ARAB PETROLEUM INVESTMENTS CORPORATION

(APICORP)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2015

Deloitte.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

To the shareholders
Arab Petroleum Investments Corporation
Dammam, Saudi Arabia

9 April 2016

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Arab Petroleum Investments Corporation (the "Corporation") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Responsibility of the management and board of directors for the consolidated financial statements

The Group's management and the board of directors of the Corporation are 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 management and the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 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 our 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, we consider internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

Manama, Kingdom of Bahrain
9 April 2016

Deloitte & Touche - Middle East
Partner Registration No. 135

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015 **(US$000)**

	Note	2015	2014
ASSETS			
Cash and cash equivalents		22,958	65,008
Placements with banks	1	972,110	917,904
Available-for-sale securities	2	1,068,980	1,181,092
Direct equity investments	3	922,530	865,957
Syndicated and direct loans	4	2,510,060	2,690,803
Property, equipment and vessels	5	122,097	128,618
Other assets	6	33,953	34,619
TOTAL ASSETS		**5,652,688**	5,884,001
LIABILITIES, EQUITY & NON-CONTROLLING INTERESTS			
LIABILITIES			
Deposits from banks	7	172,000	214,867
Deposits from corporates		1,383,156	1,529,042
Deposits from shareholders		107,463	106,443
Securities sold under agreements to repurchase		-	177,460
Other liabilities	8	67,971	59,551
Bank term financing	9	1,526,198	1,404,400
Bonds issued	10	-	533,018
Sukuk issued	11	484,197	-
Total liabilities		**3,740,985**	4,024,781
EQUITY			
Share capital	22	1,000,000	1,000,000
Legal reserve		184,500	173,500
General reserve		138,984	45,031
Available-for-sale investments fair value reserve		489,290	544,499
Retained earnings		96,511	93,953
Total equity attributable to shareholders of the Corporation		1,909,285	1,856,983
Non-controlling interests		2,418	2,237
Total equity and non controlling interests (page 41 and 42)		**1,911,703**	1,859,220
TOTAL LIABILITIES, EQUITY & NON-CONTROLLING INTERESTS		**5,652,688**	5,884,001
OFF-BALANCE SHEET EXPOSURES	12	**831,288**	733,593

The consolidated financial statements, which consist of pages 36 to 85 were approved by the Board of Directors on 9 April 2016 and signed on its behalf by:

Dr. Aabed Al-Saadoun
Chairman

Dr. Raed Al-Rayes
Deputy Chief Executive and General Manager

CONSOLIDATED STATEMENT OF INCOME

for the year ended 31 December 2015 **(US$000)**

	Note	**2015**	2014
Interest income		106,662	106,701
Interest expense		(61,755)	(66,587)
Net interest income	14	**44,907**	40,114
Net fee income	15	1,218	1,460
Dividend income	16	90,883	92,364
Realised gain on sale of available-for-sale portfolio	17	3,343	4,150
Other income	20	21,690	18,195
Total income		**162,041**	156,283
Operating expenses	18	(37,664)	(37,773)
Impairment, net	19	(16,775)	(13,477)
PROFIT FOR THE YEAR		**107,602**	105,033
Profit for the year attributable to:			
Shareholders of the Corporation		107,511	104,953
Non-controlling interest		91	80
		107,602	105,033
Per share information	22		
Basic and diluted earnings per share		US $ 108	US $ 105
Net asset value per share		US $1,910	US $ 1,857

The consolidated financial statements consist of pages 36 to 85.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015 **(US$000)**

	2015	2014
Profit for the year	**107,602**	105,033
Other comprehensive income		
Items that may be reclassified subsequently to consolidated statement of income:		
Realized gain on available-for-sale investments recycled to profit or loss	(3,806)	(1,749)
Change in fair value of available-for-sale investments, net	(20,491)	5,391
Change in fair value of direct equity investments, net	(30,912)	(56,187)
Total other comprehensive income for the year	**(55,209)**	(52,545)
Total comprehensive income for the year	**52,393**	52,488
Total comprehensive income for the year attributable to:		
Shareholders of the Corporation	52,302	52,408
Non-controlling interests	91	80
	52,393	52,488

The consolidated financial statements consist of pages 36 to 85.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015 **(US$000)**

2015	Total Equity attributable to Shareholders of the Corporation									
	Share Capital	Legal Reserve	General Reserve	Available-for-sale investments fair value reserve			Retained Earnings	Total	Non-Controlling Interest	Total Equity & Non-Controlling Interests
				Securities	Direct Equity Investments	Total				
Balance at 1 January 2015	1,000,000	173,500	45,031	13,611	530,888	544,499	93,953	1,856,983	2,237	1,859,220
Comprehensive income for the year:										
Profit for the year (page 37)	-	-	-	-	-	-	107,511	107,511	91	107,602
Other comprehensive income:										
- Realized gain on available-for-sale investments recycled to profit or loss	-	-	-	(3,806)	-	(3,806)	-	(3,806)	-	(3,806)
- Net change in fair value of available-for-sale securities/direct equity investments	-	-	-	(20,491)	(30,912)	(51,403)	-	(51,403)	-	(51,403)
Total other comprehensive income	-	-	-	(24,297)	(30,912)	(55,209)	-	(55,209)	-	(55,209)
Total comprehensive income for the year	-	-	-	(24,297)	(30,912)	(55,209)	107,511	52,302	91	52,393
Transfer to legal reserve during 2015	-	11,000	-	-	-	-	(11,000)	-	-	-
Transfer to general reserve during 2015	-	-	93,953	-	-	-	(93,953)	-	-	-
Equity contributed by non-controlling interest	-	-	-	-	-	-	-	-	90	90
Balance as at 31 December 2015	**1,000,000**	**184,500**	**138,984**	**(10,686)**	**499,976**	**489,290**	**96,511**	**1,909,285**	**2,418**	**1,911,703**

The consolidated financial statements consist of pages 36 to 85.

for the year ended 31 December 2015 **(US$000)**

	Total Equity attributable to Shareholders of the Corporation									
2014	**Share Capital**	**Legal Reserve**	**General Reserve**	**Available-for-sale investments fair value reserve**			**Retained Earnings**	**Total**	**Non-Controlling Interest**	**Total Equity & Non-Controlling Interests**
				Securities	**Direct Equity Investments**	**Total**				
Balance at 1 January 2014	750,000	162,500	194,426	9,969	587,075	597,044	100,605	1,804,575	2,157	**1,806,732**
Comprehensive income for the year:										
Profit for the year (page 37)	-	-	-	-	-	-	104,953	104,953	80	**105,033**
Other comprehensive income:										
- Realized gain on available-for-sale investments recycled to profit or loss	-	-	-	(1,749)	-	(1,749)	-	(1,749)	-	**(1,749)**
- Net change in fair value of available-for-sale securities/direct equity investments	-	-	-	5,391	(56,187)	(50,796)	-	(50,796)	-	**(50,796)**
Total other comprehensive income	-	-	-	3,642	(56,187)	(52,545)	-	(52,545)	-	**(52,545)**
Total comprehensive income for the year	**-**	**-**	**-**	**3,642**	**(56,187)**	**(52,545)**	**104,953**	**52,408**	**80**	**52,488**
Transfer to legal reserve during 2014	-	11,000	-	-	-	-	(11,000)	-	-	**-**
Transfer to general reserve during 2014	-	-	100,605	-	-	-	(100,605)	-	-	**-**
Increase in share capital	250,000	-	(250,000)	-	-	-	-	-	-	**-**
Balance as at 31 December 2014	**1,000,000**	**173,500**	**45,031**	**13,611**	**530,888**	**544,499**	**93,953**	**1,856,983**	**2,237**	**1,859,220**

The consolidated financial statements consist of pages 36 to 85.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015 **(US$000)**

	2015	2014
Profit for the year	107,602	105,033
Adjustment		
Depreciation	6,708	7,143
End-of-service benefits	1,272	1,552
Interest expense	61,755	66,587
Gain on sales of available-for-sale investments	(3,343)	(4,150)
Dividend income	(90,883)	(92,364)
Impairment, net	16,775	13,477
Amortisation of transaction fee	874	504
Changes in operating assets and liabilities		
Direct and Syndicated loans	173,183	223,564
Placements with banks	(54,206)	(372,032)
Other assets	(3,844)	5,187
Other liabilities	3,217	(1,677)
	219,110	(47,176)
Finance charges paid	(61,053)	(69,486)
End-of-service indemnities paid	(4,385)	(190)
Net cash from (used in) operating activities	**153,672**	(116,852)
INVESTING ACTIVITIES		
Net change in available-for-sale investments	91,453	11,289
Net change in direct equity investments	(92,485)	(105,371)
Purchase of property and equipment, net	(187)	(386)
Dividends	90,883	92,364
Net cash from (used in) investing activities	**89,664**	(2,104)
FINANCING ACTIVITIES		
Repayment of deposits from banks	(42,867)	(225,709)
Repayment from deposits from corporates	(145,886)	(32,159)
Proceeds from deposits from shareholders	1,020	967
Change from securities sold under agreements to repurchase	(177,460)	5,477
Proceeds from term financing	796,923	416,764
Repayment of bank term financing	(675,125)	(6,280)
Proceeds from Sukuk	491,252	-
Repayment of Bonds	(533,333)	-
Movement in non-controlling interests	90	-
Net cash (used in) from financing activities	**(285,386)**	159,060
Net (decrease) increase in cash and cash equivalents for the year	(42,050)	40,104
Cash and cash equivalents at beginning of the year	65,008	24,904
Cash and cash equivalents at 31 December	22,958	65,008
Non-cash transaction:		
Change in available-for-sale investments fair value reserve	(55,209)	(52,545)

The consolidated financial statements consist of pages 36 to 85.

Reporting entity
Arab Petroleum Investments Corporation ("APICORP" or the "Corporation") is an Arab joint stock company established on 23 November 1975 in accordance with an international agreement signed and ratified by the ten member states of the Organization of Arab Petroleum Exporting Countries (OAPEC). The agreement defines the objectives of the Corporation as:

- participation in financing petroleum projects and industries, and in fields of activity which are derived therefrom, ancillary to, associated with, or complementary to such projects and industries; and
- giving priority to Arab joint ventures which benefit the member states and enhance their capabilities to utilise their petroleum resources and to invest their funds to strengthen their economic and financial development and potential.

