

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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2016
(UNAUDITED)

WITH
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2016
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

CONTENTS

Report on review of interim consolidated financial information	
Interim condensed consolidated statement of financial position (unaudited)	<u>Pages</u> 3
Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)	4
Interim condensed consolidated statement of changes in equity (unaudited)	5
Interim condensed consolidated statement of cash flows (unaudited)	6
Notes to interim consolidated financial information (unaudited)	7 – 14



REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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 June 30, 2016 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim 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 Financial Information Performed by the Independent Auditor of the Company." A review of interim 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 consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Emphasis of matter

We draw attention to the following:

- Note 5 regarding amounts receivable related to a project for Kuwait Oil Company.
- Note 13 regarding right of utilization for a land held by an associate.

Our conclusion is not qualified in respect of these matters.

Emphasis of Matter for Going Concern

Without qualifying our conclusion, we draw attention to Note 17 in the interim consolidated financial information which indicates the Group's accumulated losses as of June 30, 2016 amounted to KD 6,482,823. These conditions, along with other matters mentioned in Note 17, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.




-2-

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim 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 or of the Parent Company's Memorandum of Incorporation and Articles of Association during the six months period ended June 30, 2016 that might have had a material effect on the Group's financial position or results of its operation.

Dr. Ali Owaid Rukheyes
Licence No. 72-A
Member of NEXIA International - (England)
ALWaha Auditing Office



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

State of Kuwait
August 7, 2016

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 FOR THE PERIOD ENDED JUNE 30, 2016
 (All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Note	June 30, 2016	December 31, 2015 (Audited)	June 30, 2015
Current assets:				
Cash and cash equivalents	3	2,430,334	3,034,546	2,363,369
Time deposits		365,000	195,000	185,000
Murabaha investments	4	1,010,000	1,910,000	1,910,000
Accounts receivable and other debit balances	5	7,487,475	5,921,080	8,217,442
Inventory		1,158,922	1,005,546	1,918,873
Total current assets		12,451,731	12,056,172	14,594,684
Non-current assets:				
Financial assets available for sale		263,563	263,563	263,563
Investment in an associate	6	4,909,890	4,909,890	5,002,694
Investment Properties		2,755,500	2,755,500	1,626,786
Property, plant and equipment		2,244,666	2,428,231	2,617,100
Goodwill		313,615	313,615	313,615
Total non-current assets		10,487,234	10,670,799	9,823,758
Total assets		22,938,965	22,726,971	24,418,442
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Due to banks	7	955,759	1,208,600	1,210,519
Term loans	8	800,000	800,000	1,030,000
Short term finance lease installment contract		1,730,000	1,730,000	960,000
Accounts payable and other credit balances		2,413,522	2,238,994	2,108,082
Total current liabilities		5,899,281	5,977,594	5,308,601
Non-current liabilities:				
Provision for end of service indemnity		443,802	419,293	395,761
Total non-current liabilities		443,802	419,293	395,761
Total liabilities		6,343,083	6,396,887	5,704,362
Equity:				
Share capital		8,255,650	8,255,650	8,255,650
Share premium		11,690,245	11,690,245	11,690,245
Statutory reserve		1,475,763	1,475,763	1,475,763
Voluntary reserve		487,860	487,860	487,860
Treasury shares	9	(1,056,623)	(1,056,623)	(1,056,623)
Foreign currency translation adjustments		11,958	11,958	11,958
Effect of change in a subsidiary's equity		(86,191)	(86,191)	(86,191)
Accumulated losses		(6,482,823)	(6,601,209)	(4,157,624)
Equity attributable to Shareholders of the Parent Company		14,295,839	14,177,453	16,621,038
Non controlling interests		2,300,043	2,152,631	2,093,042
Total equity		16,595,882	16,330,084	18,714,080
Total liabilities and equity		22,938,965	22,726,971	24,418,442

