted cash flows or the capitalization of future cash streams of the underlying asset using prevailing capitalization rate for similar properties or similar geographies.

The valuation experts applied their judgment in determining the appropriate valuation techniques and considerations of unobservable valuation inputs used in valuation models which include discount rates, exit multiples, specific risk premiums, control premiums and comparable assets or companies. The external valuers provided the Board of Directors with a range of values which were determined on the basis of different valuation approaches.

For the period ended 31 December 2013, the Board of Directors applied their judgment in determining appropriate enterprise values for the individual investment positions from within the range, which in their view is representative of the fair value under the market conditions as at the date of the consolidated statement of financial position.

Using these values for the underlying investment positions as a starting point, the carrying balance for each of the Group's equity investment positions were then determined by the Group's third-party contracted asset manager (AIM Group Limited) through waterfall calculations. Similarly, the recoverability of investment related receivables (management fee receivables, murabahas with investee companies and receivables from investee companies), were also determined through the waterfall calculations. The carrying amounts therefore approximate the fair value of these receivables.

These waterfall calculations incorporate a number of items, including but not limited to the debt and equity capitalization details at any given point for the various operating and holding companies associated with each investment position, currency exchange rates for positions that are denominated in currencies other than U.S. dollars, and the amount of accrued and unpaid fees and other receivables payable, including those due to affiliates of RA Holdings Corp.