Domicile and Taxation
The Corporation is an international entity, and operates from its registered head office in Dammam, Kingdom of Saudi Arabia. The establishing agreement states that APICORP is exempt from taxation in respect of its operations in the member states.

Share Capital
As of December 31, 2015 and 2014, the Corporation's authorised capital is US $ 2,400 million, subscribed capital is US $ 1,500 million, issued & paid up capital is US $ 1,000 million, whereas the remainder of US $ 500 million is callable capital.

The capital is denominated in shares of US$ 1,000 each and is owned by the governments of the ten OAPEC states as follows:

(US$000)

	Authorised Capital	Subscribed Capital	Issued and Fully Paid	Callable Capital	Percentage
United Arab Emirates	408,000	255,000	170,000	85,000	17%
Kingdom of Bahrain	72,000	45,000	30,000	15,000	3%
Democratic and Popular Republic of Algeria	120,000	75,000	50,000	25,000	5%
Kingdom of Saudi Arabia	408,000	255,000	170,000	85,000	17%
Syrian Arab Republic	72,000	45,000	30,000	15,000	3%
Republic of Iraq	240,000	150,000	100,000	50,000	10%
State of Qatar	240,000	150,000	100,000	50,000	10%
State of Kuwait	408,000	255,000	170,000	85,000	17%
Socialist Peoples' Libyan Arab Jamahiriya	360,000	225,000	150,000	75,000	15%
Arab Republic of Egypt	72,000	45,000	30,000	15,000	3%
	2,400,000	1,500,000	1,000,000	500,000	100%

Activities
APICORP is independent in its administration and the performance of its activities, and operates on a commercial basis with the intention of generating net income. It operates from its registered head office in Dammam, Kingdom of Saudi Arabia and its Banking Unit in Manama, Kingdom of Bahrain.

Currently the Corporation's project-financing activities take in the form of loans, direct equity investments in projects and close-ended fund. These activities are funded by shareholders' equity, medium-bank term financing, Sukuk, deposits from governments, corporates and short-term deposits from banks.

The Corporation has set up the APICORP Petroleum Shipping Fund Limited ("the Fund" or "the subsidiary"), a 5 years close-ended fund. The Fund is established for the purposes of investment in a series of IMO II/III MR Tankers ("commercial marine vessels"). The Fund is 94% owned by the Corporation. Assets and liabilities and results of operations of the Fund have been included in the consolidated financial statements of the Corporation. The Fund has a 100% subsidiary (the 'Charter Company'), a special purpose vehicle to act as a conduit for leasing of ships and has also set up 100% special purpose entities (SPEs) to own the vessels for the beneficial interest of the Fund.

A GENERAL

A-1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to the presented years, unless otherwise stated.

A-2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost convention except for the measurement at fair value of available-for-sale securities, certain direct equity investments, sukuk and derivative financial instruments.

Historical cost is generally based on the fair value of the consideration given.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The consolidated financial statements include the financial statements of APICORP and its subsidiaries (together the "Group"). The subsidiaries represent "APICORP Petroleum Shipping Fund Limited" and "APICORP Sukuk Limited" which are registered in Cayman Island.

The Group's functional and presentation currency is United States dollars (US $) because it is a supranational organisation with its capital and the majority of its transactions and assets denominated in that currency.

i. Basis of Consolidation

a) Subsidiaries

The consolidated financial statements comprise the financial statements of the Corporation and entities (including special purpose entities) controlled by the Corporation and its subsidiaries. Control is achieved when the Corporation:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the acquisition of shipping vessels and the execution of a specific borrowing or investment transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Corporation and the risks and rewards transferred by the SPE, the Corporation concludes that it controls the SPE. The assessment of whether the Corporation has control over an SPE is carried out at inception and normally no further reassessment of control is carried out in the absence of changes in the structure or terms of the SPE, or additional transactions between the Corporation and the SPE.

The Corporation reassesses 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 listed above.

A GENERAL (continued)
A-2 BASIS OF PREPARATION (continued)

i. Basis of Consolidation (continued)
When the Corporation has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Corporation considers all relevant facts and circumstances in assessing whether or not the Corporation's voting rights in an investee are sufficient to give it power, including:

- the size of the Corporation's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Corporation, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Corporation has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Corporation gains control until the date when the Corporation ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Corporation and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. In the event of change in ownership interest in a subsidiary, but the Company does not ceases to have a control then impact of such change is classified in equity.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All significant intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between

- the aggregate of the fair value of the consideration received and the fair value of any retained interest and
- the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

A GENERAL (continued)
A-2 BASIS OF PREPARATION (continued)

ii. Investments in associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial information using the equity method of accounting, except when the statement, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

A GENERAL (continued)
A-2 BASIS OF PREPARATION (continued)

iii. Standards and Interpretations effective for the current year
The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2015, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments to IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

iv. New and revised IFRS issued but not yet effective
The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative	1 January 2016
Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* relating to bearer plants	1 January 2016
Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements	1 January 2016
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	1 January 2016

A GENERAL (continued)

A-2 BASIS OF PREPARATION (continued)

iv. New and revised IFRSs issued but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)	1 January 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised

- Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

A **GENERAL** (continued)

A-2 **BASIS OF PREPARATION** (continued)

iv. **New and revised IFRSs issued but not yet effective and not early adopted** (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 Financial Instruments: Disclosures relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
IFRS 15 Revenue from Contracts with Customers	1 January 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

A **GENERAL** (continued)

A-2 **BASIS OF PREPARATION** (continued)

iv. **New and revised IFRSs issued but not yet effective and not early adopted** (continued)

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely

The management anticipates that all of the above Standards and Interpretations as applicable, will be adopted in the Company's financial statements in future periods and that the adoption of those Standards and Interpretations will have no material impact on the financial statements of the Company in the period of initial application, except for IFRS 9 and IFRS 15. The Group's management has not yet performed a detailed review to quantify the effect of the application of IFRS 9, and therefore it is not practicable at present to provide a reasonable estimate of its effect.

A GENERAL (continued)
A-2 BASIS OF PREPARATION (continued)

A-3 Foreign currency transactions

Transactions in currencies other than US dollars (foreign currencies) are translated at the exchange rates ruling at the date of the transaction. All monetary assets and liabilities, denominated in foreign currencies, are translated into US dollars at rates prevailing at the reporting date. Differences arising from changes in exchange rates are recognised in the consolidated statement of income.

Available-for-sale equity investments (non-monetary assets) denominated in foreign currencies that are stated at fair value are translated to US dollars at reporting date. Differences arising from changes in rates are included in the fair value reserve in equity. All other non-monetary assets and liabilities are stated at the historical rates of exchange.

B FINANCIAL INSTRUMENTS

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

B-1 FINANCIAL ASSETS

B.1.1 Classification

The Group classifies financial assets to the following IAS 39 categories:

Financial assets are classified into available-for-sale' (AFS) financial assets, trading securities and loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trading securities are those that the Group acquires or incurs principally for the purpose of gains over the near-term or if it is a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These consist of listed equity securities.

Available-for-sale investments are non-derivative financial assets that are not classified as held for trading or loans provided by the Group or held to maturity. Available-for-sale investments include certain debt securities, equity securities and managed funds.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and the Group does not intend to sell immediately or in the near term.

B FINANCIAL INSTRUMENTS (continued)
B-1 FINANCIAL ASSETS (continued)

B.1.2 Recognition

Available-for-sale and held for trading financial assets are recognized on a trade date basis.

Loans are recognised on the day on which they are drawn down by the borrower.

B.1.3 Measurement

Financial assets are initially measured at fair value plus direct transaction costs except for financial assets held for trading where transaction costs are recognised in the consolidated statement of income.

Subsequent to initial recognition, all trading and available-for-sale investments are re-measured to fair value, except in case of certain unlisted available-for-sale direct equity investments, where a reliable measure of fair value is not available and hence are carried at cost less impairment allowances, if any. Loans are subsequently measured at amortised cost using the effective interest method, less allowance for impairment, if any. The unamortised portion of deferred participation and upfront fees received is deducted from the carrying values of the loans.

Gains and losses arising from a change in the fair value of trading securities and derivative instruments not designated as an accounting hedge are recognised in the consolidated statement of income in the period in which it arises. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and presented in a fair value reserve as a separate component of equity. When the assets are sold, collected or otherwise disposed of, or are impaired, the cumulative gain or loss previously recognised in other comprehensive income, and presented in the fair value reserve in equity, is transferred to the consolidated statement of income.

B.1.4 Amortization

Where financial assets, mainly bonds, have been purchased at a premium or a discount, the premiums and discounts are amortised, using the effective interest method, through the consolidated statement of income over the period from the date of purchase to the date of maturity.

B.1.5 Fair value measurement principles

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, regardless of whether that price is directly observable or estimated using another valuation technique. For financial assets traded in active markets, fair value is based on their quoted closing bid market prices or dealer price quotations at the reporting date without any deduction for transaction costs. For investments in managed funds, the net asset values quoted by the fund managers are considered representative of fair value of those investments.

B.1.6 De-recognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

B.1.7 Impairment

All financial assets that are not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset or a group of financial association is impaired only if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that financial asset or group of financial assets that can be estimated reliably.

B FINANCIAL INSTRUMENTS (continued)
B-1 FINANCIAL ASSETS (continued)
B.1.7 Impairment (continued)

Assets carried at amortised cost
Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a borrower or an issuer will enter bankruptcy, or the disappearance of an active market for a security.

The Group considers evidence of impairment, for loans and other financial assets carried at amortised cost, at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All individually significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in consolidated statement of income and reflected in an allowance account against receivables. If an asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Interest on the impaired asset continues to be recognised through the unwinding of the discount.

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 loss was recognised in consolidated statement of income, then the impairment loss is reversed, with the amount of the reversal recognised in consolidated statement of income.

Assets classified as available-for-sale
In case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of security below its cost is objective evidence of impairment.

Debt instruments, classified as available-for-sale, are considered as impaired, if objective evidence indicates that a loss event has occurred after the initial recognition of the instrument, and that the loss event had a negative effect on the estimated future cash flows of that instrument that can be estimated reliably.

