

**Bahrain Commercial Facilities
Company BSC**

30 June 2019

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

Bahrain Commercial Facilities Company BSC

Condensed consolidated interim financial information for the six months ended 30 June 2019

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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

30 July 2019

Introduction

We have reviewed the accompanying 30 June 2019 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 30 June 2019;
- the condensed consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2019;
- the condensed consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2019;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2019;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2019; 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 30 June 2019 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

Bahraini Dinars Thousands

	Note	30 June 2019 (reviewed)	31 December 2018 (audited)
ASSETS			
Cash and balances with banks		6,627	5,171
Loans and advances to customers	4	327,927	314,803
Trade receivables	5	7,624	8,879
Inventories	6	24,699	22,842
Investment properties	7	10,181	6,757
Property and equipment		29,083	27,364
Other assets		4,164	5,266
Total assets		410,305	391,082
LIABILITIES AND EQUITY			
Liabilities			
Bank overdrafts		697	141
Trade and other payables		25,610	20,757
Bank term loans		217,490	204,292
Bonds issued		19,975	19,964
Total liabilities		263,772	245,154
Equity			
Share capital		20,419	16,335
Treasury shares		(599)	(599)
Statutory reserve		35,042	33,542
Other reserves		25,667	26,848
Retained earnings		66,004	69,802
Total equity (page 5-6)		146,533	145,928
Total liabilities and equity		410,305	391,082

The condensed consolidated interim financial information has been approved by the Board of Directors on 30 July 2019 and signed on its behalf by:


Reyadh Yusuf Hasan Sater
Vice Chairman


Khalid Mohammed Ali Mattar
Chairman of the Executive
Committee


Dr. Adel Hubail
Chief Executive Officer

The accompanying notes from 1 to 12 are an integral part of the condensed consolidated interim financial information.

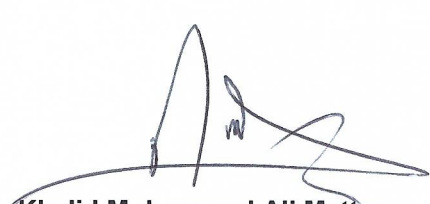
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the six months ended 30 June 2019

Bahraini Dinars Thousands

	Six months ended		Three months ended	
	30 June 2019 (reviewed)	30 June 2018 (reviewed)	30 June 2019 (reviewed)	30 June 2018 (reviewed)
Interest income	19,864	17,892	10,117	9,120
Interest expense	(6,365)	(5,590)	(3,230)	(2,931)
Net interest income	13,499	12,302	6,887	6,189
Automotive revenue	21,753	27,898	10,663	14,749
Cost of sales	(18,534)	(24,332)	(8,908)	(12,757)
Gross profit on automotive revenue	3,219	3,566	1,755	1,992
Fee and commission income	5,631	5,668	2,760	2,922
Profit from sale of land inventory	161	442	65	104
Rental and evaluation income	488	348	267	153
Total operating income	22,998	22,326	11,734	11,360
Operating expenses	(10,932)	(10,453)	(5,536)	(5,243)
Impairment allowance on loans and receivables, net of recoveries	(1,808)	(1,948)	(1,130)	(855)
Other income	579	488	247	165
Profit for the period	10,837	10,413	5,315	5,427
Basic and diluted earnings per 100 fils share	54 fils	52 fils	26 fils	27 fils



Reyadh Yusuf Hasan Sater
Vice Chairman



Khalid Mohammed Ali Mattar
Chairman of the Executive Committee



Dr. Adel Hubail
Chief Executive Officer

The accompanying notes from 1 to 12 are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2019

Bahraini Dinars Thousands

	Six months ended		Three months ended	
	30 June 2019 (reviewed)	30 June 2018 (reviewed)	30 June 2019 (reviewed)	30 June 2018 (reviewed)
Profit for the period	10,837	10,413	5,315	5,427
Other comprehensive income:				
Items that may be reclassified				
subsequently to profit or loss:				
Fair value (loss)/ gain on cash flow hedge reserve	(2,855)	1,416	(1,832)	406
Total comprehensive income for the period	7,982	11,829	3,483	5,833

