

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC)  
AND ITS SUBSIDIARIES  
STATE OF KUWAIT  
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED JUNE 30, 2022  
(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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RSM Albazie & Co.

Arraya Tower 2, Floors 41 & 42  
Abdulaziz Hamad Alsaqar St., Sharq  
P.O Box 2115, Safat 13022, State of Kuwait

T: +965 22961000

F: +965 22412761

[www.rsm.global/kuwait](http://www.rsm.global/kuwait)

## **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 June 30, 2022, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three months and six months period then ended, statements of changes in equity and cash flows for the six 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 and its Executive Regulations as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association as amended during the six months period ended June 30, 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 six months period ended June 30, 2022, that might have had a material effect on the Parent Company's financial position or results of its operations.

State of Kuwait  
August 11, 2022



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 JUNE 30, 2022**  
(All amounts are in Kuwaiti Dinars)

		June 30, 2022	December 31, 2021 (Audited)	June 30, 2021
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	3	4,446,926	4,062,273	2,956,088
Time deposits	4	1,094,165	1,090,296	1,081,412
Accounts receivable and other debit balances	5	4,555,728	4,495,511	4,270,362
Due from related parties	6	313,376	241,375	131,376
Inventories		105,252	757,990	614,228
<b>Total current assets</b>		<b>10,515,447</b>	<b>10,647,445</b>	<b>9,053,466</b>
<b>Non-current assets:</b>				
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		4,088,310	3,106,521	2,446,608
Right of use assets	7	2,247,064	2,531,136	2,125,525
Goodwill		406,889	406,889	406,889
<b>Total non-current assets</b>		<b>14,221,063</b>	<b>13,523,346</b>	<b>12,821,714</b>
<b>Total assets</b>		<b>24,736,510</b>	<b>24,170,791</b>	<b>21,875,180</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Due to banks		167,562	210,781	-
Finance lease payables	8	300,000	350,000	-
Term loans		1,058,000	1,058,000	888,000
Lease liabilities	9	350,422	608,845	611,155
Accounts payable and other credit balances		3,073,378	2,981,658	2,781,765
Due to related parties	6	2,238,296	2,206,621	1,551,258
<b>Total current liabilities</b>		<b>7,187,658</b>	<b>7,415,905</b>	<b>5,832,178</b>
<b>Non-current liabilities:</b>				
Term loans		4,577,425	3,876,183	2,911,847
Lease liabilities	9	2,258,937	2,281,411	1,881,056
Provision for end of service indemnity		1,032,936	1,114,245	1,071,603
<b>Total non-current liabilities</b>		<b>7,869,298</b>	<b>7,271,839</b>	<b>5,864,506</b>
<b>Total liabilities</b>		<b>15,056,956</b>	<b>14,687,744</b>	<b>11,696,684</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	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		(3,892,620)	(3,828,110)	(3,004,705)
<b>Equity attributable to shareholders of the Parent Company</b>		<b>6,973,788</b>	<b>7,038,298</b>	<b>7,861,703</b>
Non-controlling interests		2,705,766	2,444,749	2,316,793
<b>Total equity</b>		<b>9,679,554</b>	<b>9,483,047</b>	<b>10,178,496</b>
<b>Total liabilities and equity</b>		<b>24,736,510</b>	<b>24,170,791</b>	<b>21,875,180</b>