If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in consolidated statement of income, is removed from equity and recognised in the income statement. Impairment losses recognised in the consolidated statement of income on equity instruments are reversed directly through comprehensive income. For debt instruments classified as available-for-sale, if in a subsequent period, the fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

B FINANCIAL INSTRUMENTS (continued)

B-2 FINANCIAL LIABILITIES

B.2.1 Initial recognition and measurement

The Group has the following non-derivative financial liabilities: deposits from banks, deposits from corporates, deposits from shareholders, bank term financing, financing received under repurchase agreements for securities and bonds issued. Financial liabilities are initially recognized, on the trade date at which the Group becomes a part to the contractual provisions of the instrument, at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Borrowing costs directly attributable to the acquisition of qualifying assets are capitalised as part of the cost of those assets. Other borrowing costs are recognised as an expense in the year in which they are incurred.

B.2.2 Subsequent measurement

All financial liabilities are classified as non-trading liabilities and are measured at amortised cost using the effective interest rate method.

B.2.3 De-recognition

Financial liabilities are derecognised when the Group's contractual obligations are discharged, cancelled or expire.

C CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash balances on hand and bank balances with original maturities of less than 3 months from the acquisition date, which are subject to insignificant risk of fluctuation in their realisable value.

D REPURCHASE AND RESALE AGREEMENTS

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) are not derecognised, as the Group retains all or substantially all the risks and rewards of the transferred assets. Amounts received under these agreements are treated as liabilities and the difference between the sale and repurchase price treated as interest expense using the effective interest method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the consolidated statement of financial position. Amounts paid under these agreements are treated as assets and the difference between the purchase and resale price treated as interest income using the effective interest method.

E PROPERTY, EQUIPMENT AND VESSELS

E-1 Recognition and Measurement

Items of property, equipment and vessels are stated at cost less accumulated depreciation and impairment losses, if any. Where items of property, equipment and vessels comprise significant components having different useful lives, these components are accounted for as separate items of property, equipment and vessels.

Any gain or loss on disposal of an item of property, equipment and vessels (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in the consolidated statement of income.

E-2 Subsequent expenditure

Expenditure incurred subsequently to replace a major component of an item of property, equipment and vessels that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits expected to accrue from the item of property, equipment and vessels. All other expenditure, for example on maintenance and repairs, is expensed in the consolidated statement of income as incurred.

E PROPERTY, EQUIPMENT AND VESSELS (continued)

E-3 Depreciation

Depreciation is charged to the consolidated statement of income on a straight-line basis over the estimated useful lives of the items of property, equipment and vessels. Land is not depreciated.

The estimated useful lives of the Group's property, equipment and vessels are as follows:

• Buildings	40 years
• Computers, Furniture & Equipment	3 to 10 years
• Vessels	25 years from the date built

The property, equipment and vessels residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revision of the residual value, useful life and depreciation method are included in consolidated statement of income for the year in which the changes arise.

E-4 Impairment of non-financial assets

The carrying amounts of the non-financial assets are reviewed for impairment (or reversal of impairment) at each reporting date, and whenever there is indication that the assets may have changed in value. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss or reversal of impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, although the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of income.

F EMPLOYEES' END OF SERVICE BENEFITS

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service subject to the completion of a minimum service period. Provision for the unfunded commitment (which is a defined benefit scheme under IAS 19) has been made by calculating the liability, had all the employees left at the reporting date.

G INCOME RECOGNITION

G-1 Interest income and expenses

Interest income and interest expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the consolidated statement of income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial assets and liabilities. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Fees, including loan origination less any early redemption fees are included in the calculation of the effective interest rate to the extent that they are considered to be an integral part of the effective interest rate.

G-2 Dividend income

Dividend income is recognized in the consolidated statement of income when the Group's right to receive payment is established.

G-3 Fee income

Fee income arises from financial services provided by the Group including project and structured finance transactions, for example advising on underwriting and arranging syndicated loan facilities, and is recognised when the service is provided.

Fees that are analogous to interest and are considered to be part of the overall yield on loans, specifically participation and upfront fees are initially deferred and then amortised over the lives of the related loans. The amortised income is included in interest income.

G INCOME RECOGNITION (continued)

G-4 Other income

Rent income is recognised in the consolidated statement of income on a time apportionment basis. Bareboat charter income is recognised on straight-line basis over the period of the contractual lease term. Call option premiums in the form of a flat fee are treated as an advance and amortized to income over the charter period.

H DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments and include interest rate swaps and forward currency contracts. The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

The Group designates interest rate swaps ("hedging instruments") as fair value hedges to hedge the interest rate risk on its fixed income securities ("hedged items") classified as available-for-sale securities. On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the consolidated statement of income as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

H-1 Fair value hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect consolidated statement of income, changes in the fair value of the derivative are recognised immediately in consolidated statement of income together with changes in the fair value of the hedged item that are attributable to the hedged risk (in the same line item in the consolidated statement of income as the hedged item).

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item for which the effective interest method is used, is amortised to consolidated statement of income as part of the recalculated effective interest rate of the item over its remaining life.

H-2 Other non-trading derivatives

When a derivative is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in consolidated statement of income as a component of other income.

H-3 Fair value

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using Zero Coupon curve (based on LIBOR). The fair value of interest rate swaps is determined by discounting estimated future cash flows based on the terms and maturity of each contract and the same Zero Coupon curve at the measurement date. Fair values recognized reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate.

I FINANCIAL GUARANTEE

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the guarantee has become probable.

J CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

J-1 Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Impairment of available-for-sale investments

The Group considers available for sale equity investments that are at fair value, as impaired, when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, objective evidence for impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

Operating leases

The Group has entered into a bareboat charter hire agreement for its vessels. The management considers that not all significant risks and rewards incidental to ownership of the vessels have been transferred to the lessee at the inception, during or at the end of the charter hire agreement, and accordingly, has classified the lease of the vessels as an operating lease. In determining significant risks and rewards of ownership, the management considered, among others, the significance of the lease term as compared with the estimated useful life of the vessels as well as the attractiveness or otherwise of a purchase option given to the sub-bareboat charter.

Residual value of the commercial marine vessels

The depreciable amount of the commercial marine vessels comprise of the cost of the vessel less an estimated residual value. Industry steel price will be used to determine the residual value of the vessel as at each reporting date. Changes in industry steel price could impact the residual value of the vessel; thereby having an impact on the depreciation charge in subsequent reporting periods.

J-2 Key sources of estimation uncertainty

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 discussed below:

Impairment losses on loans and advances

The Group reviews its loans portfolio at every reporting period to assess whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgment by Group is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Collective impairment provisions on loans and advances

In addition to specific provisions against individually significant loans and advances, the Group also makes a collective impairment provision against loans and advances which although not specifically identified as requiring a specific provision have a greater risk of default than when originally granted. The amount of the provision is based on the historical loss pattern for loans within each category and is adjusted to reflect current economic changes. The loans are categorised based on various credit risk characteristics of the loans.

J CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

J-2 Key sources of estimation uncertainty (continued)

Fair value measurement

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group's Investments Department perform the valuation. The Group's Investments Department works closely with the management to establish the appropriate valuation techniques and inputs to the model.

K PROVISIONS

The Group recognizes a provision when it has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

L LEGAL AND GENERAL RESERVES

Under Article 35 of APICORP's establishment agreement and statute, 10% of annual net income is to be transferred to a legal reserve until such reserve equals the paid up share capital. The legal reserve is not available for distribution.

Article 35 also permits the creation of other reserves such as a general reserve. The general reserve may be applied as is consistent with the objectives of the Group, and as may be resolved by the General Assembly, on the recommendation of the Board of Directors.

M OFFSETTING FINANCIAL INSTRUMENTS

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

N OPERATING LEASES

Leases, where substantially all risk and rewards incidental to ownership are retained by the owner are classified as operating lease. Rental income/expense from operating leases is recognised in consolidated statement of comprehensive income on a straight line basis over the lease period.

for the year ended 31 December 2015 (US$000)

1. PLACEMENTS WITH BANKS	2015	2014
With Islamic financial institutions	291,847	328,419
With conventional financial institutions	648,533	561,432
Reverse repurchase agreements	26,000	25,211
Margin call accounts on securities sold under agreements to repurchase	5,730	2,842
	972,110	917,904

Reverse repurchase agreements: The Group enters into collateralised placement transactions (Reverse repurchase agreements) in the ordinary course of its financing activities. At 31 December 2015, the fair value of securities that had been obtained as collateral under resale agreements was US $ 26,094 thousands (2014: US $ 25,003 thousands). These transactions are conducted under the terms that are usual and customary to standard securities lending and borrowings activities.

2. AVAILABLE-FOR-SALE SECURITIES	2015	2014
Fixed-rate bonds	681,922	853,680
Floating-rate bonds	209,828	241,407
Structured notes	-	29,705
Managed funds	177,230	23,561
Listed equities	-	32,739
	1,068,980	1,181,092

Movement on allowance for impairment:	2015	2014
Balance at 01 January	295	219
Net reversal for the year	(295)	(1,125)
Fair value changes	-	1,201
Balance at 31 December	**-**	295

Securities sold under agreements to repurchase: The Group enters into collateralised borrowing transactions (repurchase agreements) in the ordinary course of its financing activities. Collateral is provided in the form of securities held within the available-for-sale portfolio. At 31 December 2015, the fair value of available-for-sale securities that had been pledged as collateral under repurchase agreements was US $ Nil (2014: US $ 182,550 thousands). These transactions are conducted under the terms that are usual and customary to standard securities borrowings and lending activities.

for the year ended 31 December 2015 (US$000)

3. DIRECT EQUITY INVESTMENTS

	2015	2014
Unlisted equities – (see below)		
Kingdom of Saudi Arabia		
Saudi European Petro Co. (Ibn Zahr)	464,476	464,476
The Industrialization and Energy Services Company (TAQA)	94,004	46,832
Saudi Mechanical Industries (SMI)	42,485	-
Socialist Peoples' Libyan Arab Jamahiriya		
Arab Drilling and Workover Co. (Adwoc)	5,843	5,843
Arab Geophysical Exploration Svcs Co. (Agesco)	594	594
Arab Republic of Egypt		
Egyptian Methanex Methanal Co.	107,642	107,642
MISR Oil Processing Company SAE	33,911	33,911
Egyptian Bahraini Gas Derivative Co.	-	5,000
Non-shareholder countries		
Tankage Mediterranee (Tankmed), Tunisia	1,112	1,112
IFC Middle East and North Africa, LLP	1,770	-
	751,837	665,410
Listed equities - carried at fair value		
Kingdom of Saudi Arabia		
Yanbu National Petrochemical Company (Yansab)	64,264	95,176
Investment in an associate		
United Arab Emirates		
NPS Holdings Limited	106,429	105,371
	922,530	865,957

