

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

29 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)**Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the Group's interest-bearing financial assets and liabilities.

The Group's exposure to market risk arising from changes in interest rates relates primarily to the Group's long-term variable rate debt obligations and its cash and bank balances. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group's cash and bank balances are at floating rates of interest.

Interest rate sensitivity analysis

The impact on the Group's pre-tax profit and equity due to a reasonably possible change in interest rates on loans and borrowings at the reporting date is demonstrated in the table below. The analysis assumes that all other variables remain constant.

	<i>Pre-tax profit</i>		<i>Equity</i>	
	<i>100 basis points increase US\$ '000</i>	<i>100 basis points decrease US\$ '000</i>	<i>100 basis point increase US\$ '000</i>	<i>100 basis point decrease US\$ '000</i>
31 December 2016	(116)	116	-	-
31 December 2015	(1,994)	1,994	-	-