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 Mohamed 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 JUNE 30, 2022**  
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
<b>Revenues:</b>					
Net sales		45,066	643,864	845,706	2,380,925
Service revenue		2,746,762	2,841,255	5,499,719	5,679,163
		<u>2,791,828</u>	<u>3,485,119</u>	<u>6,345,425</u>	<u>8,060,088</u>
<b>Expenses:</b>					
Cost of sales		(61,166)	(479,868)	(695,377)	(1,395,421)
Service costs		(1,795,601)	(2,160,526)	(3,876,738)	(4,294,481)
		<u>(1,856,767)</u>	<u>(2,640,394)</u>	<u>(4,572,115)</u>	<u>(5,689,902)</u>
<b>Gross profit</b>		<u>935,061</u>	<u>844,725</u>	<u>1,773,310</u>	<u>2,370,186</u>
Staff costs		(293,020)	(291,581)	(580,045)	(581,512)
General and administrative expenses		(284,206)	(678,924)	(509,656)	(1,481,883)
Selling and marketing expenses		(11,494)	(41,503)	(51,197)	(156,447)
Depreciation		(175,247)	(20,212)	(192,685)	(177,552)
Amortization for right of use assets	7	(166,325)	(69,893)	(236,360)	(139,329)
		<u>(930,292)</u>	<u>(1,102,113)</u>	<u>(1,569,943)</u>	<u>(2,536,723)</u>
<b>Profit (Loss) from operations</b>		<u>4,769</u>	<u>(257,388)</u>	<u>203,367</u>	<u>(166,537)</u>
Interest income		12,214	3,896	17,681	8,368
Foreign exchange (Loss) gain		(20,621)	(1,553)	1,094	(11,376)
Gain on sale of property, plant, and equipment		-	-	54,050	-
Finance charges		(91,485)	(97,636)	(175,296)	(171,020)
Other provisions	11	-	-	(116,902)	-
Other income	12	121,081	51,792	212,513	114,008
<b>Profit (Loss) for the period</b>		<u>25,958</u>	<u>(300,889)</u>	<u>196,507</u>	<u>(226,557)</u>
Other comprehensive income		-	-	-	-
<b>Total comprehensive profit (comprehensive loss) for the period</b>		<u>25,958</u>	<u>(300,889)</u>	<u>196,507</u>	<u>(226,557)</u>
<b>Attributable to:</b>					
Shareholders of the Parent Company		(117,394)	(388,175)	(64,510)	(436,908)
Non-controlling interests		143,352	87,286	261,017	210,351
		<u>25,958</u>	<u>(300,889)</u>	<u>196,507</u>	<u>(226,557)</u>
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
<b>Basic and diluted loss per share attributable to Shareholders of the Parent Company</b>	13	<u>(1.3)</u>	<u>(4.31)</u>	<u>(0.72)</u>	<u>(4.85)</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 JUNE 30, 2022**  
(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company						
	Share capital	Statutory reserve	Treasury shares	Effect of change in subsidiary's equity	Accumulated losses	Subtotal	Non - controlling interests
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
Total comprehensive (loss) income for the period	-	-	-	-	(64,510)	(64,510)	261,017
Balance as at June 30, 2022	10,000,000	1,520,581	(1,056,623)	402,450	(3,892,620)	6,973,788	2,705,766
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
Total comprehensive (loss) income for the period	-	-	-	-	(436,908)	(436,908)	210,351
Cash dividends paid to non - controlling interests	-	-	-	-	-	-	(270,000)
Balance as at June 30, 2021	10,000,000	1,520,581	(1,056,623)	402,450	(3,004,705)	7,861,703	2,316,793

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 JUNE 30, 2022**  
(All amounts are in Kuwaiti Dinars)

		Six months ended June 30,	
	Notes	2022	2021
<b>Cash flows from operating activities:</b>			
Profit (Loss) for the period		196,507	(226,557)
Adjustments for:			
Depreciation		192,685	177,552
Gain on sale of property, plant and equipment		(54,050)	-
Gain on disposal of leases		(293)	-
Amortization of right of use assets	7	236,360	245,599
Interest income		(17,681)	(8,368)
Finance charges		175,296	171,020
Provision for end of service indemnity		103,574	106,917
Other provisions	11	116,902	-
		<u>949,300</u>	<u>466,163</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(60,217)	624,852
Due from / to related parties		(40,326)	703,170
Inventories		652,738	127,122
Accounts payable and other credit balances		(25,182)	(1,945,265)
Cash flows generated from (used in) operations		<u>1,476,313</u>	<u>(23,958)</u>
Payment for end of service indemnity		<u>(184,883)</u>	<u>(57,277)</u>
<b>Net cash flows generated from (used in) operating activities</b>		<u>1,291,430</u>	<u>(81,235)</u>
<b>Cash flows from investing activities:</b>			
Time deposits		(3,869)	(4,643)
Paid for property, plant, and equipment		(1,174,474)	(989,365)
Proceeds from sale of property, plant and equipment		54,050	-
Interest income received		17,681	8,368
<b>Net cash flows used in investing activities</b>		<u>(1,106,612)</u>	<u>(985,640)</u>
<b>Cash flows from financing activities:</b>			
Net movement in due to banks		(43,219)	-
Net movement in Finance lease payables	8	(50,000)	(970,000)
Net movement in term loans		701,242	2,005,001
Payment of lease liabilities	9	(278,354)	(113,580)
Dividends paid to non-controlling interests		-	(270,000)
Finance charges paid		(129,834)	(116,206)
<b>Net cash flows used in financing activities</b>		<u>199,835</u>	<u>535,215</u>
Net increase in cash and cash equivalents		384,653	(531,660)
Net movement on cash held against letters of guarantee		(279,861)	-
Cash and cash equivalents at the beginning of the period		<u>3,455,484</u>	<u>2,880,959</u>
Cash and cash equivalents at the end of the period	3	<u>3,560,276</u>	<u>2,349,299</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)**  
**JUNE 30, 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 June 21, 2022.