Movements during the year:	**2015**	2014
Balance at 1 January	865,957	822,607
Additions during the year	91,427	105,771
Share of gain/(loss) from Associate	1,058	(400)
Impairment during the year	(5,000)	(5,834)
Change in fair value during the year	(30,912)	(56,187)
Balance at 31 December	**922,530**	865,957

Movements on allowance for impairment:	**2015**	2014
Balance at 01 January	97,200	91,366
Impairment charge for the year	5,000	5,834
Balance at 31 December	**102,200**	97,200

Available-for-sale investments are re-measured to fair value, except in case of certain unlisted available-for-sale direct equity investments, where a reliable measure of fair value is not available and hence are carried at cost less impairment allowances, if any.

for the year ended 31 December 2015 (US$000)

3. DIRECT EQUITY INVESTMENTS (continued)

Companies in which the Group holds 20% or more of the equity are not treated as associates under IAS 28 - Investments in Associates because the Group's philosophy is that it should act in a fiduciary and advisory capacity and not exercise significant influence over the management and operations of the companies. These investments primarily include private equity investments in closely held project companies where the Group intends to exit these investments principally by means of strategic buy outs by an existing shareholder or through initial public offerings. The investment committee regularly evaluates exit opportunities. Accordingly, these investments are classified as available-for-sale assets.

As of 31 December 2015, all the Group's shares in Egyptian Bahraini Gas Derivative Co. of US $ 5,000 thousand are pledged as security in favour of a bank to guarantee a loan issued to Egyptian Bahraini Gas Derivative Co.

The share in total assets, liabilities, net assets of the associate (NPS Holding Company) as of December 31, 2015 were USD 166.6 million USD 61.1 million and USD 105.5 million respectively. Also, the share of net income in the associate was USD 1.0 million for the year then ended.

Commitments - uncalled share capital	**2015**	2014
At the beginning of the year	4,649	4,649
Additional commitment during the year	95,380	-
Commitments fulfilled /expired	(1,770)	-
Commitments at 31 December	**98,259**	4,649

Commitments - Guarantees	**2015**	2014
At the beginning of the year	19,300	19,300
Additional /commitments /expired during the year	(6,320)	-
Commitments at 31 December	**12,980**	19,300

4. SYNDICATED AND DIRECT LOANS	**2015**	2014
Unimpaired loans		
- Islamic	830,552	731,553
- Conventional	1,750,707	2,014,033
Unamortized participation and upfront fees	(46,279)	(55,569)
Collective impairment allowance	(24,200)	(13,600)
Impaired loans		
Non-performing loans (see below)	63,627	68,408
Performing loans	-	29,925
Allowance for specific impairments	(22,847)	(42,447)
Dividends due to Government of Iraq, offset against defaulted loans (see below)	(41,500)	(41,500)
Commitments at 31 December	**2,510,060**	2,690,803

for the year ended 31 December 2015 (US$000)

4. SYNDICATED AND DIRECT LOANS (continued)

(a) Impaired loans to companies fully owned by the Government of Iraq

As a result of the 1990-1991 second Gulf war, certain Government of Iraq controlled companies defaulted on loans amounting to US $ 51,848 thousand (2014: US $ 51,848 thousands) from the Corporation. With effect from 1998, the Corporation reduced the related impairment allowances against the defaulted loans by the amount of the unpaid dividends, while still carrying the dividends as liabilities in the consolidated statement of financial position up to 2003.

In May 2003, APICORP Board of Directors adopted a resolution authorizing management, in cases where no settlement is reached, to set-off bad debts owed to the Corporation by companies and public corporations fully owned by any of APICORP's shareholder governments, against accounts held by the Corporation belonging to such bodies and governments including dividends, provided all legal requirements are satisfied and complied with.

Accordingly, and until negotiation is undertaken with the Government of Iraq, the Corporation starting from 2003, has made a primary offset of the unpaid dividends due to the Government of Iraq, against the principal amounts of the defaulted loans due from the Government of Iraq controlled companies. Accordingly dividends of US $ 41,500 thousand (2014: US $ 41,500 thousand) due to the Government of Iraq (a shareholder in APICORP) have not been paid.

Since the beginning of default during 1990-92, the Corporation had kept memorandum record for contractual interest and fee on the defaulted Iraqi loans. Total contractual uncharged interest and fee on these impaired Iraqi loans as at 31 December 2015 amounts to US $145,319 thousands (2014: US $141,062 thousands).

Unimpaired loans movement during the year	**2015**	2014
Outstanding at 01 January	2,745,586	2,973,321
Draw-downs on new and existing loans	849,557	843,053
Repayments during the year	(1,013,886)	(1,070,880)
Exchange rate movements	2	92
Unimpaired loans outstanding at 31 December	**2,581,259**	2,745,586

Undrawn loan commitments and guarantees	**2015**	2014
At 01 January	709,644	651,921
Additional underwriting and commitment during the year	1,148,069	1,264,737
Drawdowns during the year	(849,557)	(843,053)
Expired commitments and other movements - net	(294,587)	(363,961)
Undrawn commitments at 31 December	**713,569**	709,644

Allowance for specific impairment	**2015**	2014
At 01 January	42,447	34,355
Charge for the year	560	8,092
Reversal	(3,600)	-
Write off	(16,560)	-
Balance at 31 December - net	**22,847**	42,447

Allowance for collective impairment	**2015**	2014
Balance at 01 January	13,600	12,924
Additional allowance during the year	10,600	676
Balance at 31 December	**24,200**	13,600

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5. PROPERTY, EQUIPMENT AND VESSELS

Cost	Land	Building	Vessels	Computers, Furniture & Equipment	Total
Balance at 1 January 2014	4,004	55,519	117,254	16,447	193,224
Additions	-	-	-	386	386
Balance at 31 December 2014	**4,004**	**55,519**	**117,254**	**16,833**	**193,610**
Disposal	-	-	-	190	190
Additions	-	-	-	(7)	(7)
Balance at 31 December 2015	**4,004**	**55,519**	**117,254**	**17,016**	**193,793**

Accumulated Depreciation

Balance at 1 January 2014	-	39,007	4,479	14,363	57,849
Depreciation for the year	-	1,544	4,886	713	7,143
Balance at 31 December 2014	**-**	**40,551**	**9,365**	**15,076**	**64,992**
Depreciation for the year	-	1,160	4,886	662	6,708
Disposal	-	-	-	(4)	(4)
Balance at 31 December 2015	**-**	**41,711**	**14,251**	**15,734**	**71,696**

Carrying Amount

Balance at 31 December 2015	**4,004**	**13,808**	**103,003**	**1,282**	**122,097**
Balance at 31 December 2014	4,004	14,968	107,889	1,757	128,618

The Group has five commercial marine vessels. All the five vessels have been leased to Hess Energy Trading Company, LLC in the capacity of bareboat charterer for a non-cancellable period of 5 years. The bareboat charterer has entered into a Call Option Agreement affording it the right to buy the vessel declarable at any time but not exercisable before the 1st anniversary of the acquisition of the relevant vessel (the relevant "Exercise Date"). These vessels are mortgaged against the term loan facilities (note 9).

6. OTHER ASSETS

	2015	2014
Accrued interest receivable	23,406	23,690
Dividends receivable	2,350	-
Employee loans and advances	1,767	1,505
Derivatives at fair value (note 13)	2,644	6,108
Other receivables and advance payments	3,786	3,316
	33,953	34,619

7. DEPOSITS FROM BANKS

	2015	2014
Short-term deposits from conventional banks		
US dollar currencies	21,000	-
Non US dollar currencies	49,333	29,867
Short-term Murabaha financing from Islamic financial institutions		
US dollar currency	75,000	185,000
Non US dollar currencies	26,667	-
	172,000	214,867

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8. OTHER LIABILITIES	2015	2014
Accrued interest payable	16,633	15,905
Dividend payable to shareholders	1,350	1,350
Employees' end of service benefits	9,147	12,260
Accrued expenses and other liabilities	14,537	9,434
Derivatives at fair value (note 13)	20,656	12,853
Call liabilities	5,648	7,749
	67,971	59,551

Movement on employees' end of service benefits	2015	2014
Balance as at 1 January	12,260	10,898
Charge for the year	1,272	1,552
Paid during the year	(4,385)	(190)
Balance as at 31 December	**9,147**	12,260

9. BANK TERM FINANCING	2015	2014
SAR 2,500 million loan 2012 - 2015 – fully drawn	-	666,667
SAR 500 million loan 2012 – 2017 – fully drawn	133,333	133,333
SAR 440 million loan 2012 – 2017 – fully drawn	117,333	117,333
US$ 105 million loan 2012 – 2018 – fully drawn (see below*)	67,594	75,082
SAR 1,000 million loan 2014 – 2019 – fully drawn	266,666	266,666
US $ 150 million loan 2014 – 2017 – fully drawn	150,000	150,000
SAR 3,000 million loan 2014 – 2019 – fully drawn	800,000	-
Unamortised front-end fee	(8,728)	(4,681)
	1,526,198	1,404,400

The Corporation borrows at margins ranging from 55 basis points to 88 basis points (2014: 55 basis points to 88 basis) over the Saudi riyal interbank or London interbank offered rate (depending on facility currency).

The Corporation's bank term financing are subject to following financial covenants, with which the Corporation has complied:

- The ratio of total shareholders' funds to total assets shall at all times be equal to or greater than 16.67%; and
- The amount of total shareholders' funds shall at all times be greater than US$ 800 million.

*Represents the subsidiary of the Group facility is borrowed at 3 months LIBOR plus margin of 3.25% (2014: 3 months LIBOR plus margin of 3.25%), per annum.

10. BONDS ISSUED	2015	2014
US$ 533 million bonds 2010 – 2015	-	533,333
Interest rate: Saudi riyal interbank offered rate plus 110 basis points		
Unamortised front-end fee	-	(315)
	-	533,018

The Bonds are subject to following financial covenants, with which the Group has complied:

- The ratio of total shareholders' funds to total assets shall at all times be equal to or greater than 16.67%; and
- The amount of total shareholders' funds shall at all times be greater than US$ 550 million.

