Bahrain Commercial Facilities Company BSC

31 MARCH 2018

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Bahrain Commercial Facilities Company BSC

Condensed consolidated interim financial information
for the three months ended 31 March 2018

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Independent auditors' report on review of condensed consolidated interim financial information

The Board of Directors
Bahrain Commercial Facilities Company BSC
Manama, Kingdom of Bahrain

2 May 2018

Introduction

We have reviewed the accompanying 31 March 2018 condensed consolidated interim financial information of Bahrain Commercial Facilities Company BSC (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2018;
- the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2018;
- the condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2018;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2018;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2018; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2018 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2018

Bahraini Dinars Thousands

	note	**31 March 2018 (reviewed)**	31 December 2017 (audited)
ASSETS			
Cash and balances with banks		2,951	5,637
Loans and advances to customers	4	292,938	294,718
Trade receivables	5	5,817	7,111
Inventories	6	30,187	29,716
Investment properties		6,976	6,939
Property and equipment		25,221	25,343
Other assets		4,618	3,608
Total assets		**368,708**	373,072
LIABILTIES AND EQUITY			
Liabilities			
Bank overdrafts		694	73
Trade and other payables		27,500	17,988
Bank term loans		171,499	177,703
Bonds issued		39,918	39,900
Total liabilities		**239,611**	235,664
Equity			
Share capital		16,335	16,335
Treasury shares		(599)	(599)
Statutory reserve		33,542	33,542
Other reserves		27,922	25,112
Retained earnings		51,897	63,018
Total equity (pages 5-6)		**129,097**	137,408
Total liabilities and equity		**368,708**	373,072

The condensed consolidated interim financial information consisting of pages 2 to 16 have been approved by the Board of Directors on 2 May 2018 and signed on its behalf by:

Khalid Mohammed Ali Mattar
Chairman of the Executive Committee

Reyadh Yusuf Hasan Sater
Vice Chairman

Dr. Adel Hubail
Chief Executive Office

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the three months ended 31 March 2018

Bahraini Dinars Thousands

	31 March 2018 (reviewed)	31 March 2017 (reviewed)
Interest income	8,772	8,014
Interest expense	(2,659)	(2,326)
Net interest income	**6,113**	5,688
Automotive revenue	13,149	13,299
Cost of sales	(11,575)	(11,588)
Gross profit on automotive revenue	**1,574**	1,711
Fee and commission income	2,746	2,409
Profit from sale of land inventory	338	182
Rental and evaluation income	195	176
Total operating income	**10,966**	10,166
Operating expenses	(5,210)	(4,669)
Impairment allowance on loans and receivables, net of recoveries	(1,093)	(978)
Other income	323	169
Profit for the period	**4,986**	4,688
Basic and diluted earnings per 100 fils share	**31 fils**	29 fils

Khalid Mohammed Ali Mattar
Chairman of the Executive Committee

Reyadh Yusuf Hasan Sater
Vice Chairman

Dr. Adel Hubail
Chief Executive Office

The condensed consolidated interim financial information consists of pages 2 to 16.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2018 Bahraini Dinars Thousands

	31 March 2018 (reviewed)	31 March 2017 (reviewed)
Profit for the period	**4,986**	4,688
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Fair value gain on cash flow hedge reserve	1,010	109
Total comprehensive income for the period	**5,996**	4,797

The condensed consolidated interim financial information consists of pages 2 to 16.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2018