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 August 11, 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 June 30, 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

	June 30, 2022	December 31, 2021 (Audited)	June 30, 2021
Cash on hand and at banks	2,034,438	3,693,484	2,649,220
Short term bank deposits	2,412,488	368,789	306,868
	4,446,926	4,062,273	2,956,088
Less: restricted cash against letters of guarantee	(886,650)	(606,789)	(606,789)
Cash and cash equivalents as presented in the consolidated statement of cash flows	3,560,276	3,455,484	2,349,299

The effective rate on short term bank deposits was 1.4% to 1.9% per annum (December 31, 2021: 1%, June 30, 2021: 1%), these deposits have an average maturity of 35 - 92 days.

As of June 30, 2022, cash restricted by banks amounting to KD 886,650 (December 31, 2021: KD 606,789, June 30, 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)**  
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(All amounts are in Kuwaiti Dinars)

4. Time deposits

The effective rate on time deposits ranged from 1.125% to 2.125% per annum (December 31, 2021: 1.125% to 1.25% per annum, June 30, 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 773,587 (December 31, 2021: KD 869,415, June 30, 2021: KD 777,225) are pledged against letters of guarantee (Note 15).

5. Accounts receivable and other debit balances

	June 30, 2022	December 31, 2021 (Audited)	June 30, 2021
Trade receivables	11,057,963	10,796,390	10,934,098
Less: Provision for expected credit losses (a)	(8,275,948)	(8,275,948)	(8,199,976)
Net trade receivables	2,782,015	2,520,442	2,734,122
Advance payments to suppliers	1,470,923	897,734	973,649
Less: Provision for expected credit losses (a)	(845,191)	(845,191)	(853,191)
Net advanced payments to suppliers	625,732	52,543	120,458
Retention receivables	886,491	1,197,570	1,105,537
Less: Provision for expected credit losses (a)	(329,310)	(470,845)	(234,516)
Net retention receivables	557,181	726,725	871,021
Refundable deposits	133,820	116,519	319,817
Less: Provision for expected credit losses (a)	-	-	(25,136)
Net refundable deposits	133,820	116,519	294,681
Due from sale of investment property (b)	-	440,000	-
Prepaid expenses	202,520	353,168	132,933
Staff receivables	142,115	221,333	54,750
Others	112,345	64,781	62,397
	4,555,728	4,495,511	4,270,362

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

	June 30, 2022	December 31, 2021 (Audited)	June 30, 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 June 30, 2022.

**METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**JUNE 30, 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.**

	Major shareholder	Entities under common control	Associate	Others	June 30, 2022	December 31, 2021 (Audited)	June 30, 2021
Due from related parties	-	80,000	1,000	232,376	313,376	241,375	131,376
Due to related parties	(2,182,653)	-	-	(55,463)	(2,238,296)	(2,206,621)	(1,551,258)
Accrued expenses	(180,000)	-	-	-	(180,000)	(180,000)	(211,500)
Term loans	-	(3,728,500)	-	-	(3,728,500)	(2,884,500)	(2,100,000)

On April 12, 2021, the Parent Company signed a loan agreement with a related party (a company under common control) for a maximum amount of KD 10,000,000, bearing an interest rate of 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 June 30, 2022, the Parent Company withdrew an additional amount of KD 844,000 from the original loan facility.