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11. SUKUK ISSUED

	2015	2014
US$ 500 million bonds Series 1 of USD 3 billion Sukuk programme 2015 – 2020 Profit rate:2.383%	485,386	-
Unamortised front-end fee	(1,189)	-
	484,197	-

During the year the Group has successfully placed a five year Sukuk of USD 500 million, as part of its USD 3 billion Sukuk programme announced during July 2015. The total order book for the issuance was USD 832 million, which represents 1.7 times oversubscribed, with over 40 participating investors. However, the Sukuk issued to outside participants of USD 493 million. The deal was priced with a profit rate of 2.383% per annum, which equated to USD mid-swaps plus 100 basis points at the time of pricing.

Goldman Sachs International and Standard Chartered Bank acted as Global Coordinators for the Sukuk issuance. Sukuk is listed on the Irish Stock Exchange followed by Nasdaq Dubai, and is rated Aa3 by Moody's Investor Services.

The Group owns as a result of the sukuk transaction structure, 100% stake of APICORP Sukuk Limited, an exempted company incorporated in the Cayman Islands with limited liability and is consolidated in the Group financials.

The Group uses interest rate swaps to hedge its exposure to changes in fair value, of borrowing through fixed rate Sukuk, attributable to changes in market interest rate. Fair values of the interest rate swap agreements and underlying instruments are estimated based on the prevailing market rates of interest.

12. OFF BALANCE SHEET EXPOSURES

	2015	2014
Commitments to underwrite and fund loans (refer note 4)	713,569	709,644
Commitments to subscribe capital to available-for-sale direct equity investments(refer note 3)	98,259	4,649
Guarantees to bank on loans of investee companies (refer note 3)	12,980	19,300
Other Commitments	6,480	-
	831,288	733,593

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13. DERIVATIVE FINANCIAL INSTRUMENTS

Fair value hedges
The Group uses interest rate swaps to hedge its exposure to changes in fair value, of certain investments in fixed rate bonds, attributable to changes in market interest rate. Fair values of the interest rate swap agreements are estimated based on the prevailing market rates of interest.

Other derivatives held for risk management
The Group uses derivatives, not designated in qualifying accounting hedge relationship, to manage its exposure to market risks. The Group enters into foreign exchange forward contracts to manage against foreign exchange fluctuations. Fair values of the forward currency contracts are estimated based on the prevailing market rates of interest and forward rates of the related foreign currencies, respectively.

The fair values of derivative financial instruments held by the Group as at 31 December are provided below:

	2015		2014	
	Asset	**Liability**	**Asset**	**Liability**
Interest rate swaps (Fair value hedges)	1,896	16,855	3,688	11,807
Foreign exchange contracts (Other derivatives held for risk management)	748	3,801	2,420	1,046
At 31 December	**2,644**	**20,656**	6,108	12,853

The notional amount of derivative financial instruments held by the Group as at 31 December are provided below:

	2015	**2014**
Interest rate swaps (Fair value hedges)	1,123,129	745,518
Foreign exchange contracts (Other derivatives held for risk management)	1,594,563	2,676,725
At 31 December	2,717,692	3,422,243

The contractual maturity analysis of the derivative instruments are included as part of liquidity risk information in note 25.

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14. NET INTEREST INCOME

	2015	2014
Interest Income		
Cash and bank balances	5	1
Placements with banks – Islamic	2,978	2,661
Placements with banks – Conventional	8,184	5,274
Available-for-sale securities (net)	31,417	36,062
Syndicated and direct loans – Islamic	15,112	2,232
Syndicated and direct loans – Conventional	31,752	46,835
Amortisation of loan participation and upfront fees	17,214	13,636
Total interest income	**106,662**	106,701
Interest expense		
Deposits from banks and other cost – Conventional	(1,808)	(2,329)
Deposits from banks and other cost – Islamic	(359)	(1,841)
Securities sold under agreement to repurchase deposits	(86)	(1,246)
Deposits from corporates & shareholders – Conventional	(6,633)	(8,510)
Deposits from corporates & shareholders – Islamic	(6,991)	(4,807)
Interest rate swaps	(10,706)	(11,631)
Bank term financing	(21,822)	(22,229)
Bonds issued	(10,495)	(11,073)
Amortisation of bank term financing front - end fees	(2,855)	(2,921)
Total interest expense	**(61,755)**	(66,587)
Net interest income	**44,907**	40,114

15. NET FEE INCOME

	2015	2014
Fee income		
Underwriting and arranging services	-	357
Agency, advisory and other services	1,735	1,414
	1,735	1,771
Fee expense		
Custody fees and other charges paid to banks	(517)	(311)
Net fee income	**1,218**	1,460

16. DIVIDEND INCOME

	2015	2014
Available-for-sale securities	5,212	1,332
Available-for-sale direct equity investments	85,671	91,032
	90,883	92,364

17. REALIZED GAIN ON SALE OF AVAILABLE-FOR-SALE PORTFOLIO

	2015	2014
Available-for-sale securities	3,343	4,150
	3,343	4,150

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18. OPERATING EXPENSES	2015	2014
Staff costs	18,060	16,940
Employees' end of service benefits	1,622	1,983
Premises costs, including depreciation	7,337	7,674
Equipment and communications costs	3,354	3,299
Key Management's & Board benefits, fees and expense	3,451	4,627
Donations	379	300
Consultancy and legal fee	1,129	1,257
Other corporate expenses	2,332	1,693
	37,664	37,773

19. IMPAIRMENT, NET	2015	2014
Charge for the year		
Syndicated and direct loans (note 4):		
Specific impairment allowance	560	8,092
Collective impairment allowance	10,600	676
Available-for-sale direct equity investments (note 3)	5,000	5,834
Accrued interest receivable	4,510	-
	20,670	14,602
Less: recoveries		
Syndicated and direct loans (note 4)	(3,600)	-
Available-for-sale securities (note 2)	(295)	(1,125)
	(3,895)	(1,125)
	16,775	13,477

20. OTHER INCOME	2015	2014
Exchange, net	(1,769)	(573)
Fair value hedge ineffectiveness	1	(23)
Rent – head office building and housing compound	2,402	2,077
Bareboat charter income (see below)	14,023	14,023
Other	5,975	3,091
Share of gain/(loss) from Associate	1,058	(400)
	21,690	18,195

(a) As at December 31, the future minimum lease payments under non-cancellable leases are receivable as follows:

	2015	2014
Less than one year	13,714	13,605
Between one and five years	16,786	32,854

21. APPROPRIATIONS	2015	2014
Legal reserve	11,000	11,000
Retained earnings	93,953	100,605

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22. SHARE CAPITAL AND PER SHARE INFORMATION

The Corporation's authorised capital is US $ 2,400 million, subscribed capital is US $ 1,500 million, issued & paid up capital is US $ 1,000 million, whereas the remainder of US $ 500 million is callable capital. The capital is denominated in shares of US$ 1,000 each and is owned by the governments of the ten OAPEC states.

23. RELATED PARTY TRANSACTIONS

APICORP's principal related parties are its shareholders. Although the Group does not transact any commercial business directly with the shareholders themselves, it is engaged in financing activities with companies, which are either controlled by the shareholder governments or over which they have significant influence.

Loans to related parties	2015	2014
Loans outstanding at 31 December – gross	1,829,549	1,856,808
Allowance for specific impairments outstanding at 31 December	(22,847)	(22,287)
Dividends due to Government of Iraq, offset against defaulted loans at 31 December	(41,500)	(41,500)
Commitments to underwrite and fund loans at 31 December	445,444	498,928
Interest from loans during the year	36,790	26,480
Loan fees received during the year	13,226	3,159
Allowance for specific impairments during the year	(4,509)	(8,092)

Loans to related parties are made at prevailing market interest rates and subject to normal commercial negotiation as to terms. The majority of loans to related parties are syndicated, which means that participation and terms are negotiated by a group of arrangers, of which the Group may, or may not, be a leader. No loans to related parties were written off in 2015 and 2014.

Available-for-sale direct equity investments in related parties	2015	2014
Investments	922,560	865,957
Commitments to invest	95,380	4,649
Guarantees as shareholder	12,980	19,300
Dividends received during the year	85,671	91,032

Others	2015	2014
Deposits from corporates	997,190	691,893
Deposits from shareholders	107,463	106,443
Dividend payable to shareholders	1,350	1,350
Interest expense on deposits from corporates during the year	6,589	6,436
Interest expense on deposits from shareholders during the year	1,020	967
Balances due to key management	300	815

For key management's compensation, refer note 18.

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24. CAPITAL ADEQUACY

	2015	2014
The risk asset ratio at 31 December is as follows:		
Carrying values		
On-balance sheet assets	5,652,688	5,884,001
Off-balance sheet exposures (note 12)	831,288	733,593
	6,483,976	6,617,594
Risk-weighted exposures		
On-balance sheet assets	4,818,976	5,147,184
Off-balance sheet exposures	889,523	274,789
Total risk-weighted exposures	**5,708,499**	5,421,973
Capital adequacy ratio		
Tier – 1 capital: share capital, legal & general reserves and retained earnings	1,419,787	1,312,884
Tier – 2 capital: Investments fair value reserve & collective impairment allowance	215,817	250,847
Qualifying capital	**1,635,604**	1,563,731
Capital base expressed as a percentage of total risk-weighted exposures:		
Qualifying capital	28.65%	28.84%
Tier 1 capital	24.87%	24.21%

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group manages / monitors its capital based on the capital adequacy ratios prescribed by Basel Committee. The Group has complied with all externally imposed capital requirements throughout the year (note 9 and 10). There have been no material changes in the Group's management of capital during the year.

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management objectives

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Group Risk Management committee, which is responsible for developing and monitoring Group risk management policies.

The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group, The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

Credit risk management

Credit risk is the risk that a borrower or counter-party of the Group will be unable or unwilling to meet a commitment that it has entered into with the Group, causing a financial loss to the Group. It arises from the lending, treasury and other activities undertaken by the Group. Policies and procedures have been established for the control and monitoring of all such exposures.

Proposed loans and available-for-sale direct equity investments are subject to systematic investigation, analysis and appraisal before being reviewed by the Credit Committee (consisting of the General Manager and Senior Managers of the Corporation), which makes appropriate recommendations to the Board of Directors, who have the ultimate authority to sanction commitments. These procedures, plus the fact that most of the loans are backed by sovereign guarantees and commitments and export credit agency cover, limit the Group's exposure to credit risk.

