ARAB INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY S.A.L.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Arab International Development and
Investment Company S.A.L.
Beirut, Lebanon

We have audited the accompanying financial statements of Arab International Development and Investment Company S.A.L., which comprise of the statement of financial position as at December 31, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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

1. Customers cash omnibus accounts in the off-balance sheet include LBP2.8billion of bank borrowings of which LBP2billion are margin accounts that are financed by the Company on behalf of clients through bank borrowings. According to IFRS these borrowings should be recorded as liability in the statement of position with a corresponding debit to customer accounts and cash at banks and financial institutions in the amount of LBP2billion and LBP800million respectively.

Opinion

In our opinion, except for the effect of the matter referred to in paragraph (1) above, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Arab International Development and Investment Company S.A.L. as of December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, Lebanon
June 30, 2016 Deloitte & Touche

ARAB INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY S.A.L.
STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	December 31, 2015 LBP'000	December 31, 2014 LBP'000
Current Assets:			
Cash, banks and financial institutions	5	7,233,071	6,794,237
Accounts receivable	6	35,560	391,415
Prepayments and other assets	7	54,202	63,172
Total current assets		7,322,833	7,248,824
Property and equipment	8	1,509,234	1,572,734
Total Assets		8,832,067	8,821,558
LIABILITIES			
Current Liabilities:			
Credit balance with omnibus accounts	21	35,560	261,843
Due to shareholders		45,362	56,061
Accrued charges and other liabilities	9	289,990	329,849
Total current liabilities		370,912	647,753
Non-Current Liabilities:			
Provisions	10	464,262	188,232
Total liabilities		835,174	835,985
EQUITY			
Capital	11	7,500,000	7,500,000
Revaluation surplus	12	42,429	42,429
Legal reserve	13	319,122	317,249
Retained Earnings		121,209	107,167
Profit for the year		14,133	18,728
Total equity		7,996,893	7,985,573
Total Liabilities and Equity		8,832,067	8,821,558
OFF BALANCE SHEET ACCOUNTS			
Customers' accounts at fair value	21	7,744,872	11,804,631

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year Ended December 31, 2015 LBP'000	Year Ended December 31, 2014 LBP'000
Service fees and brokerage commission revenue	14	1,885,782	2,134,957
Commissions and other financial charges	15	(802,735)	(970,510)
		1,083,047	1,164,447
Employees' benefits		(593,552)	(612,897)
General and administrative expenses	16	(437,186)	(420,928)
Loss on exchange, net		(18,024)	(33,284)
Interest income	17	368,890	352,168
Interest expense	18	(784,761)	(430,778)
Other income	19	395,719	-
		(1,068,914)	(1,145,719)
Profit before income tax		14,133	18,728
Less: Provision for income tax	9	-	-
Net profit for the year		14,133	18,728
Other comprehensive income		-	-
Total comprehensive income		14,133	18,728

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

ARAB INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY S.A.L.
STATEMENT OF CHANGES IN EQUITY

	Notes	Capital LBP'000	Revaluation Surplus LBP'000	Legal Reserve LBP'000	Retained Earnings LBP'000	Profit for the Year LBP'000	Total LBP'000
Balance as at January 1, 2014		7,500,000	42,429	307,002	30,311	102,477	7,982,219
Allocation of 2013 income		-	-	10,247	92,230	(102,477)	-
Total comprehensive income for 2014		-	-	-	-	18,728	18,728
Income tax related to year 2013	10	-	-	-	(15,374)	-	(15,374)
Balance as at December 31, 2014		7,500,000	42,429	317,249	107,167	18,728	7,985,573
Allocation of 2014 income		-	-	1,873	16,855	(18,728)	-
Total comprehensive income for 2015		-	-	-	-	14,133	14,133
Income tax related to year 2014	10	-	-	-	(2,813)	-	(2,813)
Balance as at December 31, 2015		7,500,000	42,429	319,122	121,209	14,133	7,996,893

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

ARAB INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY S.A.L.
STATEMENT OF CASH FLOWS

	Notes	Year Ended December 31, 2015 LBP'000	Year Ended December 31, 2014 LBP'000
Cash flows from operating activities:			
Profit for the year		14,133	18,728
Adjustments:			
Depreciation	8	63,500	70,002
Provision for end-of-service indemnity	10	5,074	23,328
Decrease in accounts receivable		684,185	792,951
Decrease/(increase) in prepayments and other assets		8,970	(8,548)
Decrease in credit balance with omnibus accounts		(226,283)	(693,228)
Decrease in accrued charged and other liabilities		(39,859)	(48,134)
Settlements of end-of-service indemnity	10	(57,374)	-
Income tax paid		(2,813)	(15,374)
Net cash generated from operating activities		449,533	139,725
Cash flows from financing activities:			
Decrease in due to shareholders		(10,699)	(9,144)
Net cash used in financing activities		(10,699)	(9,144)
Net increase in cash and cash equivalents		438,834	130,581
Cash and cash equivalents -- beginning of year		6,794,237	6,663,656
Cash and cash equivalents -- end of year	20	7,233,071	6,794,237

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

1. COMPANY'S ACTIVITIES AND ORGANIZATION

The Company is a joint stock Company established on March 3, 1979 and registered under No. 39364 in the commercial register. The Central Bank of Lebanon licensed the Company as a brokerage firm under decision # 6213 dated June 28, 1996.