The accompanying notes (1) to (18) form an integral part of the interim 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 JUNE 30, 2016
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2016	2015	2016	2015
Revenues:					
Sales		1,210,084	1,306,208	2,581,130	3,733,721
Service revenue		1,698,466	515,754	3,044,743	1,169,324
		<u>2,908,550</u>	<u>1,821,962</u>	<u>5,625,873</u>	<u>4,903,045</u>
Costs:					
Cost of sales		(856,642)	(884,222)	(1,833,964)	(2,961,069)
Service cost		(1,331,102)	(422,291)	(2,531,053)	(982,811)
		<u>(2,187,744)</u>	<u>(1,306,513)</u>	<u>(4,365,017)</u>	<u>(3,943,880)</u>
Gross profit		<u>720,806</u>	<u>515,449</u>	<u>1,260,856</u>	<u>959,165</u>
Expenses and charges:					
Staff cost		289,376	258,507	499,004	495,092
General and administrative expenses		271,542	161,542	473,976	472,939
Selling and marketing expenses		7,258	11,074	14,538	19,323
Depreciation and amortization		54,706	100,167	108,408	158,238
Provision for doubtful debts		11,600	-	29,000	-
Total expenses and charges		<u>634,482</u>	<u>531,290</u>	<u>1,124,926</u>	<u>1,145,592</u>
Operating profit (loss)		86,324	(15,841)	135,930	(186,427)
Interest and Murabaha income		4,073	12,020	12,540	18,807
Foreign exchange (loss) gain		(1,328)	958	(6,493)	10,396
Finance charges		(42,138)	(47,922)	(105,471)	(90,903)
Other income		159,729	58,548	240,381	121,678
Profit (loss) for the period before National Labor Support Tax and contribution to Zakat		<u>206,660</u>	<u>7,763</u>	<u>276,887</u>	<u>(126,449)</u>
Contribution to National Labor Support Tax		(4,620)	-	(7,034)	-
Contribution to Zakat		(3,089)	-	(4,055)	-
Net profit (loss) for the period		<u>198,951</u>	<u>7,763</u>	<u>265,798</u>	<u>(126,449)</u>
Other comprehensive income		-	-	-	-
Total comprehensive income (loss)		<u>198,951</u>	<u>7,763</u>	<u>265,798</u>	<u>(126,449)</u>
Attributable to:					
Parent Company's Shareholders		101,584	(22,057)	118,386	(185,711)
Non-controlling interests		97,367	29,820	147,412	59,262
Net profit (loss) for the period		<u>198,951</u>	<u>7,763</u>	<u>265,798</u>	<u>(126,449)</u>
Earnings (Loss) per share (Fils)	10	<u>1.36</u>	<u>(0.29)</u>	<u>1.58</u>	<u>(2.48)</u>

The accompanying notes (1) to (18) form an integral part of the interim 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, 2016
 (All amounts are in Kuwaiti Dinars)

	Attributable to the Parent Company's shareholders										
	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Foreign currency translation adjustments	Effect of change in a subsidiary's equity	Accumulated losses	Subtotal	Non controlling interests	Total
Balance as of December 31, 2015	8,255,650	11,690,245	1,475,763	487,860	(1,056,623)	11,958	(86,191)	(6,601,209)	14,177,453	2,152,631	16,330,084
Total comprehensive income for the period	-	-	-	-	-	-	-	118,386	118,386	147,412	265,798
Balance as of June 30, 2016	8,255,650	11,690,245	1,475,763	487,860	(1,056,623)	11,958	(86,191)	(6,482,823)	14,295,839	2,300,043	16,595,882
Balance as of December 31, 2014	8,255,650	11,690,245	1,475,763	487,860	(1,056,623)	11,958	(86,191)	(3,971,913)	16,806,749	2,033,780	18,840,529
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(185,711)	(185,711)	59,262	(126,449)
Balance as of June 30, 2015	8,255,650	11,690,245	1,475,763	487,860	(1,056,623)	11,958	(86,191)	(4,157,624)	16,621,038	2,093,042	18,714,080