Bahraini Dinars Thousands

	Share capital		Reserves and retained earnings					
				Other reserves				
2018 (reviewed)	Share capital	Treasury shares	Statutory reserve*	Cash flow hedge reserve	Donation reserve	General reserve	Retained earnings	Total equity
As at 31 December 2017 (As previously reported)	16,335	(599)	33,542	1,182	680	23,250	63,018	137,408
Impact of adopting IFRS 9 as at 1 January 2018 (note 3)	-	-	-	-	-	-	(6,250)	(6,250)
Restated balance as at 1 January 2018	**16,335**	**(599)**	**33,542**	**1,182**	**680**	**23,250**	**56,768**	**131,158**
2017 appropriations (approved by shareholders):								
- Donations approved	-	-	-	-	300	-	(300)	-
- Dividend to equity holders	-	-	-	-	-	-	(8,057)	(8,057)
- Transfer to general reserve	-	-	-	-	-	1,500	(1,500)	-
Balance after 2017 appropriations	**16,335**	**(599)**	**33,542**	**1,182**	**980**	**24,750**	**46,911**	**123,101**
Comprehensive income for the period:								
Profit for the period	-	-	-	-	-	-	4,986	4,986
Other comprehensive income:								
- Fair value gain on cash flow hedge reserve	-	-	-	1,010	-	-	-	1,010
Total comprehensive income for the period	**-**	**-**	**-**	**1,010**	**-**	**-**	**4,986**	**5,996**
Utilisation of donation reserve	-	-	-	-	-	-	-	-
At 31 March 2018	**16,335**	**(599)**	**33,542**	**2,192**	**980**	**24,750**	**51,897**	**129,097**

*Includes BD 25,292 of share premium.

The condensed consolidated interim financial information consists of pages 2 to 16.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2017 *(continued)*

Bahraini Dinars Thousands

2017 (reviewed)	Share capital		Reserves and retained earnings					
				Other reserves				
	Share capital	Treasury shares	Statutory reserve*	Cash flow hedge reserve	Donation reserve	General reserve	Retained earnings	Total equity
As at 1 January 2017	16,335	(599)	33,542	313	791	21,750	52,161	124,293
2016 appropriations (approved by shareholders):								
- Donations approved	-	-	-	-	300	-	(300)	-
- Dividend to equity holders	-	-	-	-	-	-	(8,057)	(8,057)
- Transfer to general reserve	-	-	-	-	-	1,500	(1,500)	-
Balance after 2016 appropriations	16,335	(599)	33,542	313	1,091	23,250	42,304	116,236
Comprehensive income for the period:								
Profit for the period	-	-	-	-	-	-	4,688	4,688
Other comprehensive income:								
- Fair value gain on cash flow hedge reserve	-	-	-	109	-	-	-	109
Total comprehensive income for the period	-	-	-	422	-	-	4,688	4,797
Utilisation of donation reserve	-	-	-	-	(99)	-	-	(99)
At 31 March 2017	16,335	(599)	33,542	422	992	23,250	46,992	120,934

*Includes BD 25,292 of share premium.

The condensed consolidated interim financial information consists of pages 2 to 16.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2018 Bahraini Dinars Thousands

	31 March 2018 (reviewed)	31 March 2017 (reviewed)
Operating activities		
Loan repayments, interest received and other credit related receipts	76,243	68,178
Cash receipts from automotive sales	13,626	14,138
Insurance commission received	351	294
Sale of land inventory	2,211	608
Rental income received	191	198
Loans and advances to customers disbursed	(69,692)	(61,462)
Payments to suppliers	(10,379)	(7,652)
Payments for operating expenses	(6,644)	(4,705)
Payment for purchase of land inventory	-	(156)
Interest paid	(2,418)	(2,260)
Net cash generated from operating activities	**3,489**	7,181
Investing activities		
Capital expenditure on property and equipment	(491)	(1,357)
Addition to investment properties	(121)	(48)
Proceeds from sale of property and equipment	214	146
Net cash used in investing activities	**(398)**	(1,259)
Financing activities		
Bank term loans availed	-	3,434
Bank term loans paid	(6,300)	(7,824)
Dividends paid	(10)	(3)
Donations paid	-	(99)
Net cash used in financing activities	**(6,310)**	(4,492)
Net (decrease) /Increase in cash and cash equivalents	**(3,219)**	1,430
Cash and cash equivalents at 1 January	5,280	917
Cash and cash equivalents at 31 March	**2,061**	2,347
Cash and cash equivalents comprise:		
Cash and balances with banks	2,951	3,589
Less:		
Restricted cash	(196)	(491)
Bank overdrafts	(694)	(751)
	2,061	2,347

The condensed consolidated interim financial information consists of pages 2 to 16.