The Company's objective is to render brokerage and financial services in respect of stock/forex exchange transactions in Lebanon and abroad.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2015, have been adopted in these 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.

2.2 New and revised IFRS in issue 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	January 1, 2016
Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative	January 1, 2016
Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations	January 1, 2016
Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortization	January 1, 2016
Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* relating to bearer plants	January 1, 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	January 1, 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	January 1, 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	January 1, 2016
IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)	January 1, 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.

New and revised IFRSs	Effective for annual Periods Beginning on or After
A finalized 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 recognized	
• **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.	
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*	
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.	January 1, 2018

New and revised IFRSs	**Effective for Annual Periods Beginning on or After**
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.	
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 an investor to its associate or joint venture	Effective date deferred indefinitely
IFRS 16 Leases	January 1, 2019
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	

The Directors of the Company do not anticipate that the application of these amendments will have a significant effect on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting Standards.

The financial statements are prepared on the historical cost basis with the exception of office apartment stated at revalued amount.

The significant accounting policies adopted are set out below:

A. Accounts Receivable:

Accounts receivable are stated at their nominal value, as reduced by appropriate provision for estimated non-recoverable amounts. Provision is set up against accounts receivable when considered doubtful.

B. Foreign Currencies:

Transactions during the year, including revenues and expenses, denominated in foreign currencies are translated into Lebanese Pounds using the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated into Lebanese Pounds at the exchange rates prevailing at the reporting date. Resulting translation gains and losses are included in the statement of profit or loss.

C. Property and Equipment:

Office apartment is stated in the statement of financial position at revalued amounts, less accumulated depreciation and impairment in value, if any. Other property and equipment items are stated in the statement of financial position at their historical cost less accumulated depreciation and impairment loss, if any.

Depreciation is provided for over the estimated useful life of the related asset using the straight-line method based on the following annual depreciation rates:

	Depreciation Rate
	%
Office building and office renovation	2%
Furniture and fixtures	7.5-15%
Office and computer equipment	15%
General Installations	10%
Motorcycle	20%

D. Financial Instruments – Clients' Accounts:

Financial instruments clients' accounts are recognized on the trade date. They are initially measured at cost, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivatives are included as appreciation (depreciation) in the clients' accounts. Fair value is determined by reference to quoted market prices.

E. Employees' End-of Service Indemnities:

Provision for employees' end-of-service indemnities is provided for in accordance with the applicable labor law and Social Security regulations in Lebanon.

F. Financial Services Fees:

Financial services fees are recognized after the related transactions are fully accomplished.

G. Revenue and Expense Recognition:

Fees and commissions income are recognized as the related services are performed.

Interest income and expense are recognized on the accrued basis.

H. Income Tax:

Income tax expense is the tax currently payable. Income tax is determined and provided for in accordance with the tax prevailing laws.

Current Tax

Current tax payable is calculated based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the financial position date.

Interest income on cash at bank accounts in Lebanese banks is subject to withholding tax by the correspondent bank, and deducted at year end from the corporate tax liability not eligible for deferred tax benefit, and therefore, accounted for as prepayment on corporate income tax and reflected as a part of income tax provision expense.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5. BANKS AND FINANCIAL INSTITUTIONS

	December 31,	
	2015	**2014**
	LBP'000	**LBP'000**
Cash on hand	1,853	314
Current accounts with banks	125,564	41,604
Current accounts with correspondent financial institutions	673,448	449,406
	800,865	491,324
Term placements with banks	6,432,206	6,302,913
	7,233,071	6,794,237

Maturities of term placements as at December 31:

	2015			
	Balance in LBP		**Balance in F/Cy**	
Maturity	**Amount**	**Average Interest Rate**	**Amount**	**Average Interest Rate**
	LBP'000	**%**	**LBP'000**	**%**
First quarter 2016	5,060,188	6	1,372,018	6

	2014			
	Balance in LBP		**Balance in F/Cy**	
Maturity	**Amount**	**Average Interest Rate**	**Amount**	**Average Interest Rate**
	LBP'000	**%**	**LBP'000**	**%**
First quarter 2015	5,008,338	6	1,294,575	3.5

6. ACCOUNTS RECEIVABLE

Accounts receivable are composed of the following:

