

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC)  
AND ITS SUBSIDIARIES  
STATE OF KUWAIT  
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019  
(UNAUDITED)  
WITH  
REPORT ON REVIEW OF INTERIM CONDENSED  
CONSOLIDATED FINANCIAL INFORMATION

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC)  
AND ITS SUBSIDIARIES  
STATE OF KUWAIT

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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**To the Board of Directors  
Metal and Recycling Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Metal and Recycling Company K.S.C. (Public) (the "Parent Company") and its subsidiaries (the "Group") as of September 30, 2019, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three months and nine months periods then ended, and the related, interim consolidated statements of changes in equity and cash flows for the nine months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim condensed consolidated financial Information Performed by the Independent Auditor of the Entity." A review of interim condensed consolidated 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**

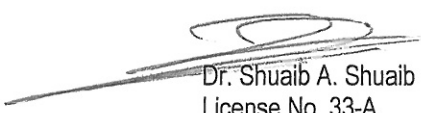
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

**Emphasis of matters**

Without qualification on our conclusion, we draw attention to note (16) regarding right of utilization built on land leased by the Group, and is assigned to the company associate, which has expired and still in the process of renewal.

**Report on other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 as amended, its Executive Regulations as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the nine months period ended September 30, 2019 that might have had a material effect on the Parent Company's financial position or results of its operation.

State of Kuwait  
October 30, 2019  
Dr. Shuaib A. Shuaib  
License No. 33-A  
RSM Albazie & Co.

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS OF SEPTEMBER 30, 2019**  
 (All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	<u>Notes</u>	<u>September 30, 2019</u>	<u>December 31, 2018 (Audited)</u>	<u>September 30, 2018</u>
<b>Current assets:</b>				
Cash and cash equivalents	4	3,316,797	1,921,442	2,009,023
Time deposits	5	914,668	1,367,583	1,367,163
Murabaha investments	6	29,715	39,715	39,715
Financial assets at fair value through profit and loss	7	183,495	183,495	183,495
Accounts receivable and other debit balances	8	4,858,235	4,356,201	4,225,668
Gross amount from customers from contract work	9	46,000	838,842	1,169,415
Inventories		2,275,902	3,675,408	2,277,792
<b>Total current assets</b>		<b>11,624,812</b>	<b>12,382,686</b>	<b>10,495,224</b>
<b>Non-current assets:</b>				
Investment in an associate	10	5,457,920	5,457,920	5,490,154
Investment properties		2,386,000	2,386,000	2,551,000
Property, plant and equipment		1,690,420	1,709,360	1,827,990
Goodwill		406,889	406,889	406,889
<b>Total non-current assets</b>		<b>9,941,229</b>	<b>9,960,169</b>	<b>10,276,033</b>
<b>Total assets</b>		<b>21,566,041</b>	<b>22,342,855</b>	<b>21,548,304</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities:</b>				
Due to banks	11	637,040	294,335	393,826
Finance lease installment contract		1,580,000	1,730,000	1,730,000
Term loans		300,000	550,000	700,000
Accounts payable and other credit balances		4,189,928	4,491,374	3,178,165
<b>Total current liabilities</b>		<b>6,706,968</b>	<b>7,065,709</b>	<b>6,001,991</b>
<b>Non-current liabilities:</b>				
Provision for end of service indemnity		916,739	761,444	741,461
<b>Total non-current liabilities</b>		<b>916,739</b>	<b>761,444</b>	<b>741,461</b>
<b>Total liabilities</b>		<b>7,623,707</b>	<b>7,827,153</b>	<b>6,743,452</b>
<b>Equity:</b>				
Share capital		10,000,000	10,000,000	10,000,000
Statutory reserve		1,520,581	1,520,581	1,520,581
Treasury shares	12	(1,056,623)	(1,056,623)	(1,056,623)
Effect of change in ownership interest of a subsidiary		402,450	402,450	483,573
Foreign currency translation reserve		11,958	11,958	11,958
Retained earnings		1,231,765	2,043,747	2,461,338
<b>Equity attributable to shareholders of the Parent Company</b>		<b>12,110,131</b>	<b>12,922,113</b>	<b>13,420,827</b>
Non-controlling interests		1,832,203	1,593,589	1,384,025
<b>Total equity</b>		<b>13,942,334</b>	<b>14,515,702</b>	<b>14,804,852</b>
<b>Total liabilities and equity</b>		<b>21,566,041</b>	<b>22,342,855</b>	<b>21,548,304</b>

The accompanying notes (1) to (19) form an integral part of the interim condensed consolidated financial information.

