

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2022
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION**

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
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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 (collectively the "Group") as of March 31, 2022, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and cash flows for the three 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 matter

Without qualifying our conclusion, we draw attention to Note (14) regarding right of utilization for a land leased by the Group and held within the Associate Company.

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 three months period ended March 31, 2022 that might have had a material effect on the Parent Company's financial position or results of its operation, except for the Group ownership of investment properties and conducting rental activities, not disclosed in the Parent Company Articles of Association.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended March 31, 2022, that might have had a material effect on the Parent Company's financial position or results of its operations.

State of Kuwait
May 12, 2022

A handwritten signature in blue ink, appearing to read 'Nayef M. Al Bazie', is written over a horizontal blue line.

Nayef M. Al Bazie
License No. 91-A
RSM Albazie & Co.


METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2022

(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Notes	March 31, 2022	December 31, 2021 (Audited)	March 31, 2021
Current assets:				
Cash and cash equivalents	3	5,186,670	4,062,273	5,321,928
Time deposits	4	1,093,269	1,090,296	1,081,022
Accounts receivable and other debit balances	5	3,973,968	4,495,511	3,292,500
Due from related parties	6	241,375	241,375	49,000
Inventories		161,031	757,990	673,944
Total current assets		10,656,313	10,647,445	10,418,394
Non-current assets:				
Financial assets at fair value through profit and loss		34,972	34,972	34,972
Investment in associate		6,023,828	6,023,828	5,465,720
Investment properties		1,420,000	1,420,000	2,342,000
Property, plant and equipment		3,284,888	3,106,521	2,183,402
Right of use assets	7	2,410,786	2,531,136	2,250,444
Goodwill		406,889	406,889	406,889
Total non-current assets		13,581,363	13,523,346	12,683,427
Total assets		24,237,676	24,170,791	23,101,821
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Due to banks		241,624	210,781	-
Finance lease payables	8	325,000	350,000	970,000
Term loans		1,058,000	1,058,000	1,056,000
Lease liabilities	9	421,756	608,845	642,351
Accounts payable and other credit balances		2,879,933	2,981,658	5,108,377
Due to related parties	6	2,206,003	2,206,621	1,218,708
Total current liabilities		7,132,316	7,415,905	8,995,436
Non-current liabilities:				
Term loans		4,081,949	3,876,183	680,846
Lease liabilities	9	2,287,483	2,281,411	1,880,769
Provision for end of service indemnity		1,082,332	1,114,245	1,065,385
Total non-current liabilities		7,451,764	7,271,839	3,627,000
Total liabilities		14,584,080	14,687,744	12,622,436
Equity:				
Share capital		10,000,000	10,000,000	10,000,000
Statutory reserve		1,520,581	1,520,581	1,520,581
Treasury shares	10	(1,056,623)	(1,056,623)	(1,056,623)
Effect of change in Subsidiary's equity		402,450	402,450	402,450
Accumulated losses		(3,775,226)	(3,828,110)	(2,616,530)
Equity attributable to shareholders of the Parent Company		7,091,182	7,038,298	8,249,878
Non-controlling interests		2,562,414	2,444,749	2,229,507
Total equity		9,653,596	9,483,047	10,479,385
Total liabilities and equity		24,237,676	24,170,791	23,101,821

The accompanying notes from (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 MARCH 31, 2022
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended March 31,	
		2022	2021
Revenues:			
Net sales		800,640	1,737,061
Service revenue		2,752,958	2,816,179
		<u>3,553,598</u>	<u>4,553,240</u>
Expenses:			
Cost of sales		(634,211)	(1,053,233)
Service costs		(2,081,137)	(2,138,248)
		<u>(2,715,348)</u>	<u>(3,191,481)</u>
Gross profit		<u>838,250</u>	<u>1,361,759</u>
Staff costs		(287,025)	(318,389)
General and administrative expenses		(225,450)	(802,959)
Selling and marketing expenses		(39,703)	(114,944)
Depreciation		(17,438)	(19,660)
Amortization for right of use assets	7	(70,035)	(69,436)
		<u>(639,651)</u>	<u>(1,325,388)</u>
Profit from operations		198,599	36,371
Interest income		5,467	4,472
Foreign exchange gain		21,715	(9,823)
Gain on sale of property, plant and equipment		54,050	-
Finance charges		(83,811)	(69,091)
Other provisions	11	(116,902)	-
Other income	12	91,431	112,403
Profit for the period		<u>170,549</u>	<u>74,332</u>
Other comprehensive income for the period		-	-
Total comprehensive profit for the period		<u>170,549</u>	<u>74,332</u>
Attributable to:			
Shareholders of the Parent Company		52,884	(48,733)
Non-controlling interests		117,665	123,065
		<u>170,549</u>	<u>74,332</u>
		<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings (loss) per share attributable to Shareholders of the Parent Company	13	<u>0.59</u>	<u>(0.54)</u>