The accompanying notes from 1 to 12 are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2019

Bahraini Dinars Thousands

	Share capital		Reserves and retained earnings				Total equity	
	Share capital	Treasury shares	Statutory reserve*	Other reserves				
				Cash flow hedge reserve	Donation reserve	General reserve		Retained earnings
2019 (reviewed)								
As at 1 January 2019	16,335	(599)	33,542	1,366	732	24,750	69,802	145,928
2018 appropriations (approved by shareholders):								
- Donations approved	-	-	-	-	300	-	(300)	-
- Dividend to equity holders	-	-	-	-	-	-	(7,251)	(7,251)
- Bonus share issue	4,084	-	-	-	-	-	(4,084)	-
- Transfer to statutory reserve	-	-	1,500	-	-	-	(1,500)	-
- Transfer to general reserve	-	-	-	-	-	1,500	(1,500)	-
Balance after 2018 appropriations	20,419	(599)	35,042	1,366	1,032	26,250	55,167	138,677
Comprehensive income for the period:								
Profit for the period	-	-	-	-	-	-	10,837	10,837
Other comprehensive income:								
- Fair value loss on cash flow hedge reserve	-	-	-	(2,855)	-	-	-	(2,855)
Total comprehensive income for the period	-	-	-	(2,855)	-	-	10,837	7,982
Utilisation of donation reserve	-	-	-	-	(126)	-	-	(126)
At 30 June 2019	20,419	(599)	35,042	(1,489)	906	26,250	66,004	146,533

*Includes BD 25,292 of share premium.

The accompanying notes from 1 to 12 are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2019 (continued)

Bahraini Dinars Thousands

	Share capital		Reserves and retained earnings				Total equity	
	Share capital	Treasury shares	Statutory reserve*	Other reserves				
				Cash flow hedge reserve	Donation reserve	General reserve		Retained earnings
2018 (reviewed)								
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	-	-	-	-	-	-	(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 declared	-	-	-	-	-	-	(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	-	-	-	-	-	-	10,413	10,413
Other comprehensive income:								
- Fair value gain on cash flow hedge reserve	-	-	-	1,416	-	-	-	1,416
Total comprehensive income for the period	-	-	-	1,416	-	-	10,413	11,829
Utilisation of donation reserve	-	-	-	-	(8)	-	-	(8)
At 30 June 2018	16,335	(599)	33,542	2,598	972	24,750	57,324	134,922

*Includes BD 25,292 of share premium.

The accompanying notes from 1 to 12 are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2019

Bahraini Dinars Thousands

	30 June 2019 (reviewed)	30 June 2018 (reviewed)
Operating activities		
Loan repayments, interest received and other credit related receipts	160,527	155,551
Cash receipts from automotive sales	23,454	27,905
Insurance commission received	650	641
Sale of land inventory	1,496	3,032
Rental income received	472	340
Loans and advances to customers disbursed	(148,988)	(143,440)
Payments to suppliers	(19,735)	(24,765)
Payments for operating expenses	(10,239)	(11,411)
Payment for real estate inventory	(488)	-
Directors' fees paid	(535)	(464)
Interest paid	(6,652)	(5,475)
Net cash (used in) /generated from operating activities	(38)	1,914
Investing activities		
Capital expenditure on property and equipment	(2,418)	(855)
Addition to investment properties	(3,554)	(949)
Proceeds from sale of property and equipment	353	465
Net cash used in investing activities	(5,619)	(1,339)
Financing activities		
Bank term loans availed	51,182	21,998
Bank term loans paid	(37,721)	(14,906)
Dividends paid	(7,126)	(7,846)
Donations paid	(126)	(8)
Net cash generated from / (used in) financing activities	6,209	(762)
Net increase /(decrease) in cash and cash equivalents	552	(187)
Cash and cash equivalents at 1 January	4,967	5,280
Cash and cash equivalents at 30 June	5,519	5,093
Cash and cash equivalents comprise:		
Cash and balances with banks	6,627	5,432
Less:		
Restricted cash	(411)	(227)
Bank overdrafts	(697)	(112)
	5,519	5,093