Msaed Ibrahim Al Houwly  
Chairman

Tarek Ibrahim Al-Mousa  
Vice Chairman and Chief Executive Officer



**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2019**  
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2019	2018	2019	2018
<b>Revenue:</b>					
Net sales		1,754,180	1,266,732	6,881,980	5,266,178
Service revenue		2,958,908	2,946,971	8,345,625	8,299,500
		<u>4,713,088</u>	<u>4,213,703</u>	<u>15,227,605</u>	<u>13,565,678</u>
<b>Costs:</b>					
Cost of sales		(1,443,404)	(999,723)	(5,667,852)	(3,935,159)
Service cost		(2,256,093)	(2,608,593)	(6,936,284)	(7,361,620)
		<u>(3,699,497)</u>	<u>(3,608,316)</u>	<u>(12,604,136)</u>	<u>(11,296,779)</u>
<b>Gross profit</b>		<u>1,013,591</u>	<u>605,387</u>	<u>2,623,469</u>	<u>2,268,899</u>
<b>Expenses and charges:</b>					
Staff cost		(347,642)	(305,188)	(1,124,081)	(839,067)
General and administrative expenses		(622,712)	(538,155)	(1,651,683)	(1,518,387)
Selling and marketing expenses		(77,909)	(56,589)	(227,097)	(189,425)
Depreciation and amortization		(48,343)	(78,497)	(150,080)	(235,646)
Provision for doubtful debts	8	(11,600)	(17,400)	(46,400)	(51,200)
Legal claims		-	-	-	(65,776)
Total expenses and charges		<u>(1,108,026)</u>	<u>(995,829)</u>	<u>(3,199,341)</u>	<u>(2,899,501)</u>
<b>Operating Loss</b>		<u>(94,435)</u>	<u>(390,442)</u>	<u>(575,872)</u>	<u>(630,602)</u>
Interest and Murabaha income		10,167	9,925	24,230	25,333
Foreign exchange (loss) gain		(869)	(1,642)	3,703	(6,102)
Finance charges		(54,733)	(81,566)	(183,632)	(234,572)
Gain on sale of property, plant and equipment		16,000	-	28,000	6,150
Other income		<u>158,833</u>	<u>57,066</u>	<u>130,203</u>	<u>49,525</u>
<b>Profit (Loss) for the period</b>		<u>34,963</u>	<u>(406,659)</u>	<u>(573,368)</u>	<u>(790,268)</u>
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income (loss) for the period</b>		<u>34,963</u>	<u>(406,659)</u>	<u>(573,368)</u>	<u>(790,268)</u>
<b>Attributable to:</b>					
Shareholders of the Parent Company		(92,372)	(459,367)	(811,982)	(940,519)
Non-controlling interests		<u>127,335</u>	<u>52,708</u>	<u>238,614</u>	<u>150,251</u>
		<u>34,963</u>	<u>(406,659)</u>	<u>(573,368)</u>	<u>(790,268)</u>
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
<b>Basic loss per share attributable to Shareholders of the Parent Company</b>	13	<u>(1.03)</u>	<u>(5.09)</u>	<u>(9.01)</u>	<u>(10.44)</u>

The accompanying notes (1) to (19) form an integral part of the interim condensed consolidated financial information.

(All amounts are in Kuwaiti Dinars)

The accompanying notes (1) to (19) form an integral part of the interim condensed consolidated financial information.

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019  
(All amounts are in Kuwaiti Dinars)