The accompanying notes from (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 CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2022

(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company						Non - controlling interests	Total equity
	Share capital	Statutory reserve	Treasury shares	Effect of change in subsidiary's equity	Accumulated losses	Subtotal		
Balance as at January 1, 2022	10,000,000	1,520,581	(1,056,623)	402,450	(3,828,110)	7,038,298	2,444,749	9,483,047
Total comprehensive income for the period	-	-	-	-	52,884	52,884	117,665	170,549
Balance as at March 31, 2022	10,000,000	1,520,581	(1,056,623)	402,450	(3,775,226)	7,091,182	2,562,414	9,653,596
Balance as at January 1, 2021	10,000,000	1,520,581	(1,056,623)	402,450	(2,567,797)	8,298,611	2,376,442	10,675,053
Total comprehensive (loss) income for the period	-	-	-	-	(48,733)	(48,733)	123,065	74,332
Cash dividends paid to non - controlling interests	-	-	-	-	-	-	(270,000)	(270,000)
Balance as at March 31, 2021	10,000,000	1,520,581	(1,056,623)	402,450	(2,616,530)	8,249,878	2,229,507	10,479,385

The accompanying notes from (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 MARCH 31, 2022
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended March 31,	
		2022	2021
Cash flows from operating activities:			
Profit for the period		170,549	74,332
Adjustments for:			
Depreciation		110,780	89,264
Gain on sale of property, plant and equipment		(54,050)	-
Amortization of right of use assets	7	120,350	120,680
Interest income		(5,467)	(4,472)
Finance charges		91,163	72,631
Provision for end of service indemnity		52,041	51,583
Other provisions	11	116,902	-
		<u>602,268</u>	<u>404,018</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		521,543	1,685,090
Due from related parties		-	(400)
Inventories		596,959	67,406
Accounts payable and other credit balances		(218,627)	381,347
Due to related parties		(618)	371,020
Cash flows generated from operations		<u>1,501,525</u>	<u>2,908,481</u>
Payment for end of service indemnity		<u>(83,954)</u>	<u>(8,161)</u>
Net cash flows generated from operating activities		<u>1,417,571</u>	<u>2,900,320</u>
Cash flows from investing activities:			
Net movement on time deposits		(2,973)	(4,253)
Paid for property, plant, and equipment		(289,147)	(637,871)
Proceeds from sale of property, plant and equipment		54,050	-
Interest income received		5,467	4,472
Net cash flows used in investing activities		<u>(232,603)</u>	<u>(637,652)</u>
Cash flows from financing activities:			
Net movement in due to banks		30,843	-
Net movement in Finance lease payables	8	(25,000)	-
Net movement in term loans		205,766	(58,000)
Payment of lease liabilities	9	(211,490)	(56,820)
Dividends paid to non-controlling interests		-	(270,000)
Finance charges paid		(60,690)	(43,668)
Net cash flows used in financing activities		<u>(60,571)</u>	<u>(428,488)</u>
Net increase in cash and cash equivalents		1,124,397	1,834,180
Cash and cash equivalents at the beginning of the period		3,455,484	2,880,959
Cash and cash equivalents at the end of the period	3	<u>4,579,881</u>	<u>4,715,139</u>

The accompanying notes from (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
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2022

(All amounts are in Kuwaiti Dinars)

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 June 10, 1987, and its subsequent amendments, the latest of which was notarized in the commercial registration under Ref. No. 12320 on August 15, 2018.

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.P. listed on the Kuwait Stock Exchange (The ultimate Parent Company).

The interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on May 12, 2022.

2. Basis of preparation

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, 2021.

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective. Other amendments and interpretations apply for the first time on January 1, 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunctions with the Group's annual consolidated financial statements for the year ended December 31, 2021. 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 March 31, 2022, are not necessarily indicative of the results that may be expected for the year ending December 31, 2022. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2021.

3. Cash and cash equivalents

	March 31, 2022	December 31, 2021 (Audited)	March 31, 2021
Cash on hand and at banks	2,592,745	3,693,484	5,321,928
Short term bank deposits	2,593,925	368,789	-
	5,186,670	4,062,273	5,321,928
Less: restricted cash against letters of guarantee	(606,789)	(606,789)	(606,789)
Cash and cash equivalents as presented in the consolidated statement of cash flows	4,579,881	3,455,484	4,715,139

The effective rate on short term bank deposits was 1.2% to 1.5% per annum (December 31, 2021: 1%, March 31, 2021: Nil), these deposits have an average maturity of 30 - 91 days.

As of March 31, 2022, cash restricted by banks amounting to KD 606,789 (December 31, 2021: KD 606,789, March 31, 2021: KD 606,789) against letters of guarantee (Note 15).

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2022

(All amounts are in Kuwaiti Dinars)

4. Time deposits

The effective rate on time deposits ranged from 1.125% to 1.25% per annum (December 31, 2021: 1.125% to 1.25% per annum, March 31, 2021: 1.250% to 1.375% per annum), those deposits have an average maturity ranged from 185 to 365 days.

Time deposits amounting to KD 869,415 (December 31, 2021: KD 869,415, March 31, 2021: KD 775,823) are pledged against letters of guarantee.

5. Accounts receivable and other debit balances

	March 31, 2022	December 31, 2021 (Audited)	March 31, 2021
Trade receivables	10,777,771	10,796,390	9,749,847
Less: Provision for expected credit losses (a)	(8,275,948)	(8,275,948)	(8,233,111)
Net trade receivables	2,501,823	2,520,442	1,516,736
Advance payments to suppliers	1,018,889	897,734	1,070,693
Less: Provision for expected credit losses (a)	(845,191)	(845,191)	(845,191)
Net advanced payments to suppliers	173,698	52,543	225,502
Retention receivables	917,420	1,197,570	1,046,348
Less: Provision for expected credit losses (a)	(329,310)	(470,845)	(234,517)
Net retention receivables	588,110	726,725	811,831
Due from sale of investment property (b)	-	440,000	-
Prepaid expenses	293,963	353,168	78,406
Refundable deposits	156,774	116,519	89,592
Staff receivables	193,670	221,333	39,696
Others	65,930	64,781	530,737
	3,973,968	4,495,511	3,292,500

(a) The movement on provision for expected credit losses during the period / year is as follows:

	March 31, 2022	December 31, 2021 (Audited)	March 31, 2021
Balance at the beginning of the period / year	9,591,984	9,312,819	9,312,819
Charged for the period / year	-	309,194	-
Utilized during the period / year	(141,535)	(30,029)	-
Balance at the end of the period / year	9,450,449	9,591,984	9,312,819

(b) Due from sale of an investment property represents cash consideration amounting of KD 960,000, net of Iqara finance installments of KD 520,000 as of December 31, 2021, related to an investment property, where the Group net off the cash consideration amount and Iqara finance installments, as the lending Bank collected the cash consideration from the buyer and paid the net amount of KD 440,000 to the Group, after deducting Iqara finance installments, during the period ended March 31, 2022.

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2022

(All amounts are in Kuwaiti Dinars)

6. Related parties' disclosures

The Group has entered into various transactions with related parties i.e., Major shareholders, Board of Directors, key management personnel, associate, entities under common control and other related parties in the normal course of business. Prices and terms of payment are approved by the Group's management. Significant related party balances and transactions are as follows:

Balances included in interim condensed consolidated statement of financial position.