1. REPORTING ENTITY

Bahrain Commercial Facilities Company BSC (the "Company") is a public shareholding company incorporated and registered in Kingdom of Bahrain. It provides short-term, medium-term, long-term loans and issue of credit card. Effective 26 June 2005, the Company became licensed and regulated by the Central Bank of Bahrain ("CBB"). This financial information is the reviewed condensed consolidated interim financial information (the "condensed consolidated interim financial information") of the Company and its subsidiaries (together referred to as the "Group") for the three month period ended 31 March 2018.

2. BASIS OF PREPARATION

(a) Statement of compliance

The accompanying interim condensed consolidated financial information is prepared in accordance with IAS 34 - "Interim Financial Reporting" which permits the condensed consolidated interim financial information to be in summarised form.

The condensed consolidated interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2017. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2017.

This is the first set of the Group's consolidated financial statements where the IFRS 9 and IFRS 15 have been applied. Changes to significant accounting policies are described in note 3.

The condensed consolidated interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2017 and the comparatives for the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows have been extracted from the reviewed condensed consolidated interim financial information for the three month period ended 31 March 2017.

(b) Judgements and estimates

The preparation of this interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS 9 and IFRS 15, which are described in Note 3.

(c) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2017 except for the impacts of adoption of IFRS 9 and IFRS 15 as set out in note 3, which may result in additional disclosures at year end.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

(a) Adoption of IFRS 9

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the consolidated financial statements as of and for the year ended 31 December 2017.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings. The Group will to continue to apply the hedge accounting requirements of IAS 39 on adoption of IFRS 9; until the macro-economic hedge requirements of IFRS 9 are issued.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are the IFRS 9 transition impact disclosures for the Group.

(i) Impact of adopting IFRS 9

The impact from the adoption of IFRS 9 as at 1 January 2018 has resulted in decrease in retained earnings by BHD 6,250.

	Retained earnings
Closing balance under IAS 39 at 31 December 2017	63,018
Impact on recognition of Expected Credit Losses	
Loans and Advances to Customers	(5,401)
Trade receivables	(849)
	(6,250)
Opening balance under IFRS 9 on date of initial application of 1 January 2018	**56,768**

3. SIGNIFICANT ACCOUNTING POLICIES (continue)

The following table reconciles the closing impairment allowance for financial assets in accordance with IAS 39 as at 31 December 2017 to the opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2018.

	31 December 2017	Re-measurement	1 January 2018
Loans and Advances to Customers under IAS 39 / financial assets at amortised cost under IFRS 9	11,800	5,401	16,201
Trade receivable under IAS 39 / financial assets at amortised cost under IFRS 9	589	849	1,438
	11,389	**6,250**	**17,639**

(ii) Classification and Measurement of Financial Instruments

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial assets, liabilities and derivative financial instruments.

The Group performed a detailed analysis of its business models for managing financial assets as well as analysing their cash flow characteristics.

The below table reconciles the original measurement categories and carrying amounts of financial assets in accordance with IAS 39 and the new measurement categories under IFRS 9 as at 31 December 2017.

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	Re-measure-ment	New carrying amount
Loans and advances to customers	Loans and receivables	Amortised cost	294,718	(5,401)	289,317
Trade receivables	Loans and receivables	Amortised cost	7,111	(849)	6,262
Cash and balance with banks	Loans and receivables	Amortised cost	5,637	-	5,637
Other assets	Loans and receivables	Amortised cost	3,608	-	3,608
			311,074	**(6,250)**	**304,824**

There were no changes to the classification and measurement of financial liabilities.