**Transactions included in interim condensed consolidated statement of profit or loss**

	Major shareholder	Entities under common control	Six months ended June 30,	
			2022	2021
Finance charges	-	(96,903)	(96,903)	(35,664)
General and administrative expenses	(38,592)	-	(38,592)	(31,500)

**Compensation to key management personnel**

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Short term benefits	78,771	58,686	156,779	117,368
Terminal benefits	3,378	2,277	6,755	4,552
	<b>82,149</b>	<b>60,963</b>	<b>163,534</b>	<b>121,920</b>

**METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**JUNE 30, 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:

	<b>Buildings</b>	<b>Land</b>	<b>Total</b>
Net carrying amount as at January 1, 2022	612,594	1,918,542	2,531,136
Disposals	(47,712)	-	(47,712)
Amortization charged for the period	(97,762)	(138,598)	(236,360)
<b>Net carrying amount as at June 30, 2022</b>	<b>467,120</b>	<b>1,779,944</b>	<b>2,247,064</b>
Net carrying amount as at January 1, 2021	213,988	2,157,136	2,371,124
Amortization charged for the period	(106,999)	(138,600)	(245,599)
Net carrying amount as at June 30, 2021	106,989	2,018,536	2,125,525

Amortization charged for the period is allocated as follows:

	Six months ended June 30,	
	<b>2022</b>	<b>2021</b>
Service costs	-	106,270
Interim condensed Consolidated statement of profit or loss and other comprehensive income	<b>236,360</b>	<b>139,329</b>
	<b>236,360</b>	<b>245,599</b>

8. Finance lease payables

	<b>June 30, 2022</b>	<b>December 31, 2021 (Audited)</b>	<b>June 30, 2021</b>
Total finance lease payables	303,403	368,328	-
Less: future finance charges	(3,403)	(18,328)	-
	<b>300,000</b>	<b>350,000</b>	<b>-</b>

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 June 30, 2022, an amount of KD 50,000 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 June 30, 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:

	<b>June 30, 2022</b>	<b>December 31, 2021 (Audited)</b>	<b>June 30, 2021</b>
Balance at the beginning of the period / year	2,890,256	2,550,977	2,550,977
Additions	-	651,196	-
Disposals	(48,005)	-	-
Financing charges	45,462	107,363	54,814
Payments	(278,354)	(410,100)	(113,580)
Rent concessions	-	(9,180)	-
Balance at the end of the period / year	<b>2,609,359</b>	<b>2,890,256</b>	<b>2,492,211</b>

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

	June 30, 2022	December 31, 2021 (Audited)	June 30, 2021
Current portion	350,422	608,845	611,155
Non-current portion	2,258,937	2,281,411	1,881,056
	<u>2,609,359</u>	<u>2,890,256</u>	<u>2,492,211</u>

**10. Treasury shares**

	June 30, 2022	December 31, 2021 (Audited)	June 30, 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	782,039	940,426	1,801,659
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 the treasury shares balance from the statutory reserve as of June 30, 2022. Such amount will not be available for distribution during the treasury shares holding period.

**11. Other provisions**

The Group received Zakat assessment on April 22, 2022, from Ministry of Finance for an amount of KD 116,902, representing additional Zakat for the years ended from December 31, 2014, until December 31, 2018. Management of the Parent Company filled an objection with the Ministry of Finance dated June 9, 2022, on the issued assessment, and the later rejected the filled objection on July 25, 2022, then the Parent Company on August 8, 2022, filed an appeal with Ministry of Finance – Appeal Committee, which is still under discussion.