		Nine months ended September 30,	
	Note	2019	2018
<b>Cash flows from operating activities:</b>			
Loss for the period		(573,368)	(790,268)
Adjustments for:			
Depreciation and amortization		405,314	459,101
Provision for doubtful debts		46,400	51,200
Gain on sale of property, plant and equipment		(28,000)	(6,150)
Interest and Murabaha income		(24,230)	(25,333)
Finance charges		183,632	234,572
Provision for end of service indemnity		182,985	205,660
		<u>192,733</u>	<u>128,782</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(548,434)	580,284
Gross amount from customers from contract work		792,842	(567,989)
Inventories		1,399,506	(628,290)
Accounts payable and other credit balances		(301,446)	64,114
Cash flows generated (used in) from operations		<u>1,535,201</u>	<u>(423,099)</u>
Payment for end of service indemnity		(27,690)	(86,232)
Payment for NLST		-	(20,239)
Net cash flows generated from (used in) from operating activities		<u>1,507,511</u>	<u>(529,570)</u>
<b>Cash flows from investing activities:</b>			
Net movement in time deposits		452,915	304,639
Net movement in murabaha investments		10,000	-
Paid for additions on property, plant and equipment		(388,278)	(201,566)
Proceeds from sale property, plant and equipment		29,904	6,150
Interest income and Murabahat received		24,230	25,333
Net cash flows generated from investing activities		<u>128,771</u>	<u>134,556</u>
<b>Cash flows from financing activities:</b>			
Net movement on due to banks		342,705	393,826
Net movement on term loans		(200,000)	-
Net Movement on Finance lease installment contract		(150,000)	-
Dividend paid to non-controlling interest		-	(40,000)
Finance charges paid		(183,632)	(234,572)
Net cash flows (used in) generated from financing activities		<u>(240,927)</u>	<u>119,254</u>
Net increase (decrease) in cash and cash equivalents		1,395,355	(275,760)
Cash and cash equivalents at the beginning of the period		1,921,442	2,284,783
Cash and cash equivalents at the end of the period	4	<u>3,316,797</u>	<u>2,009,023</u>

The accompanying notes (1) to (19) form an integral part of the interim condensed consolidated financial information.

1. Incorporation and activities

Metal and Recycling K.S.C. (Public) the "Parent Company" is a Kuwaiti shareholding company (Public) registered in the State of Kuwait, and was incorporated based on Memorandum of Incorporation Ref. No. 113 / Volume 17 dated September 10, 1987 and its subsequent amendments, the latest of which was notarized in the commercial registration under Ref. No. 12320 dated on October 9, 2017.

The main activities of the Parent Company are as follows:

- Purchase and sale of used and scrap machinery and vehicles and their spare parts and all kinds of metals and their derivatives as well as representing specialized companies in such activities.
- Purchase and sale of the scrap of houses, industrial and commercial projects, including household tools, machinery, metal construction and other local scrap.
- Shredding, classifying; storing and selling waste and scrap inside and outside Kuwait.
- Importing machinery and materials necessary for recycling, shredding and storing scrap.
- Carrying out all trade, export and production relating to the Company's objectives inside and outside Kuwait.
- Establishing complementary industries to the trade and production of scrap.
- Management and development of areas of sale, purchase, production, and manufacture scrap and used materials and ancillary industries inside and outside State of Kuwait.
- Carrying out all demolishing and removal works for construction and representing companies in such field.
- Utilization of the Company's surplus funds by investing in portfolios managed by specialized companies.
- Holding and managing auctions related to the objectives of the Company locally and internationally and representing companies in such field.
- Developing, preparing, establishing, managing and operating industrial and professional areas.
- Incorporation and partial ownership of industrial companies and industrial management companies inside and outside State of Kuwait.
- Collection, transportation and utilization of trash waste, garbage and wreckage inside and outside State of Kuwait.
- Undertaking all kind of cleaning contracts and commitment for all agencies inside and outside State of Kuwait.
- Undertaking all kinds of services aiming at cleaning, developing and protecting the environment against pollution inside and outside State of Kuwait.
- Establishing, managing or maintaining all drainage and dumping centers and trading in the resulting materials inside and outside State of Kuwait.
- Establishing industries for recycling environmental waste, garbage and wreckage inside and outside Kuwait (with approval of the Public Authority for Industry).

The address of the Parent Company's registered office is P.O. Box 4520, Safat 13045, State of Kuwait.

The Parent Company is owned by 66.48% by Agility Public Warehousing Company – K.S.C. (Public) listed on the Kuwait Stock Exchange (the Ultimate Parent Company).

The Parent Company is currently discussing with the General Authority for Industry about the current location and the alternative locations available for its operations. The outcome of these discussions and their impact on the interim condensed consolidated financial information cannot be estimated at this time.

The interim condensed consolidated financial information were authorized for issue by the Parent Company's Board of Directors on October 30, 2019.