(iii) Expected credit loss / Impairment allowances

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of loans and advances, trade receivables and cash and bank balances and other assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continue)

Under IFRS 9, loss allowances are measured on either of the following bases:

a) Loans and advances

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 month ECL: includes financial assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

Stage 2: Life time ECL - not credit impaired: includes financial assets that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial asset. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight.

Stage 3 Life time ECL - credit impaired: includes financial instruments that have objective evidence of impairment at the reporting date. This stage has obligors that already are impaired (defaulted). However, regulatory requirements for credit impaired accounts will continue to apply under Stage 3.

b) Trade receivables

The ECL computations for the trade receivables from customers other than governments entities was modelled using the 'Flow rate (Net Flow)' approach. Flow rates are the percentage of outstanding balances which shows indications of impairment from being current or moderately past due to significantly past due.

Measurement of ECL: ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Presentation of ECL: Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(iv) Hedge accounting

The Group will to continue to apply the hedge accounting requirements of IAS 39 on adoption of IFRS 9, until the macro-economic hedge requirements of IFRS 9 are issued.

3. SIGNIFICANT ACCOUNTING POLICIES (continue)

(b) Changes to Judgements and estimates

Financial asset classification
Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial instruments
Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

Inputs, assumptions and techniques used for estimating impairment

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures expected credit loss using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the forecasted collateral value and the associated recovery cost.

(c) Adoption of IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, implementation of IFRS 15 will not have a significant impact on the Group's consolidated financial statements.

4. LOANS AND ADVANCES TO CUSTOMERS

(a) Exposure by staging

	31 March 2018				31 December 2017
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Total
Loans and advances	270,344	16,151	22,859	**309,354**	305,518
Less: expected credit loss	(3,089)	(2,986)	(10,341)	**(16,416)**	(10,800)
Net loans and advances	267,255	13,165	12,518	**292,938**	294,718

	As at 1 January 2018 (restated)			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances	272,586	11,845	21,087	**305,518**
Less: expected credit loss	(3,136)	(3,419)	(9,646)	**(16,201)**
Net loans and advances	269,450	8,426	11,441	**289,317**

(b) Expected credit loss movement

	Stage 1	**Stage 2**	**Stage 3 Collectively assessed**	**Stage 3 Specifically assessed**	**Total**
Expected credit loss as 1 January 2018 (restated)	3,136	3,419	9,186	460	**16,201**
Net transfer between stages	(2,189)	269	1,920	-	**-**
Charge for the period	2,142	(702)	107	(17)	**1,530**
Write off during the period	-	-	(1,315)	-	**(1,315)**
Expected credit loss as 31 March 2018	**3,089**	**2,986**	**9,898**	**443**	**16,416**

5. TRADE RECEIVABLES

	31 March 2018	31 December 2017
Trade receivables	7,293	7,700
Less: expected credit loss	(1,476)	(589)
	5,817	**7,111**

Expected credit loss movement	**31 March 2018**	31 December 2017
As at the beginning of the period	589	494
Impact of adopting IFRS 9 as at 1 January 2018 (note 3)	849	-
Restated balance as at 1 January 2018	**1,438**	494
Net charge for the period (net)	38	95
Expected credit loss at the end of the period	**1,476**	589

6. INVENTORIES

	31 March 2018 (reviewed)	31 December 2017 (audited)
Automotive stock:		
-Vehicles	15,266	13,427
-Spare parts	4,481	3,855
Land inventory	10,748	12,739
	30,495	30,021
Provision on vehicles and spare parts	(308)	(305)
	30,187	29,716

Movement on provisions (vehicle and spare parts)	**2018**	2017
At 1 January	305	350
Net charge for the period	3	50
Written off	-	(95)
At the end of period	**308**	305

7. TRANSACTIONS WITH RELATED PARTIES

The Company's major shareholders are Social Insurance Organisation, BBK BSC and National Bank of Bahrain with holding of 30.9%, 23.0% and 11.2% respectively of the Company's share capital at 31 March 2018. The Company has the following transactions with these related parties:

	31 March 2018 (reviewed)	31 December 2017 (audited)
Shareholders:		
Term loans	38,005	39,005
Bank overdrafts	573	71
Bank balance	673	1,468

	31 March 2018 (reviewed)	31 March 2017 (reviewed)
Interest Expenses	413	375

Key management personnel:
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel comprise members of the Board of Directors, the Chief Executive Officer, the Senior Vice President and the General Managers.