**12. Other income**

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Rent income	33,150	47,282	60,300	94,669
Proceeds from legal claim settlement	-	-	47,500	-
Others	87,931	4,510	104,713	19,339
	<u>121,081</u>	<u>51,792</u>	<u>212,513</u>	<u>114,008</u>

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13. Basic and diluted 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 June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Loss for the period attributable to Parent Company's Shareholders	(117,394)	(388,175)	(64,510)	(436,908)
	<b>Shares</b>	<b>Shares</b>	<b>Shares</b>	<b>Shares</b>
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)	(9,899,225)
Weighted average number of shares outstanding	<b>90,100,775</b>	<b>90,100,775</b>	<b>90,100,775</b>	<b>90,100,775</b>
	<b>Fils</b>	<b>Fils</b>	<b>Fils</b>	<b>Fils</b>
Basic and diluted loss per share attributable to Shareholders of the Parent Company	<b>(1.3)</b>	<b>(4.31)</b>	<b>(0.72)</b>	<b>(4.85)</b>

As at June 30, 2022, there is a term loan convertible into ordinary shares (Note 6). It does not have a dilutive effect on the loss 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:

	June 30, 2022	December 31, 2021 (Audited)	June 30, 2021
Letters of guarantee	<b>8,784,532</b>	<b>8,842,259</b>	<b>9,879,286</b>

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 Ordinary General Assembly of the parent company, held on May 30, 2022, approved the consolidated financial statements for the year ended on December 31, 2021, 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, 2021.

The Shareholders' Annual Ordinary General Assembly 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's 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 in 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 by the Public Authority for Industry and the Ministry of Commerce and Industry and has 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 waste, plastic, rubbles, environmental waste, and trading in the recycled materials. Includes recycling, treatment, and disposal of metallic, plastic and medical waste.

**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 cleaning roads and buildings, cities cleaning contracts, and security services.

**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

	June 30, 2022			December 31, 2021 (Audited)			June 30, 2021		
	Segments assets	Segments liabilities	Segments result	Segments assets	Segments liabilities	Segments result	Segments assets	Segments liabilities	Segments result
Waste Management & Recycling	8,344,066	12,546,818		7,426,932	11,544,237		6,702,978	9,539,740	
Services Department – HVAC	8,940,039	2,232,765		9,359,012	2,862,697		8,197,150	1,854,855	
Services Department – Cleaning	1,031,742	236,254		963,473	237,640		1,110,374	269,765	
Others	6,420,663	41,119		6,421,374	43,170		5,864,678	32,324	
	<u>24,736,510</u>	<u>15,056,956</u>		<u>24,170,791</u>	<u>14,687,744</u>		<u>21,875,180</u>	<u>11,696,684</u>	

	Three months ended June 30, 2022			Three months ended June 30, 2021			Six months ended June 30, 2022			Six months ended June 30, 2021		
	Segments revenues	Segments result	Segments revenue	Segments result	Segments revenue	Segments result	Segments revenue	Segments result	Segments revenue	Segments result	Segments revenue	Segments result
Waste Department - Metal Shredding	6,818	(21,455)	180,465	93,359	614,866	154,855	1,592,889	499,306				
Waste Department - Plastic Recycling	38,249	(94,143)	463,399	(39,164)	230,841	(216,742)	788,036	(4,895)				
Waste Department - Medical Waste	129,934	(110,884)	99,393	(54,204)	237,827	(172,348)	197,286	(101,425)				
Services Department- HVAC	2,014,997	406,013	2,130,667	289,960	4,126,150	760,785	4,579,073	635,961				
Services Department – Cleaning	351,191	53,864	331,587	744	701,914	81,953	667,503	48,907				
Others	250,639	(207,437)	279,608	(591,584)	433,827	(411,996)	235,301	(1,304,411)				
	<u>2,791,828</u>	<u>25,958</u>	<u>3,485,119</u>	<u>(300,889)</u>	<u>6,345,425</u>	<u>196,507</u>	<u>8,060,088</u>	<u>(226,557)</u>				

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**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.

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

June 30, 2022	
	Level 3
Financial assets at fair value through profit and loss	34,972
Investment properties	1,420,000
Total	1,454,972
December 31, 2021	
	Level 3
Financial assets at fair value through profit and loss	34,972
Investment properties	1,420,000
Total	1,454,972
June 30, 2021	
	Level 3
Financial assets at fair value through profit and loss	34,972
Investment properties	2,342,000
Total	2,376,972

During the period ended June 30, 2022, there were no transfers among levels of fair value hierarchy.