2. Basis of preparation

The interim condensed consolidated financial information of the Group is presented in Kuwaiti Dinars ("KD"), which is also the functional currency of the Parent Company.

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual financial statements for the fiscal year ended December 31, 2018.

The interim condensed consolidated financial information do not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial information. Operating results for the period ended September 30, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2018.

3. Changes in accounting policies due to adoption of new standards

The Group is in the process of applying IFRS 16 – "Leases" from January 1, 2019. A number of other new amendments effective from January 1, 2019 do not have a material effect on the Group's interim condensed consolidated financial information.

IFRS 16 – "Leases"

In applying IFRS 16, the Group will recognize the "lease commitments" and the related "right to use assets" in respect of leases previously classified as operating leases under IAS 17 "Leasing". The Group will apply a uniform approach to recognition and measurement of all leases in which the leased group is located, except for short-term rentals and low-value assets. The value of the right to use the assets and lease commitments recorded as at 1 January 2019 amounted to KD 497,451 and KD 513,951 respectively, and prepaid expenses relating to an earlier operating lease amounting to KD 16,500 were eliminated without any impact on the retained earnings.

The Group will apply IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019 and accordingly, the comparative information is not restated. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying assets is of low value (low-value assets).

The accounting effect on the Group in applying IFRS 16 is as follows, this effect has not been recorded until the completion and lease study in full.

	January 1, 2019
<b>Assets:</b>	
Right of use assets	497,451
Prepaid expenses	16,500
Total assets	<u>513,951</u>
<b>Liabilities:</b>	
Lease liabilities	<u>513,951</u>
	<u>513,951</u>



The accounting policies of the Group upon adoption of IFRS 16 are as follows:

**a) Right of use assets:**

The Group recognises right of use assets at the commencement date of the lease (i.e. the date underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities, except for right of use assets classified within investment properties as the group adopts the fair value model for its investment properties.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The carrying value of the right-of-use assets is classified within the interim condensed statement of financial position.

**b) Lease liabilities:**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payment (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index of a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the borrowing rate implicit in the lease is not readily determinable. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset and are recorded under lease liabilities in the interim condensed of statement of financial position.

**c) Short-term leases and leases of low-value assets:**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**d) Significant judgment in determining the lease term of contracts with renewal options:**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonable certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e. a change in business strategy).

4. Cash and cash equivalents

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Cash on hand and at banks	3,197,846	1,335,042	1,271,459
Short term bank deposits	118,951	586,400	737,564
	<u>3,316,797</u>	<u>1,921,442</u>	<u>2,009,023</u>

The effective rate on short term bank deposits during 2019 ranged from 2.5% to 2.75% per annum (September 30, 2018 – 1.25% to 2.5% per annum), these deposits have an average maturity of 90 days.

As of September 30, 2019, cash restricted by banks amounting to KD 505,614 (December 31, 2019: KD 614,043) held against certain letter of guarantee in favor of the Group.

5. Time deposits

The effective rate on time deposits ranged from 2.63% to 3.25% per annum (December 31, 2018 – 0.75% to 2.375% per annum, September 30, 2018 – 0.75% to 2.25% per annum), those deposits have an average maturity ranged from 185 days to 365 days.

Time deposits amounting to KD 914,668 (December 31, 2018: KD 1,045,997, September 30, 2018: KD 781,355) are pledged against certain letter of guarantee in favor of the Group (Note 17).

6. Murabaha investments

The effective rate on murabaha investments ranged from 1% to 1.43% per annum (December 31, 2018 - 1% to 1.43% per annum, September 30, 2018 - 1% to 1.43% per annum).

Murabaha investment are pledged against certain letter of guarantee in favor of the Group (Note 17).

7. Financial assets at fair value through profit and loss

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Unquoted:			
Equity securities	183,495	183,495	183,495
Total	<u>183,495</u>	<u>183,495</u>	<u>183,495</u>

At 1 January 2018, as a result of adoption of IFRS 9, the Group elected to reclassify financial assets with a carrying value of KD 183,495 from financial assets available for sale.