The accompanying notes from 1 to 12 are an integral part of the condensed consolidated interim financial information.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2019**

Bahraini Dinars Thousands

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 six month period ended 30 June 2019.

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 2018. 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 2018.

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 2018 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 six month period ended 30 June 2018.

(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 2018, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS 16, 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 2018 except for the impacts of adoption of IFRS 16 as set out in note 3, which has result in additional disclosures at year end.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2019**

Bahraini Dinars Thousands

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 2018.

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 2019.

The Group has initially adopted IFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

B. As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. Right-of-use assets that meet the definition of investment property are presented within investment property.

C. As a lessor

The Group leases out its investment property, including right-of-use assets. The Group has classified these leases as operating leases. The accounting policies applicable to the Group as a lessor are not different from those under IAS 17.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2019

Bahraini Dinars Thousands

3. SIGNIFICANT ACCOUNTING POLICIES (continue)

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

D. Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

E. Transition

Previously, the Group classified property leases as operating leases under IAS 17. At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

F. Impacts on financial statements

i. Impacts on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets, and additional lease liabilities as summarised below:

	January 1st, 2019
Right-of-use assets presented in property, plant and equipment	2,288
Lease Liabilities	1,238

The Company has entered into a lease agreement with Right of use value of BD 1,050 thousand as of January 1st, 2019, however the correspondent lease liability has been paid in advance at the initiation of the lease contract. When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2019

Bahraini Dinars Thousands

4. LOANS AND ADVANCES TO CUSTOMERS**(a) Exposure by staging**

As at 30 June 2019 (reviewed)				
	Stage 1	Stage 2	Stage 3	Total
Loans and advances	301,451	21,264	23,708	346,423
Less: expected credit loss	(4,444)	(2,192)	(11,860)	(18,496)
Net loans and advances	297,007	19,072	11,848	327,927

As at 31 December 2018 (Audited)				
	Stage 1	Stage 2	Stage 3	Total
Loans and advances	291,580	17,117	23,936	332,633
Less: expected credit loss	(3,116)	(3,708)	(11,006)	(17,830)
Net loans and advances	288,464	13,409	12,930	314,803

(b) Expected credit loss movement

	Stage 1	Stage 2	Stage 3 Collectively assessed	Stage 3 Specifically assessed	Total
Expected credit loss as 1 January 2019	3,116	3,708	10,039	967	17,830
Net transfer between stages	1,716	(228)	(1,547)	59	-
Charge for the period	(388)	(1,288)	4,215	267	2,806
Write off during the period	-	-	(2,042)	(98)	(2,140)
Expected credit loss as 30 June 2019	4,444	2,192	10,665	1,195	18,496

5. TRADE RECEIVABLES

	30 June 2019	31 December 2018
Trade receivables	9,040	10,259
Less: expected credit loss	(1,416)	(1,380)
	7,624	8,879

Expected credit loss movement

As at the beginning of the period under IAS 39
Impact of adopting IFRS 9 as at 1 January 2018

Balance as at 1 January 2018 under IFRS 9

Net charge for the period
Write off during the period

Expected credit loss at the end of the period

	30 June 2019	31 December 2018
	1,380	589
	-	849
	1,380	1,438
	37	(10)
	(1)	(48)
	1,416	1,380

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2019

Bahraini Dinars Thousands

6. INVENTORIES

	30 June 2019	31 December 2018
Automotive stock:		
-Vehicles	12,454	10,303
-Spare parts	4,946	4,597
Real Estate inventory	7,664	8,510
	25,064	23,410
Provision on vehicles and spare parts	(365)	(568)
	24,699	22,842