	<u>Major shareholder</u>	<u>Entities under common control</u>	<u>Associate</u>	<u>Others</u>	<u>March 31, 2022</u>	<u>December 31, 2021 (Audited)</u>	<u>March 31, 2021</u>
Due from related parties	-	8,000	1,000	232,375	241,375	241,375	49,000
Due to related parties	(2,144,379)	-	-	(61,624)	(2,206,003)	(2,206,621)	(1,218,708)
Accrued expenses	(180,000)	-	-	-	(180,000)	(180,000)	(180,000)
Term loans	-	(3,158,500)	-	-	(3,158,500)	(2,884,500)	-

On April 12, 2021, the Parent Company signed a loan agreement with a related party (company under common control) for a maximum amount of KD 10,000,000, bearing interest rate 4% per annum, over the Central Bank of Kuwait discount rate, due upon which of the following occurs first:

- A.
- After the expiration of 5 years from, date April 12, 2021, or,
 - When there is a change in the control of the Ultimate Parent company over the Parent Company.
- B.
- Upon an early payment request in the event of insolvency or early payment.

The loan is convertible into ordinary shares at a conversion price of 100 fils, on or before the maturity date, at the lender's option.

During the period ended March 31, 2022, the Parent Company withdrew additional amount of KD 274,000 from the original loan facility.

Transactions included in interim condensed consolidated statement of profit or loss

	<u>Major shareholder</u>	<u>Entities under common control</u>	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Finance charges	-	(44,637)	(44,637)	-
General and administrative expenses	(18,843)	-	(18,843)	(17,833)

Compensation to key management personnel

	<u>Three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Short term benefits	78,008	58,684
Terminal benefits	3,377	2,276
	81,385	60,960

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2022

(All amounts are in Kuwaiti Dinars)

7. Right of use assets

The Group leases buildings and land. The average lease term is from 5 to 10 years.

The movement of right to use assets and the allocation of amortization charges are as follows:

	Buildings	Land	Total
Net carrying amount as at January 1, 2022	612,594	1,918,542	2,531,136
Amortization charge for the period	(51,050)	(69,300)	(120,350)
Net carrying amount as at March 31, 2022	561,544	1,849,242	2,410,786
Net carrying amount as at January 1, 2021	213,988	2,157,136	2,371,124
Amortization charge for the period	(51,617)	(69,063)	(120,680)
Net carrying amount as at March 31, 2021	162,371	2,088,073	2,250,444

Amortization charged for the period is allocated as follows:

	March 31, 2022	March 31, 2021
Service costs	50,315	51,244
Interim condensed Consolidated statement of profit or loss and other comprehensive income	70,035	69,436
	120,350	120,680

8. Finance lease payables

	March 31, 2022	December 31, 2021 (Audited)	March 31, 2021
Total finance lease payables	332,089	368,328	985,968
Less: Unamortized future finance charges	(7,089)	(18,328)	(15,968)
	325,000	350,000	970,000

The Group entered into leasing financing agreements with a local bank to finance the purchase of investment properties, for three quarterly payments of KD 25,000 each and a final payment of KD 275,000, due on August 31, 2022, with an option to buy upon full settlement of contractual payments. During the period ended on March 31, 2022, an amount of KD 25,000 of lease payments has been made.

Investment properties are registered under the lending Bank's name as collateral for contractual rental payments.

The average effective rate of charge was 3% per annum above the Central Bank of Kuwait discount rate as at March 31, 2022 (2021: 3% per annum above the Central Bank of Kuwait discount rate).

9. Lease liabilities

The movement of lease liabilities during the period was as follows:

	March 31, 2022	December 31, 2021 (Audited)	March 31, 2021
Balance at the beginning of the period / year	2,890,256	2,550,977	2,550,977
Additions	-	651,196	-
Financing charges	30,473	107,363	28,963
Payments	(211,490)	(410,100)	(56,820)
Rent concessions	-	(9,180)	-
Balance at the end of the period / year	2,709,239	2,890,256	2,523,120

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2022

(All amounts are in Kuwaiti Dinars)

The lease obligations are classified in the interim condensed consolidated statement of financial position as follows:

	March 31, 2022	December 31, 2021 (Audited)	March 31, 2021
Current portion	421,756	608,845	642,351
Non-current portion	2,287,483	2,281,411	1,880,769
	2,709,239	2,890,256	2,523,120

10. Treasury shares

	March 31, 2022	December 31, 2021 (Audited)	March 31, 2021
Number of shares	9,899,225	9,899,225	9,899,225
Percentage of paid-up shares	9.89%	9.89%	9.89%
Market value	821,636	940,426	1,247,302
Cost	(1,056,623)	(1,056,623)	(1,056,623)

In accordance with the decision of the Capital Markets Authority on December 30, 2013, The Parent Company's management has allotted an amount equal to treasury shares balance from the statutory reserve as of March 31, 2022. Such amount will not be available for distribution during treasury shares holding period.