8. Accounts receivable and other debit balances

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Trade receivables	10,300,285	10,151,914	10,411,208
Provision for doubtful debts (a)	(7,690,921)	(7,644,521)	(8,343,771)
Net trade receivables	2,609,364	2,507,393	2,067,437
Staff receivables	67,256	71,655	100,639
Due from related parties (Note 14)	453,100	453,100	453,100
Amount pledged against letter of guarantees (Note 17)	6,355	6,355	56,955
Advance to suppliers	1,090,803	1,015,074	1,111,813
Provision for doubtful debts (a)	(729,131)	(729,131)	(657,848)
Net advance to suppliers	361,672	285,943	453,965
Refundable deposits	154,556	220,768	199,589
Provision for doubtful debts (a)	(10,222)	(10,222)	(10,222)
Net refundable deposits	144,334	210,546	189,367
Prepaid expenses	413,320	297,209	598,955
Retentions (Note 9)	799,670	508,998	411,096
Provision for doubtful debts (a)	(149,919)	(149,919)	(112,092)
Net retentions	649,751	359,079	299,004
Others	896,869	908,707	6,246
Provision for others (a)	(743,786)	(743,786)	-
Net others	153,083	164,921	6,246
	<u>4,858,235</u>	<u>4,356,201</u>	<u>4,225,668</u>

a) The movement on the provision for doubtful debts during the period / year is as follows:

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Balance at the beginning of the period / year	9,277,579	8,279,365	8,279,365
Impact of adoption of IFRS 9	-	917,627	793,368
Charge for the period / year	46,400	80,587	51,200
Balance at the end of the period / year	<u>9,323,979</u>	<u>9,277,579</u>	<u>9,123,933</u>

9. Gross amount due from customers from contract work

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Contract costs incurred to date plus recognized profits	3,676,733	2,743,425	2,311,763
Progress billings	(3,630,733)	(1,904,583)	(1,142,348)
Total	<u>46,000</u>	<u>838,842</u>	<u>1,169,415</u>



Represented by:

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Gross amount due from customers from contract work	46,000	838,842	1,169,415
	<u>46,000</u>	<u>838,842</u>	<u>1,169,415</u>

At September 30, 2019, retentions held by customers for contract work amounted to KD 799,670 (December 31, 2018: KD 508,998, September 30, 2018: KD 288,913) (Note 8).

10. Investment in an associate

This represents an investment of 40% in Real Estate Development Company – W.L.L., which is engaged in the management and development of different kinds of real estate, the main projects that the Company specialized in is the project of managing real estate which is located in Amghara and Mina Abdullah utilized by the Parent Company under contract with the Public Authority for Industry. This contract has not been renewed as stated in Note (16).

The Group do not recognize the group share of result from investment in an associate for the period ended in September 30, 2019, as no interim financial information was available to the associate, and the movement during the period was considered as not material.

11. Due to banks

Due to banks represent overdraft facilities granted by local banks carrying an interest rate of 2.5% per annum over the Central Bank of Kuwait discount rate and it's under renewal process until the date of preparation of interim condensed consolidated financial information.

12. Treasury shares

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Number of shares (shares) (A)	9,899,225	9,899,225	9,899,225
Percentage of paid up shares (%)	9.89%	9.89%	9.90%
Market value (KD)	350,235	623,651	673,147
Cost (KD)	1,056,623	1,056,623	1,279,879

The Parent Company's management has allotted an amount equal to the balance of treasury shares from other reserves as of the date of the interim condensed consolidated financial information. Such amount will not be available for distribution during treasury shares holding period.

13. Basic loss per share attributable to Shareholders of the Parent Company

There are no potential dilutive ordinary shares. The information necessary to calculate basic loss per share based on the weighted average number of shares outstanding during the period as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Net loss for the period attributable to Parent Company's Shareholders (KD)	(92,372)	(459,367)	(811,982)	(940,519)
	Shares	Shares	Shares	Shares
Number of outstanding shares:				
Number of issued and fully paid shares	100,000,000	100,000,000	100,000,000	100,000,000
Less: Weighted average number of treasury shares	(9,899,225)	(9,899,225)	(9,899,225)	(9,899,993)
Weighted average number of shares outstanding	90,100,775	90,100,775	90,100,775	90,100,007
	Fils	Fils	Fils	Fils
Basic loss per share attributable to Shareholders of the Parent Company	(1.03)	(5.09)	(9.01)	(10.44)

14. Related parties disclosures

The Group has entered into various transactions with shareholders, Board of Directors, key management personnel, associate and other related parties. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in interim condensed consolidated statement of financial position.