Movement on provisions (vehicle and spare parts)

	30 June 2019	30 June 2018
At 1 January	568	305
Net charge for the period	29	320
Utilization	(232)	(57)
	365	568

7. INVESTMENT PROPERTIES

	30 June 2019	31 December 2018
Cost		
At 1 January	8,094	8,056
Additions during the period	3,554	669
Transfer to Inventories	-	(631)
	11,648	8,094
Accumulated depreciation		
At 1 January	1,337	1,117
Depreciation for the period	130	220
	1,467	1,337
Net book value		
At 30 June	10,181	6,757

8. 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 30 June 2019. The Company has the following transactions with these related parties:

	30 June 2019 (reviewed)	31 December 2018 (audited)
Shareholders:		
Term loans	41,547	38,505
Bank overdrafts	660	141
Bank balance	3,221	1560

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2019

Bahraini Dinars Thousands

8. TRANSACTIONS WITH RELATED PARTIES (continue)

	30 June 2019 (reviewed)	30 June 2018 (reviewed)
Interest Expense	1,176	1,147
	31 June 2019 (reviewed)	31 December 2018 (audited)
Directors and related affiliates:		
As at		
Loans and advances/ Receivable	1,685	1,349
For the period ended 30 June		
Income	80	-

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 President and the General Managers.

	30 June 2019 (reviewed)	30 June 2018 (reviewed)
Salaries and short term employee benefits	874	757
Directors remuneration and attendance fees	410	372
Credit card receivable	31	27
Sale of land plot	-	99

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 year end.

9. APPROPRIATIONS

At the Annual General Meeting held on 26 March 2019, the following appropriations were approved by the shareholders for 2018 and effected during the current period: Bonus shares issued amounting to BD 4,084, transfer to general reserve of BD 1,500; transfer to statutory reserve of BD 1,500; transfer to donations reserve of BD 300 and cash dividend of BD 7,521.

10. OPERATING SEGMENT INFORMATION

	Revenue		Profit	
	Six months ended 30 June 2019 (reviewed)	Six months ended 30 June 2018 (reviewed)	Six months ended 30 June 2019 (reviewed)	Six months ended 30 June 2018 (reviewed)
Consumer finance	24,736	22,856	9,121	8,458
Automotive	21,767	27,905	1,231	1,348
Insurance	745	697	369	365
Real estate	1,983	3,486	116	242
	49,231	54,944	10,837	10,413

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2019

Bahraini Dinars Thousands

10. OPERATING SEGMENT INFORMATION (continue)

Majority of the Group's assets and liabilities are concentrated in the lending and automotive segments. Total assets as of 30 June 2019 amounted to BD 344,071 and BD 47,379 (31 December 2018: BD 330,017 and BD 43,846) and total liabilities amounted to of BD 250,561 and BD 12,481 (31 December 2018: BD 233,236 and BD 11,316) in the lending and automotive segments respectively.

11. 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 344,182 (2018: BD 332,186) are classified and measured at amortised cost. All financial liabilities of BD 260,007 (2018: BD 241,307) 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.

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:

30 June 2019 (reviewed)	Level 1	Level 2	Level 3	Fair value	Carrying value
Loans and advances to customers	-	-	327,927	327,927	327,927
Bank term loans	-	217,490	-	217,490	217,490
Bonds issued	-	19,975	-	19,975	19,975

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2019

Bahraini Dinars Thousands

11. FAIR VALUE (continue)

31 December 2018 (audited)	Level 1	Level 2	Level 3	Total fair value	Total Carrying value
Loans and advances to customers	-	-	314,803	314,803	314,803
Bank term loans	-	204,292	-	204,292	204,292
Bonds issued	-	19,964	-	19,964	19,964

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.

12. 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.