The Group faces a credit risk on undrawn commitments because it is potentially exposed to loss in an amount equal to the total unused commitments. However the eventual loss, if any, will be considerably less than the total unused commitments, since most commitments to extend credit are contingent upon borrowers maintaining specified credit standards. All loan commitments, whether drawn or undrawn, are subject to systematic monitoring so that potential problems may be detected early and remedial action taken.

Treasury activities are controlled by means of a framework of limits and external credit ratings. Dealing in marketable securities is primarily restricted to GCC countries, United States and major European stock exchanges. Dealings are only permitted with approved internationally rated banks, brokers and other counter-parties. Securities portfolios and investing policies are reviewed from time to time by the Risk, Assets and Liabilities Committee ("RALCO").

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25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk management (continued)
The maximum exposure to credit risk on cash and bank balances is their carrying amount. Details of credit risk exposure on other financial instruments are as follows:

	Syndicated and direct loans (note 4)		**Placement with banks (note 1)**		**Bonds classified available-for-sale (note 2)**	
	2015	2014	**2015**	2014	**2015**	2014
Impaired individually						
Grade F	51,147	68,408	-	-	-	-
Grade E	700	-	-	-	-	-
Grade D	-	-	-	-	-	-
Grade C	11,780	29,952	-	-	-	-
Gross amount	63,627	98,333	-	-	-	-
Unpaid dividends and interest due to Government of Iraq	(41,500)	(41,500)				
Allowance for impairment	(22,847)	(42,447)	-	-	-	-
Carrying amount	(720)	14,413	-	-	-	-
Past due but not impaired						
Gross amount	-	-	-	-	-	-
Allowance for impairments	-	-	-	-	-	-
Carrying amount	-	-	-	-	-	-
Neither past due nor impaired						
Accounts without renegotiable terms						
Grade B	33,668	28,962	-	-	-	-
Grade A	2,547,591	2,716,597	-	-	-	-
Allowance for impairments	-	-	-	-	-	-
Accounts with renegotiable terms	-	-	-	-	-	-
Grade B	-	-	-	-	-	-
Grade A	-	-	-	-	-	-
Subtotal neither past due nor impaired	2,581,259	2,745,559	-	-	-	-
Bank placements in OECD countries (see below) Rated A-	-	-	35,000	26,423	-	-
Banks placement in non-OECD countries						
Rated A to AAA	-	-	807,821	747,475	-	-
Rated B to BBB	-	-	99,289	119,006	-	-
Not Rated	-	-	30,000	25,000	-	-
Externally rated (investment-grade) available-for-sale investments			-			
Financial institutions						
Rated A to AAA	-	-	-	-	342,586	636,215
Rated B to BBB	-	-	-	-	131,286	138,117
Governments and public sector						
Rated A to AAA	-	-	-	-	154,282	113,481
Rated B to BBB	-	-	-	-	57,952	61,901
Others sectors						
Rated A to AAA	-	-	-	-	160,282	175,078
Rated B to BBB	-	-	-	-	-	-
Not Rated available-for-sale investments	-	-	-	-	45,362	-
Subtotal total	2,580,539	2,759,972	972,110	917,904	891,750	1,124,792
Collective impairment allowance	(24,200)	(13,600)	-	-	-	-
Unamortised participation and commitment	(46,279)	(55,569)	-	-	-	-
Total carrying amount on 31 December	2,510,060	2,690,803	972,110	917,904	891,750	1,124,792

*OECD(Organisation for Economic Co-operation and Development countries)

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25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk management (continued)

The Group monitors concentration of credit risk by sector and by geographic location. An analysis of concentration of risk at the reporting date is shown below (also refer note 31 and 32).

	Syndicated and direct loans (note 4)		Placement with banks (note 1)		Bonds classified available-for-sale (note 2)	
	2015	2014	**2015**	2014	**2015**	2014
Concentration of credit risk by sector						
Oilfield production development services	343,040	443,880	-	-	5,000	26,579
Floating production, storage and offloading facilities	147,055	228,426	-	-	-	-
Liquefied Natural Gas (LNG) Plants	-	-	-	-	37,046	36,746
Petroleum and petrochemicals	519,204	638,809	-	-	-	44,967
Maritime transportation	26,334	42,023	-	-	45,362	-
Refineries	517,347	569,420	-	-	-	-
Power generation	448,864	294,094	-	-	68,907	69,974
Other petroleum	477,917	474,151	-	-	-	-
Banks and financial institutions	30,299	-	972,110	917,904	460,205	688,272
Governments and public sector	-	-	-	-	225,901	210,433
Other industries	-	-	-	-	49,329	47,821
Carrying amount on 31 December	**2,510,060**	2,690,803	**972,110**	917,904	**891,750**	1,124,792

	Syndicated and direct loans (note 4)		Placement with banks (note 1)		Bonds classified available-for-sale (note 2)	
	2015	2014	**2015**	2014	**2015**	2014
Concentration of credit risk by location						
Kingdom of Saudi Arabia	1,054,756	1,098,438	172,230	91,002	177,075	235,335
State of Qatar	650,614	733,648	323,591	363,155	109,556	151,949
Other Gulf Cooperation Council states	516,465	582,580	476,289	438,538	469,491	570,928
Egypt and North Africa	140,583	135,262	-	-	-	-
Total Arab World	**2,362,418**	2,549,928	**972,110**	892,695	**756,122**	958,212
Europe	42,299	25,000	-	24,883	44,568	74,449
Asia pacific	61,665	115,875	-	-	-	-
United States	43,678	-	-	326	91,060	92,131
Carrying amount on 31 December	**2,510,060**	2,690,803	**972,110**	917,904	**891,750**	1,124,792

Liquidity risk and funding management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk management ensures that funds are available at all times to meet the funding requirements of the Group.

The Group’s liquidity management policies are designed to ensure that even under adverse conditions, the Group has access to adequate funds to meet its obligations, and to service it core investment and lending functions. This is achieved by the application of prudent but flexible controls, which provide security of access to liquidity without undue exposure to increased costs from the liquidation of assets or to bid aggressively for deposits.

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25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk and funding management (continued)
Daily liquidity position is monitored and regular stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies are subject to review and approval by RALCO. Liquidity controls are provided for an adequately diversified deposit base in terms of maturities and the range of counter-parties. The asset and liability maturity profile based on estimated repayment terms is set out in note 28.

Contractual maturities of financial liabilities (including interest)

2015	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**5 years and over**	**Contractual outflows**	**Carrying value**
Liabilities						
Deposits from banks	(96,374)	(76,625)	-	-	(175,999)	(172,000)
Deposits from corporates	(1,362,038)	(27,637)	-	-	(1,389,675)	(1,383,156)
Deposits from shareholders	(107,569)	-	-	-	(107,569)	(107,463)
Bank term financing	(1,364)	(12,928)	(1,539,935)	-	(1,554,227)	(1,526,198)
Sukuk	315	(5,848)	(485,386)	-	(490,919)	(484,197)
	(1,567,030)	**(123,038)**	**(2,025,321)**	**-**	**(3,718,389)**	**(3,673,014)**
Derivative instruments:						
Interest rate swaps	(3,936)	(1,732)	(15,886)	(11,372)	(32,926)	(16,855)
Forward exchange contracts	(1,061,310)	(186,426)	-	-	(1,247,736)	(3,801)
Off-balance sheet exposures	-	(195,563)	(383,414)	(252,311)	(831,288)	(831,288)
	(1,065,246)	**(383,721)**	**(399,300)**	**(263,683)**	**(2,111,950)**	**(851,944)**

2014	Up to 3 months	3 months to 1 year	1 year to 5 years	5 years and over	Contractual outflows	Carrying value
Liabilities						
Deposits from banks	(140,374)	(75,763)	-	-	(216,137)	(214,867)
Deposits from corporates	(870,219)	(664,799)	-	-	(1,535,018)	(1,529,042)
Deposits from shareholders	(106,532)	-	-	-	(106,532)	(106,443)
Securities sold under agreement to repurchase	(177,895)	-	-	-	(177,895)	(177,460)
Bank term financing	(669,619)	656	(739,935)	-	(1,408,898)	(1,404,400)
Bond	(2,440)	(533,333)	-	-	(535,773)	(533,018)
	(1,967,079)	(1,273,239)	(739,935)	-	(3,980,253)	(3,965,230)
Derivative instruments						
Interest rate swaps	(2,825)	(8,201)	(36,308)	(9,083)	(56,417)	(11,807)
Forward exchange contracts	(1,328,277)	(508,804)	-	-	(1,837,081)	(1,046)
Off-balance sheet exposures	(162,499)	(144,907)	(196,491)	(229,696)	(733,593)	(733,593)
	(1,493,601)	(661,912)	(232,799)	(238,779)	(2,627,091)	(746,446)

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25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk management
Market risk is the risk that changes in market factors, such as interest rate, equity prices and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Group holds (but currently does not actively trade) debt and equity securities. Treasury activities are controlled by the Risk, Assets and Liabilities Committee and are also subject to a framework of Board-approved currency, industry and geographical limits and ratings by agencies including Standard & Poor's.

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates, foreign exchange rates and equity prices.

Interest rate risk:
Syndicated and direct loans are normally denominated in United States dollars, as is the Group's funding, and interest rates for both are normally linked to LIBOR. The Group's exposure to interest rate fluctuations on certain financial assets and liabilities is also hedged by entering into interest rate swap agreements.

Exposure to interest rate risk is restricted by permitting only a limited mismatch between the re-pricing of the main components of the Group's assets and liabilities. The re-pricing profile of assets and liabilities is set out in note 29.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a periodic basis include a 100 basis point (bp) parallel fall or rise in all yield curves worldwide. An analysis of sensitivity of the Group's consolidated statement of income and equity to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant consolidated statement of financial position) is as follows:

	100 bp parallel increase		**25 bp parallel decrease**	
	Profit/loss	Equity	Profit/loss	Equity
At 31 December 2015	**915**	**35**	**(288)**	**(25)**
At 31 December 2014	977	50	(244)	45

At reporting date the interest rate profile of Group's interest bearing financial instruments was:

	2015	2014
Fixed rate instruments		
Financial assets	1,225,441	853,680
Financial liabilities	(1,107,326)	(745,518)
	118,115	108,162
Variable rate instruments		
Financial assets	3,648,474	3,823,695
Financial liabilities	(3,188,817)	(3,965,230)
	459,657	(141,535)

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25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk management (continued)

Currency risk is minimised by regular review of exposures to currencies other than United States dollars to ensure that no significant positions are taken, which may expose the Group to undue risks. Currently there is no trading in foreign exchange. The Group's net currency exposures are set out in note 30. The Group's exposures in the currencies other than US $ is also hedged by entering into forward contracts. An analysis of the Group's consolidated statement of income sensitivity to 5% strengthening or 5% weakening of US $ against major un-pegged foreign currencies is shown below. This analysis assumes that all other variables, in particular interest rates, remain same.