	The Ultimate Parent Company	Associate Company	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Due from related parties (Note 8)	-	453,100	453,100	453,100	453,100
Due to related parties	739,883	-	739,883	698,443	681,255

Key management remuneration

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Short term benefits	70,783	65,104	211,966	195,812
Terminal benefits	3,081	2,863	9,224	8,588
	73,864	67,967	221,190	204,400

15. Segments information

The Group is organized into functional divisions to manage its various lines of business. The Group operates mainly in the State of Kuwait. For the purposes of segment reporting, the Group's management has allocated its products and services into the following operating segments:

A. Metal shredding and used spare parts department

This represents importing machines and material necessary for shredding, sorting and selling waste scrap inside and outside State of Kuwait.

B. Commercial department

This represents purchase and sale of used and scrap machinery, vehicles and tanks and their spare parts and all kind of materials and other products derived from their materials.

- C. Waste plastic recycling department  
This represents recycling of waste, plastic, rubbles, and environmental waste and trading in the recycled materials.
- D. Shear and baler  
This represents cutting and shearing of metals and other associated activities.

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES  
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
SEPTEMBER 30, 2019  
(All amounts are in Kuwaiti Dinars)

Financial details of the above operating segments are as follows:

	September 30, 2019		December 31, 2018 (Audited)		September 30, 2018	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Commercial department	10,095,463	2,410,738	10,726,655	2,722,778	11,254,042	1,075,082
Unallocated assets and liabilities	11,470,578	5,212,969	11,616,200	5,104,375	10,294,262	5,668,370
	<u>21,566,041</u>	<u>7,623,707</u>	<u>22,342,855</u>	<u>7,827,153</u>	<u>21,548,304</u>	<u>6,743,452</u>

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	Segment revenue	Segment results	Segment revenue	Segment results
Metal shredding and used spare parts department	4,479,966	658,987	5,851,605	867,015
Commercial Department	168,951	26,444	243,181	44,869
Waste plastic recycling department	478,884	273,567	787,194	432,232
Others	5,386,716	(1,567,329)	8,345,625	(1,917,484)
	<u>10,514,517</u>	<u>(608,331)</u>	<u>15,227,605</u>	<u>(573,368)</u>
			8,299,400	(2,123,579)
			<u>13,565,678</u>	<u>(790,268)</u>

16. Rights of utilization

The Parent Company's operations are constructed on land leased by an associate, for which the right of utilization, contract was renewed on September 19, 2013 with the Public Authority for Industry for 5 years ended on May 31, 2018.

During 2018, the Company completed the procedures for receiving additional land area in Mina Abdullah area as a replacement to this land.

17. Contingent liabilities

At September 30, 2019, the Group is contingently liabilities in respect of the following:

	September 30, 2019	December 31, 2018 (Audited)	September 30, . 2018
Letters of guarantee	8,779,821	8,165,992	7,269,282
Letters of credit	-	117,055	403,208
	<u>8,779,821</u>	<u>8,283,047</u>	<u>7,672,490</u>

Certain letters of guarantee are secured by time deposits and murabaha investments and receivable and other debit balances (Note 5, 6, 8)

18. Fair value of financial instruments

The Group measures financial assets available for sale and non-financial assets such as investment properties at fair value at each reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

September 30, 2019	Level 3	Total
Financial assets at fair value through profit and loss	<u>183,495</u>	<u>183,495</u>
December 31, 2018	Level 3	Total
Financial assets at fair value through profit and loss	<u>183,495</u>	<u>183,495</u>
September 30, 2018	Level 3	Total
Financial assets at fair value through profit and loss	<u>183,495</u>	<u>183,495</u>

At September 30, the fair values of financial instruments approximate their carrying amounts, the management of the Group has assessed that fair value of its financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

19. Shareholders' Annual General Assembly

The Shareholders' Annual Ordinary General Assembly held on May 5, 2019 approved the consolidated financial statements for the fiscal year ended December 31, 2018. There was no profit distributions or bonus shares or board of directors' remuneration for the year ended December 31, 2018.

The Shareholders' Annual Ordinary General Assembly held on May 28, 2018 approved the consolidated financial statements for the fiscal year ended December 31, 2017. There was no profit distributions or bonus shares or board of directors' remuneration for the year ended December 31, 2017.