11. Other provisions

on April 22, 2022, The Group received Zakat tax assessment from the Ministry of Finance for an amount of KD 116,902 representing additional taxes for the years ended December 31, 2014, until December 31, 2018. Management of the Parent Company did not agree with the basis of this additional tax assessment and is planning to submit an appeal before the Ministry of Finance within the stipulated deadline of sixty days on the assessed Zakat amount.

This Zakat assessment was considered a subsequent adjusting event, and accordingly the amount was recorded as a provision in the condensed consolidated financial information for the current period.

12. Other income

	Three months ended March 31,	
	2022	2021
Rent income	27,150	39,443
Others	64,281	72,960
	91,431	112,403

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
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13. Basic and diluted earnings (loss) per share attributable to Shareholders of the Parent Company

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

	Three months ended March 31,	
	<u>2022</u>	<u>2021</u>
Net profit (loss) for the period attributable to Parent Company' Shareholders	<u>52,884</u>	<u>(48,733)</u>
	<u>Shares</u>	<u>Shares</u>
<u>Number of outstanding shares:</u>		
Number of issued and fully paid shares	100,000,000	100,000,000
Less: Weighted average number of treasury shares	<u>(9,899,225)</u>	<u>(9,899,225)</u>
Weighted average number of shares outstanding	<u>90,100,775</u>	<u>90,100,775</u>
	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings (loss) per share attributable to Shareholders of the Parent Company	<u>0.59</u>	<u>(0.54)</u>

As at March 31, 2022, there is a term loan convertible into ordinary shares (Note 6), It does not have a dilutive effect on the earnings per share due to its nature.

14. Rights of utilization

The Parent Company's operations are established on right of utilization of a land, plot 85, Mina Abdullah, for an area of 548,437.5 square meters, leased from Public Authority for Industry, pursuant to the contract signed on July 16, 2020, for 5 years ending on July 15, 2025. The Parent Company granted a usufruct contract to the Associate Company – Real Estate Development Company W.L.L., Pursuant to a usufruct letter approved by the Public Authority for Industry.

15. Contingent liabilities

The Group is contingently liable against the following:

	March 31, 2022	December 31, 2021 (Audited)	March 31, 2021
Letters of guarantee	<u>8,608,835</u>	<u>8,842,259</u>	<u>8,265,163</u>

Certain letters of guarantee are secured by cash and cash equivalent, time deposits (Notes 3 and 4).

16. Shareholders' Annual General Assembly

The Shareholders' Annual General Assembly for the year ended December 31, 2021, has not been held until the date of preparation of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year then ended have not been approved by the Parent Company's General Assembly. The interim condensed consolidated financial information for the period ended March 31, 2022, do not include any adjustment which might have been required had the Parent company's General Assembly did not approve the consolidated financial statements for the year then ended.

The Shareholders' Annual Ordinary General Assembly of the of the parent company, held on May 6, 2021, approved the consolidated financial statements for the year ended on December 31, 2020, and also approved not to distribute cash dividends, bonus shares or remuneration to members of the Board of Directors for the year ended December 31, 2020.

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17. Legal claims

There are certain lawsuits raised by/against the Group, the results of which cannot be assessed till being finally cleared by the court. In the opinion of the Group's Management, there will be no material adverse impact on the Group consolidated financial statements, hence no provisions were recorded in the Group's records as of the reporting date due to the sufficiency of the currently recorded provisions for those claims as of the reporting date.