	31 March 2018 (reviewed)	31 March 2017 (reviewed)
Salaries and short term employee benefits	378	344
Directors remuneration and attendance fees	179	143
Credit card receivable	27	22
Sale of Land plot	99	-

7. TRANSACTIONS WITH RELATED PARTIES (continue)

No impairment losses have been recorded against balances outstanding during the period with related parties, and no specific allowance has been made for impairment losses on balances with related parties at the period end.

8. APPROPRIATIONS

At the Annual General Meeting held on 27 March 2018, the following appropriations were approved by the shareholders for 2017 and effected during the current period: transfer to general reserve of BD 1,500; transfer to donations reserve of BD 300 and cash dividend of BD 8,057.

9. OPERATING SEGMENT INFORMATION

	Revenue		**Profit**	
	Three months ended 31 March 2018 (reviewed)	Three months ended 31 March 2017 (reviewed)	**Three months ended 31 March 2018 (reviewed)**	Three months ended 31 March 2017 (reviewed)
Consumer finance	11,217	10,174	4,071	3,916
Automotive	13,149	13,299	531	593
Insurance	301	248	150	119
Real estate	2,524	721	234	60
	27,191	24,442	**4,986**	4,688

Majority of the Group's assets and liabilities are concentrated in the lending and automotive segments. Total assets as of 31 March 2018 amounted to BD 306,161 and BD 44,130 (31 December 2017: BD 308,236 and BD 44,205) and total liabilities amounted to of BD 230,886 and BD 8,286 (31 December 2017: BD 226,993 and BD 7,993) in the lending and automotive segments respectively.

10. FAIR VALUE

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 in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

All financial assets of BD 301,706 (2017: BD 308,092) are classified and measured at amortised cost. All financial liabilities of BD 237,373 (2017: BD 231,718) are classified and measured at amortised cost except derivatives which are classified and measured at fair value through profit or loss.

Fair value hierarchy

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

10. FAIR VALUE (continue)

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. ask prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments where the valuation technique includes inputs not based on market observable data.

(i) Financial assets and liabilities measured at fair value

The fair value of the derivatives, which are not exchange traded, is estimated at the amount the Group would receive or pay to terminate the contract at the reporting date taking into account current market conditions and the current credit worthiness of the counterparties. The Group's exposure to derivatives are categorised under Level 2.

(ii) Financial assets and liabilities not measured at fair value

The following tables set out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

31 March 2018 (reviewed)	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying value**
Loans and advances to customers	-	-	292,938	292,938	292,938
Bank term loans	-	171,499	-	171,499	171,499
Bonds issued	-	39,918	-	39,918	39,918

31 December 2017 (audited)	Level 1	Level 2	Level 3	Total fair value	Total Carrying value
Loans and advances to customers	-	-	294,718	294,718	294,718
Bank term loans	-	177,703	-	177,703	177,703
Bonds issued	-	39,900	-	39,900	39,900

In case of loans and advances to customers, the average interest rate of the loan portfolio is in line with current market rates for similar facilities and hence after consideration of adjustment for prepayment risk and impairment charges it is expected that the carrying value would not be materially different to fair value of these assets.

The fair value of bank term loans and bonds issued approximate their carrying value since they are at floating interest rates. The fair values of all other financial instruments approximated their respective book values due to their short-term nature.

11. COMPARATIVES

Certain comparative figures have been regrouped to conform to the current period's presentation. Such regrouping did not affect previously reported profit, comprehensive income for the period or total equity.