At 31 December 2015	5% strengthening of US $	5% weakening of US $
EUR	973	(973)
GBP	(4,439)	4,439
CHF	1	(1)
KWD	(2,792)	2,792
JPY	2	(2)

At 31 December 2014	5% strengthening of US $	5% weakening of US $
EUR	1,944	(1,944)
GBP	19	(19)
CHF	1	(1)
KWD	4,074	(4,074)
JPY	3	(3)
EGP	8	(8)

Equity prices risk is the risk that Groups quoted equity investments will depreciate in value due to movements in the quoted equity prices. The overall authority of equity prices risk management is vested in RALCO. Periodical listed equity prices movements are reviewed by executive management and RALCO. Group's exposure to listed equities is insignificant hence sensitivity to equity prices risk is not significant.

Operational risk
Operational risk is the risk of unexpected losses resulting from inadequate or failed internal controls or procedures, systems failures, fraud, business interruption, compliance breaches, human error, management failure or inadequate staffing. A framework and methodology has been developed to identify and control the various operational risks. While operational risk cannot be entirely eliminated, it is managed and mitigated by ensuring that the appropriate infrastructure, controls, systems, procedures, and trained and competent people are in place throughout the Group. A strong internal audit function makes regular, independent appraisals of the control environment in all identified risk areas. Adequately tested contingency arrangements are also in place to support operations in the event of a range of possible disaster scenarios.

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26. EFFECTIVE INTEREST RATES

The weighted average effective interest rates of the Group's financial instruments at the reporting date were:

	2015	2014
Interest-bearing financial assets		
Fixed-rate bonds	4.85%	4.59%
Floating-rate bonds	1.89%	1.08%
Placements with banks	1.74%	1.11%
Syndicated and direct loans	1.88%	1.67%
US dollar denominated	1.89%	1.67%
Non-US dollar denominated	-	1.78%
Interest-bearing financial liabilities		
Deposits from banks	1.08%	0.75%
US dollar denominated	0.91%	0.81%
Non-US dollar – Euros, Swiss francs and Saudi riyals	1.29%	0.35%
Deposits from corporates	1.23%	0.75%
Deposits from shareholders	1.17%	0.92%
Securities sold under agreement to repurchase	-	0.95%
Bank term financing	2.09%	1.43%
Bonds issued	-	2.02%
Sukuk Bonds	2.51%	-
US$ LIBOR at 31 December was:		
One-month	0.43%	0.17%
Three-month	0.61%	0.26%
Six-month	0.85%	0.36%

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27. FAIR VALUE HIERARCHY AND CATEGORIES

Valuation of financial instruments
The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The table below analyses financial instruments, measured at fair value as at the end of the year, by level in the fair value hierarchy into which the fair value measurement is categorized:

2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale securities				
Fixed-rate bonds	681,922	-	-	**681,922**
Floating-rate bonds	209,828	-	-	**209,828**
Managed funds	-	177,230	-	**177,230**
Available-for-sale direct equity	64,264	-	745,400	**809,664**
Derivative financial assets	-	2,644	-	**2,644**
	956,014	179,874	745,400	**1,881,288**
Derivative financial liabilities	-	20,656	-	**20,656**

2014	Level 1	Level 2	Level 3	Total
Available-for-sale securities				
Fixed-rate bonds	853,680	-	-	853,680
Floating-rate bonds	241,407	-	-	241,407
Structured notes	29,705	-	-	29,705
Managed funds	-	23,561	-	23,561
Listed equities	32,739	-	-	32,739
Available-for-sale direct equity	95,176	-	653,973	749,149
Derivative financial assets	-	6,108	-	6,108
	1,252,707	29,669	653,973	1,936,349
Derivative financial liabilities	-	12,853	-	12,853

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27. FAIR VALUE HIERARCHY AND CATEGORIES (continued)

The table below set outs the allocation of financial assets and liabilities into various IAS 39 categories and the carrying amounts and fair values of the financial assets and liabilities (excluding interest).

2015	**Fair value through profits and loss**	**Loans and receivables**	**AFS investments**	**Others at amortised cost**	**Carrying amount**	**Fair value**
Cash and bank balances	-	22,958	-	-	22,958	22,958
Placements with banks	-	972,110	-	-	972,110	972,110
Available for sale securities	-	-	1,068,980	-	1,068,980	1,068,980
Available-for-sale direct equity (see below)	-	-	922,530	-	922,530	922,530
Syndicated and direct loans *(Fair value - based on discounted cash flows at current market prices)*	-	-	-	2,510,060	2,510,060	2,510,060
Other assets	2,644	1,767	-	29,542	33,953	33,953
Total assets	**2,644**	**996,835**	**1,991,510**	**2,539,602**	**5,530,591**	**5,530,591**
Deposits from banks	-	-	-	172,000	172,000	172,000
Deposits from corporates	-	-	-	1,383,156	1,383,156	1,383,156
Deposits from shareholders	-	-	-	107,463	107,463	107,463
Securities sold under agreement to repurchase	-	-	-	-	-	-
Other liabilities	20,656	-	-	47,315	67,971	67,971
Bank term financing *(Fair value - based on current market rates for similar remaining maturity)*	-	-	-	1,526,198	1,526,198	1,526,198
Sukuk issued *(Fair value - based on current market rates for similar remaining maturity)*	-	-	-	484,197	484,197	484,197
Total liabilities	**20,656**	**-**	**-**	**3,720,329**	**3,740,985**	**3,740,985**

Certain unquoted available-for-sale direct equity investments are carried at cost in the absence of reliable measure of fair value. The fair value of these investments cannot be reliably measured due to lack of information from the investee companies, which is primarily due to lack of influence of the Group on the investee companies.

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27. FAIR VALUE HIERARCHY AND CATEGORIES (continued)

2014	**Fair value through profits and loss**	**Loans and receivables**	**AFS investments**	**Others at amortised cost**	**Carrying amount**	**Fair value**
Cash and bank balances	-	65,008	-	-	65,008	65,008
Placements with bank	-	917,904	-	-	917,904	917,904
Trading securities						
Available for sale securities	-	-	1,181,092	-	1,181,092	1,181,092
Available-for-sale direct equity	-	-	865,957	-	865,957	865,957
Syndicated and direct loans *(Fair value - based on discounted cash flows at current market prices)*	-	-	-	2,690,803	2,690,803	2,837,200
Other assets	6,108	1,505	-	27,006	34,619	34,619
Total assets	6,108	984,417	2,047,049	2,717,809	5,755,383	5,901,780
Deposits from banks	-	-	-	214,867	214,867	214,867
Deposits from corporate	-	-	-	1,529,042	1,529,042	1,529,042
Deposits from shareholders	-	-	-	106,443	106,443	106,443
Securities sold under agreement to repurchase	-	-	-	177,460	177,460	177,460
Other liabilities	12,853	-	-	46,698	59,551	59,551
Bank term financing *(Fair value - based on current market rates for similar remaining maturity)*	-	-	-	1,404,400	1,404,400	1,404,400
Bonds issued *(Fair value - based on current market rates for similar remaining maturity)*	-	-	-	533,018	533,018	533,018
Total liabilities	12,853	-	-	4,011,928	4,024,781	4,024,781

Unquoted available-for-sale direct equity investments are carried at cost in the absence of reliable measure of fair value. The fair value of these investments cannot be reliably measured due to lack of information from the investee companies, which is primarily due to lack of influence of the Group on the investee companies.

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27. FAIR VALUE HIERARCHY AND CATEGORIES (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis, some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of Unobservable inputs to fair value
	2015	2014				
1) Interest rate swap (refer note 13)	Asset 1,896 Liabilities 16,855	Asset 3,688 Liabilities 11,807	Level 2	Discounted Future cash flows based on interest rates from observable yield curves at the end of the reporting period and contract interest rates.	N/A	N/A
2) Foreign currency forward contracts (refer note 13)	Asset 748 Liabilities 3,801	Asset 2,420 Liabilities 1,046	Level 2	Future cash flows based on forward exchange rates from observable forward exchange rates at the end of the reporting period and contract forward rates.	N/A	N/A
3) Available-for-sale direct equity investments (refer note 3)	Saudi European Petro Co. (Ibn Zahr) Asset 464,476	Saudi European Petro Co. (Ibn Zahr) Asset 464,476	Level 3	Free cash flow to equity	Cost of equity and terminal growth rate	Higher cost of equity and lower terminal growth rate / the lower the fair value
4) Available-for-sale direct equity investments (refer note 3)	Egyptian Methanex Methanol Co. Asset 107,642	Egyptian Methanex Methanol Co. Asset 107,642	Level 3	Free cash flow to firm	WACC and terminal growth rate	Higher cost of equity and lower terminal growth rate / the lower the fair value
5) Available-for-sale direct equity investments (refer note 3)	The Industrialization and Energy Services Company (TAQA) Asset 94,004	The Industrialization and Energy Services Company (TAQA) Asset 46,832	Level 3	Market multiples	Illiquidity discount due to lack of marketability	The higher the market multiples, the higher the fair value
6) Available-for-sale direct equity investments (refer note 3)	MISR Oil Processing Company SAE Asset 33,911	MISR Oil Processing Company SAE Asset 33,911	Level 3	Market multiples	Illiquidity discount due to lack of marketability	The higher the market multiples, the higher the fair value
7) Available-for-sale direct equity investments (refer note 3)	IFC Middle East and North Africa, LLP Asset 1,770	-	Level 3	Market multiples	Illiquidity discount due to lack of marketability	The higher the market multiples, the higher the fair value
8) Available-for-sale direct equity investments (refer note 3)	Tankage Mediterranean (Tankmed), Tunisia Asset 1,112	Tankage Mediterranean (Tankmed), Tunisia Asset 1,112	Level 3	Market multiples	Illiquidity discount due to lack of marketability	The higher the market multiples, the higher the fair value

The movement in level 3 investments represents change in fair value during the year.