On June 13, 2017, the Parent Company, submitted a financial claim with the amount of KD 25,415,961 (twenty-five million four hundred and fifteen thousand nine hundred and sixty-one Kuwaiti dinars), and the claim is still under study by the Public Authority for Industry and the Ministry of Commerce and Industry, which referred the matter to the Council of Ministers, to examine the competent committee for assessing compensation, and this claim is based on the Parent Company's eligibility for compensation (In accordance with the principle of compensation established by Law No. 105/1980 regarding state property and its executive regulations, and also established by virtue of the contract concluded with the Public Authority for Industry regarding the exploitation of the land, Contract No. 27/2013 dated on June 19, 2013 and stated in Article 13), according to similar cases in the same geographical location.

Before the Administrative Authority decided on this claim and working on providing alternative lands to the Parent Company from its current location in which the administrative building, factory, and scrap yard were located, it issued a decision on January 25, 2021, to displace the Parent Company from its location in South Amghara, and since the Administrative Authority has violated the said decision and what was agreed upon during the meeting with the Public Authority for Industry and the Parent Company on September 29, 2019, that the transfer to the new site will take place after the installation of power and implementation of organizational structure.

Accordingly, the Parent Company, considered that the violation by the administrative authority had caused damages, as a result, it prepared a supplementary financial claim to the previous one, bringing the total claim to KD 58,500,000 (Fifty-eight million and five hundred thousand Kuwaiti Dinars). The matter is still under investigation with the Public Authority for Industry and the Ministry of Commerce and Industry and not been resolved till date.

18. 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. Waste Management & Recycling

Represents importing machines and material necessary for shredding, sorting, cutting, and shearing of metals, selling waste scrap inside and outside State of Kuwait, cutting and shearing of metals, recycling of waste, plastic, rubbles, environmental waste, and trading in the recycled materials. Includes cleaning roads and buildings, cities cleaning contracts, and security services.

B. Services Department - HVAC

Represents maintenance of tools and technical supplies, electric generators, cleaning services, metal pipes, constructions ceiling maintenance, bridges erection, cleaning and sanitary contracts, selling and buying cleaning powders, extinguishing tool works, fire alarm machines and air conditions contracts and maintenance.

C. Services Department – Cleaning

Includes the recycling, treatment, and disposal of metallic, plastic and medical waste.

D. Other

Includes all types of investments, goodwill, and other activities.

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Financial details of the above operating segments are as follows:

	March 31, 2022		December 31, 2021 (Audited)		March 31, 2021	
	Segments assets	Segments liabilities	Segments assets	Segments liabilities	Segments assets	Segments liabilities
Waste Management & Recycling	7,312,565	11,631,849	7,426,932	11,544,237	7,092,679	9,337,645
Services Department – HVAC	9,485,345	2,633,422	9,359,012	2,862,697	9,050,430	2,998,932
Services Department – Cleaning and security	1,018,577	278,315	963,473	237,640	1,093,674	254,785
Others	6,421,189	40,494	6,421,374	43,170	5,865,038	31,074
	24,237,676	14,584,080	24,170,791	14,687,744	23,101,821	12,622,436

	Three months ended March 31,			
	2022		2021	
	Segments revenue	Segments result	Segments revenue	Segments result
Waste Management & Recycling	908,533	(7,753)	1,834,954	392,995
Services Department - HVAC (Heating ventilation and Air conditioning)	2,111,153	354,772	2,260,582	346,001
Services Department – Cleaning	350,723	28,089	335,916	48,163
Others	183,189	(204,559)	121,788	(712,827)
	3,553,598	170,549	4,553,240	74,332

19. Fair value of financial instruments

The Group measures financial assets 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 categorized 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.

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The following table shows an analysis of captions recorded at fair value by level of the fair value hierarchy:

	March 31, 2022	
	Level 3	Total
Financial assets at fair value through profit and loss	34,972	34,972
Investment properties	1,420,000	1,420,000
Total	<u>1,454,972</u>	<u>1,454,972</u>
	December 31, 2021	
	Level 3	Total
Financial assets at fair value through profit and loss	34,972	34,972
Investment properties	1,420,000	1,420,000
Total	<u>1,454,972</u>	<u>1,454,972</u>
	March 31, 2021	
	Level 3	Total
Financial assets at fair value through profit and loss	34,972	34,972
Investment properties	2,342,000	2,342,000
Total	<u>2,376,972</u>	<u>2,376,972</u>

During the period ended March 31, 2022, there were no transfers among levels of fair value hierarchy.