	December 31, 2015 LBP'000	December 31, 2014 LBP'000
Clients and brokers accounts	35,560	719,745
Doubtful clients	1,186,298	1,186,298
Provision against clients' accounts	(1,186,298)	(1,514,628)
	35,560	391,415

7. PREPAYMENTS AND OTHER ASSETS

Prepayments and other assets are composed of the following:

	December 31, 2015 LBP'000	December 31, 2014 LBP'000
Advances to employees	54,202	59,403
Investment in a brokerage Company	61,054	61,054
Provision for decline in investment value	(61,054)	(61,054)
Others	-	3,769
	54,202	63,172

8. PROPERTY AND EQUIPMENT

Property and equipment are composed of the following:

	Building and Office Renovation LBP'000	Furniture and Fixtures LBP'000	Office and Computer Equipment LBP'000	General Installation LBP'000	Vehicle LBP'000	Total LBP'000
Cost/Revalued Amount:						
Balance as at December 31, 2014 and 2015	1,911,501	79,165	307,095	186,717	6,010	2,490,488
Accumulated Depreciation:						
Balance as at January 1, 2014	380,668	76,968	225,189	161,005	3,922	847,752
Additions	70,002	-	-	-	-	70,002
Balance as at December 31, 2014	450,670	76,968	225,189	161,005	3,922	917,754
Additions	36,401	457	22,158	4,035	449	63,500
Balance as at December 31, 2015	487,071	77,425	247,347	165,040	4,371	981,254
Net Book Value:						
December 31, 2015	1,424,430	1,740	59,748	21,677	1,639	1,509,234
December 31, 2014	1,460,831	2,197	81,906	25,712	2,088	1,572,734

9. ACCRUED CHARGES AND OTHER LIABILITIES

This caption comprises the following:

	December 31, 2015	December 31, 2014
	LBP'000	LBP'000
Taxes on non-residents	51,524	66,489
Withheld taxes on salaries	4,416	2,925
Accrued charges	211,539	212,150
Board of directors remunerations	11,462	11,462
Commission payables	2,904	2,904
Other creditors	8,145	33,919
	289,990	329,849

The Company's tax returns for the years 2011 and 2015 are still subject to review by the tax authorities. Any additional tax liability depends on the outcome of these reviews.

Income tax expense for the year 2014 amounted to LBP2.8million was computed and paid in 2015 and booked to the retained earnings (LBP15.4million for year 2013 was computed and paid in 2014 and booked to the retained earnings).

10. PROVISIONS

This caption comprises the following:

	December 31, 2015	December 31, 2014
	LBP'000	LBP'000
Provision for employees' end-of-service indemnity	135,932	188,232
Provision for contingencies	328,330	-
	464,262	188,232

The movement of provision for contingencies was as follows:

	2015	2014
	LBP'000	LBP'000
Balance -- Beginning of year	-	-
Amount transferred from provision against clients' account (Note 7)	328,330	-
Balance -- End of year	328,330	-

The movement of provision for employees' end-of-service-indemnity was as follows:

	2015	2014
	LBP'000	LBP'000
Balance -- Beginning of year	188,232	164,904
Additions during the year	5,074	23,328
Settlements	(57,374)	-
Balance -- End of year	135,932	188,232

11. CAPITAL

The General Assembly of shareholders held on August 30, 2013 resolved to increase the Company's capital from LBP1,452,900,000 as at December 31, 2012 to LBP7,500,000,000 through transfer of LBP1,118,900,000 from retained earnings to capital and through additional capital injection in the amount of LBP4,928,200,000.

The Company's capital as at December 31, 2015 and 2014 amounting to LBP7,500,000,000 consists of 300,000 shares of nominal value LBP25,000 each, fully paid.

The general assembly, in its extraordinary meeting held on January 25, 2007, resolved to increase the Company's capital to LBP2,000,000,000 and change its legal status from a brokerage firm to a financial institution. This resolution was raised again by the Board of Directors in the meeting held on March 21, 2012, but this decision is still not yet executed.

12. REVALUATION SURPLUS

In 1997, the Company revalued its property which was approved by the ministry of finance on March 16, 1998. The revaluation surplus amounted to LBP984million, of which an amount of LBP942million was transferred to increase the capital as approved by the extraordinary general assembly in its meeting held on June 4, 1996.

13. LEGAL RESERVE

The legal reserve is accounted for in conformity with the requirements of the Lebanese Commercial law on the basis of 10% of the yearly net income, up to one third of the Company's capital. This reserve is not available for distribution.