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28. MATURITY PROFILE OF ASSETS AND LIABILITIES

The maturity profile of the Group's assets and liabilities, based on management's estimate of its realizations, is set out below. The apparent significant short-term mismatch between maturities of assets and liabilities is substantially reduced in practice because the majority of deposits from banks are routinely rolled over on maturity.

Assets	Up to 3 months	3 months to 1 year	1 year to 5 years	5 years and over	2015 total
Cash and cash equivalents	22,958	-	-	-	**22,958**
Deposits with banks	858,110	114,000	-	-	**972,110**
Trading securities	-	-	-	-	**-**
Available-for-sale securities	35,049	61,226	461,375	511,330	**1,068,980**
Available-for-sale direct equity investments	-	-	-	922,530	**922,530**
Syndicated and direct loans	75,745	287,313	1,163,160	983,842	**2,510,060**
Property and equipment	-	-	-	122,097	**122,097**
Other assets	26,505	7,448	-	-	**33,953**
Total assets	1,018,367	469,987	1,624,535	2,539,799	**5,652,688**

Liabilities and Equity					
Deposits from banks	(96,000)	(76,000)	-	-	**(172,000)**
Corporate Deposits	(1,355,852)	(27,304)	-	-	**(1,383,156)**
Deposits from Shareholders	(107,463)	-	-	-	**(107,463)**
REPOs	-	-	-	-	**-**
Other liabilities	(33,561)	(7,962)	(6,004)	(20,444)	**(67,971)**
Term financing - ATL	573	(65,875)	(1,460,896)	-	**(1,526,198)**
SUKUK BOND	66	198	(484,461)	-	**(484,197)**
Equity	-	-	-	(1,909,285)	**(1,909,285)**
Non-controlling Interest	-	-	-	(2,418)	**(2,418)**
Total liabilities and equity	(1,592,237)	(176,943)	(1,951,361)	(1,932,147)	**(5,652,688)**
Maturity Gap	(573,870)	293,044	(326,826)	607,652	**-**
CUMULATIVE MATURITY GAP	**(573,870)**	**(280,826)**	**(607,652)**	**-**	

2014					
Total assets	812,510	924,236	2,108,510	2,038,745	5,884,001
Total liabilities and equity	(1,970,869)	(1,282,896)	(755,885)	(1,874,351)	(5,884,001)
Maturity gap	(1,158,359)	(358,660)	1,352,625	164,394	-
Cumulative maturity gap	(1,158,359)	(1,517,019)	(164,394)	-	-

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29. REPRICING PROFILE OF FINANCIAL ASSETS AND LIABILITIES

The repricing profile of the Group's interest bearing financial assets and liabilities at 31 December was as follows:

2015 **ASSETS**	Up to 3 months	3 months to 1 year	1 year to 5 years	5 years and over	**2015** **total**
Placements with banks	858,110	114,000	-	-	**972,110**
Available for sale securities					
Floating-rate bonds	174,591	35,237	-	-	**209,828**
Syndicated and direct loans					
US$ denominated	1,423,012	1,118,616	7,171	44,220	**2,593,019**
Non US$ denominated	-	-	-	-	**-**
LIABILITIES					
Deposits from banks					
US$ denominated	(96,000)	-	-	-	**(96,000)**
Non US$ denominated	-	(76,000)	-	-	**(76,000)**
Deposits from corporate	(1,355,853)	(27,304)	-	-	**(1,383,157)**
Deposits from shareholders	(107,463)	-	-	-	**(107,463)**
Securities sold under agreement to repurchase	-	-	-	-	**-**
Bank term financing	(550,000)	(984,927)	-	-	**(1,534,927)**
Sukuk Bond	-	(485,386)	-	-	**(485,386)**
Interest rate sensitivity gap	**346,397**	**(305,764)**	**7,171**	**44,220**	**92,024**
Cumulative Gap	**346,397**	**40,633**	**47,804**	**92,024**	**-**

2014 ASSETS	Up to 3 months	3 months to 1 year	1 year to 5 years	5 years and over	2014 **total**
Placements with banks	639,048	278,856	-	-	917,904
Available for sale securities					
Floating-rate bonds	161,966	79,441	-	-	241,407
Structured notes					
Syndicated and direct loans					
US$ denominated	1,488,984	1,176,437	-	44,220	2,709,641
Non US$ denominated	222	65,648	-	-	65,870
LIABILITIES					
Deposits from banks					
US$ denominated	(110,000)	(75,000)	-	-	(185,000)
Non US$ denominated	(29,867)	-	-	-	(29,867)
Deposits from corporate	(868,235)	(660,806)	-	-	(1,529,041)
Deposits from shareholders	(106,443)	-	-	-	(106,443)
Securities sold under agreement to repurchase	(177,460)	-	-	-	(177,460)
Bank term financing	(1,216,667)	(117,333)	-	-	(1,334,000)
Bonds issued	(533,333)	-	-	-	(533,333)
Interest rate sensitivity gap	(751,785)	747,243	-	44,220	39,678
Cumulative Gap	(751,785)	(4,542)	(4,542)	39,678	-

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30. CURRENCY EXPOSURES

The Group's currency exposures at 31 December were as follows:

	Assets	Liabilities & Equity	2015 Net Exposure	2014 Net Exposure
ASSETS, LIABILITIES AND EQUITY				
United States dollar	5,070,658	(4,095,708)	974,950	936,473
Euro	19,886	(430)	19,456	38,886
Other OECD currencies (see below)	197	(88,897)	(88,700)	463
Arab currencies				
GCC (see below)	561,947	(1,467,653)	(905,706)	(975,982)
Egypt and North Africa	-	-	-	160
	5,652,688	**(5,652,688)**	**-**	-

COMMITMENTS AND GUARANTEES	2015	2014
United States dollar	822,128	733,593
Saudi Riyal	9,160	-
	831,288	733,593

Other OECD currencies
The other member countries of the Organisation for Economic Co-operation and Development, excluding the United States and the European Monetary Union countries are: Australia, Canada, Czech Republic, Denmark, Hungary, Iceland, Japan, Mexico, New Zealand, Norway, Poland, South Korea, Sweden, Switzerland, Turkey and the United Kingdom.

GCC
The member states of the Gulf Co-operation Council are: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. Their currencies except for Kuwait are pegged against the United States dollar.

Significant exchange rates
The following year-end rates have been used in translating other currencies to United States dollars:

		2015	2014
Euro	EUR 1=US$	1.0941	1.2107
Saudi riyal	SAR 1=US$	0.2666	0.2666
Swiss franc	CHF 1=US$	0.9885	1.0058
British pound	GBP 1=US$	1.4820	1.5581
Egyptian pound	EGP 1=US$	0.1277	0.1399

Since the Group's net foreign currency exposures to currencies other than US dollar and GCC currencies is not significant , the sensitivity of fluctuation in the currencies will not be significant.

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31. INDUSTRY DISTRIBUTION OF ASSETS AND LIABILITIES

The industry distribution of the Group's assets and liabilities was as follows:

ASSETS	**2015**	2014
Petroleum and petrochemicals		
Refineries	517,347	569,429
Oilfield production development and services	533,693	535,552
Floating production, storage and offloading facilities	147,055	262,114
Liquefied natural gas (LNG) plants	34,127	43,405
Petrochemical plants	1,189,550	1,542,436
Maritime transportation	144,464	120,161
Power generation	518,632	364,679
Other petroleum	618,968	482,100
Total petroleum and petrochemicals	**3,703,836**	3,919,876
Banks and financial institutions	1,036,187	994,342
Other industries	49,329	47,821
Governments and public sector institutions	863,336	921,962
Total assets at 31 December	**5,652,688**	5,884,001
LIABILITIES AND EQUITY		
Banks and financial institutions	2,774,586	2,730,816
Other petroleum and petrochemicals	966,398	760,632
Government and public sector institutions	-	533,333
Equity	1,911,704	1,859,220
Total liabilities and equity at 31 December	**5,652,688**	5,884,001
COMMITMENTS AND GUARANTEES		
Petroleum and petrochemicals		
Refineries	-	134,120
Oilfield production development and services	258,105	204,289
Liquefied natural gas (LNG) plants	56,656	-
Petrochemicals plants	70,967	153,613
Maritime transportation	48,066	48,067
Banks and financial institutions	113,441	-
Power generation	57,405	91,116
Other petroleum	226,648	102,388
Total commitments and guarantees at 31 December	**831,288**	733,593

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32. GEOGRAPHICAL DISTRIBUTION OF RISK

The geographical distribution of risk of the Group's assets and liabilities, after taking into account insurance and third-party guarantees, was as follows:

	2015	2014
ASSETS		
Kingdom of Saudi Arabia	2,161,444	2,139,260
State of Qatar	1,087,641	1,253,274
Other Gulf Cooperation Council states	1,575,690	1,696,609
Other Middle East states	-	16,048
Egypt and North Africa	289,457	294,228
Total Arab World	**5,114,232**	5,399,419
Europe	217,044	147,582
Asia pacific	62,886	116,870
United States	65,770	67,500
Other North and South America	192,756	152,630
Total assets	**5,652,688**	5,884,001
LIABILITIES AND EQUITY		
Kingdom of Saudi Arabia	3,072,889	3,202,647
State of Qatar	191,170	346,246
Other Gulf Cooperation Council states	1,573,291	1,364,590
Other Middle East states	291,100	284,028
Egypt and North Africa	517,650	504,957
Total Arab World	**5,646,100**	5,702,468
Europe	5,219	2,311
Asia pacific	1,369	179,222
Total liabilities and equity	**5,652,688**	5,884,001
COMMITMENTS AND GUARANTEES		
Kingdom of Saudi Arabia	353,535	209,448
State of Qatar	30,510	34,657
Other Gulf Cooperation Council states	82,853	162,389
Other Middle East states	-	-
Egypt and North Africa	114,635	112,442
Total Arab World	**581,533**	518,936
Europe	162,024	60,000
Asia pacific	39,665	86,590
United States	-	-
Other North and South America	48,066	68,067
	831,288	733,593