14. SERVICE FEES AND BROKERAGE COMMISSION - REVENUE

This caption comprises the following:

	Year Ended December 31, 2015 LBP'000	2014 LBP'000
Trading and commission income	1,707,635	1,978,845
Mark ups on trading	178,147	156,112
	1,885,782	2,134,957

15. COMMISSIONS AND OTHER FINANCIAL CHARGES

This caption comprises the following:

	Year Ended December 31, 2015 LBP'000	2014 LBP'000
Brokers commissions	398,602	410,824
Correspondents commissions	355,010	518,253
Other trading expenses	49,123	41,433
	802,735	970,510

Commission expense for the year 2015 includes around LBP14million incurred and paid through the resigned general manager (LBP13million incurred and paid through the resigned general manager in 2014).

16. GENERAL AND ADMINISTRATIVE EXPENSES

This caption is composed of the following:

	Year Ended December 31, 2015 LBP'000	2014 LBP'000
Depreciation (Note 9)	63,500	70,002
Taxes and fiscal stamps	1,390	1,005
Rent and building services	36,350	27,728
Legal fees	49,899	25,878
Maintenance and repairs	25,086	44,562
Electricity and fuel	28,970	25,602
Entertainment	32,198	28,473
Audit and consultancy fees	44,697	69,330
Subscription	40,793	30,424
Office supplies	34,927	40,855
Cleaning expenses	21,149	21,145
Other expenses	58,227	35,924
	437,186	420,928

17. INTEREST INCOME

Interest income is compromised of the following:

	Year Ended December 31, 2015 LBP'000	Year Ended December 31, 2014 LBP'000
Interest income from banks	148,094	186,328
Interest income from customers	220,796	165,840
	368,890	352,168

18. INTEREST EXPENSE

This caption mainly represents interest expense on overdrafts (Note 21).

19. OTHER INCOME

On April 2015, the landlord terminated a rent contract of the company's former office located in Beirut and received an amount of LBP396million (USD262,500).

20. CASH AND CASH EQUIVALENTS

	December 31, 2015 LBP'000	December 31, 2014 LBP'000
Cash on hand	1,853	314
Current accounts with correspondents	799,012	491,010
Term placements with banks	6,432,206	6,302,913
Cash and cash equivalents	7,233,071	6,794,237

Term placements with banks are short term with original maturities of 90 days or less.

21. CUSTOMERS' ACCOUNTS

The Company's main activity is the provision of brokerage and financial services to third parties. In return it earns commissions in consideration of its services. To render such services to clients the Company holds client bank accounts, custody and brokerage accounts with correspondent banks and financial institutions. Securities or other financial instruments held at such accounts, by the Company on behalf of the clients, are accounted for at historical nominal values in an off-balance sheet accounts as follows:

	December 31,	
	2015	2014
	LBP'000	LBP'000
Cash on hand	60,128	60,133
Current accounts with banks and financial institutions	15,407,824	35,779,664
Due to banks and financial institutions (Note 18)	(2,922,741)	(8,283,922)
Difference of exchange	(96,448)	(95,223)
Customers' securities portfolios – omnibus account (a)	(4,703,891)	(15,656,021)
Total customers' accounts at fair value	7,744,872	11,804,631

(a) Customers' accounts are commingled in a single cash pool account and basket of financial instruments.

All future contracts outstanding at year end 2015 under customers portfolio mature during the first quarter of 2016 (future contracts outstanding at year end 2014 under customers portfolio mature during the first quarter of 2015).

For stock trading the Company's clients mainly apply contract for difference (CFD), such a contract is an equity derivative that allows investors to speculate on share price movements, without the need for ownership of the underlying shares, hence allowing investors to take long or short positions.

Client's accounts include an aggregate net asset value balance of around LBP238million relating to board members and related parties as at December 31, 2015 (LBP1.04billion in 2014) including accounts with proxy to management.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Consequently differences can arise between carrying values and fair value estimates.

Financial instruments are reflected in the financial statements according to their classifications, in accordance with IFRS 9.

(b) Credit Risk:

This risk is mainly associated to the Company's bank balances and receivables balances. Cash balances are mentioned with counterparty with good rating. Balances under assets are reflected at their net realizable value by the Company according to previous experience and current economic situation.

(c) Market Risk:

Market risk includes currency risk and interest rate risk:

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

The Company is not exposed to currency risk since most of its assets and liabilities are denominated in U.S. Dollars and in Lebanese Pounds.

Interest Rate Risk
The Company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its interest generating assets.

(d) Liquidity Risk

Liquidity risk is the risk that a company will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management has diversified funding sources and assets are managed with liquidity approach, maintaining a healthy balance of cash, cash equivalents.

(e) Capital Risk Management

The Company manages its capital to ensure the Company's ability to continue as a going concern, while maximizing the return through the optimization of the debt and equity balance.

The Company manages the capital structure and makes the necessary revisions, in light of changes in the economics of the business and the market conditions, and the risk characteristics of operations and underlying assets. The Company's overall strategy remains unchanged from 2014.

23. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2015 were approved for issuance on ---------- by the General Manager.