The accompanying notes (1) to (18) form an integral part of the interim 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, 2016
(All amounts are in Kuwaiti Dinars)

	Six months ended June 30,	
	2016	2015
Cash flows from operating activities:		
Profit (loss) for the period before National Labor Support Tax and contribution to Zakat	276,887	(126,449)
Adjustments for:		
Depreciation and amortization	253,088	201,968
Provision for doubtful debts	29,000	-
Interest and Murabaha income	(12,540)	(18,807)
Finance charges	105,471	90,903
Gain on sale of property, plant and equipment	-	(32,150)
Provision for end of service indemnity	62,054	85,915
	<u>713,960</u>	<u>201,380</u>
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(1,595,395)	(1,100,439)
Inventory	(153,376)	(304,369)
Accounts payable and other credit balances	163,439	746,990
Cash used in operations	(871,372)	(456,438)
Payment for end of service indemnity	(37,545)	(67,409)
Net cash used in operating activities	<u>(908,917)</u>	<u>(523,847)</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(69,523)	(58,172)
Proceeds from sale of property, plant and equipment	-	323,137
Net movement in Time deposits	(180,000)	252,409
Net movement in Murabaha investment	900,000	-
Murabaha income received	4,223	12,407
Interest income received	8,317	6,400
Net cash generated from investing activities	<u>663,017</u>	<u>536,181</u>
Cash flows from financing activities:		
Net movement on due to banks	(252,841)	(131,951)
Net movement on term loans	-	300,000
Finance charges paid	(105,471)	(90,903)
Net cash (used in) generated from financing activities	<u>(358,312)</u>	<u>77,146</u>
Net (decrease) increase in cash and cash equivalents	(604,212)	89,480
Cash and cash equivalents at the beginning of the period	<u>3,034,546</u>	<u>2,273,889</u>
Cash and cash equivalents at end of the period (Note 3)	<u>2,430,334</u>	<u>2,363,369</u>

The accompanying notes (1) to (18) form an integral part of the interim consolidated financial information.

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2016
(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. 551 dated July 11, 2013. The Parent Company is also listed on the Kuwait Stock Exchange.

The main activities of the parent company are:

- 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 the state of 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 the State of Kuwait.
- Establishment of or contribution to the industries that are ancillary 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 the State of Kuwait.
- Executing all demolishing and removal works for construction and representing companies in such field.
- Holding and managing auctions related to the objectives of the company locally and internationally and representing companies in such field.
- Utilization of the company's surplus funds by investing in portfolios managed by specialized companies.
- Incorporation and partial ownership of industrial companies and industrial management companies inside and outside the State of Kuwait.
- Developing, preparing, establishing, managing and operating industrial and professional areas.
- Collection, transportation and utilization of trash waste, garbage and wreckage inside and outside the State of Kuwait.
- Undertaking all kind of cleaning contracts and commitment for all agencies inside and outside the 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 State of 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 a subsidiary of Agility for Public Warehousing Company, a Kuwaiti Shareholding Company listed in the Kuwait Stock Exchange (The Ultimate Parent Company).

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2016
 (All amounts are in Kuwaiti Dinars)

The new Companies Law No. 1 of 2016 was issued on January 24, 2016 and it was published in the Official Gazette on February 1, 2016, which replaced the Companies Law No 25 of 2012 and its amendments. According to Article No. 5, the new Law will be effective retrospectively from November 26, 2012. The new Executive Regulations of Law No. 1 of 2016 was issued on July 12, 2016 and was published in the Official Gazette on July 17, 2016 which cancelled the Executive Regulations of Law No. 25 of 2012. The adoption of the new Companies Law and its executive regulations is not expected to have any effect on the reporting entity.

The interim consolidated financial information were authorized for issue by the Parent Company's Board of Directors on August 7, 2016.

2. Basis of presentation

The interim consolidated financial information has been prepared in accordance with International accounting Standard (IAS) No. 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2015.

The interim consolidated financial information does 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 consolidated financial information. Operating results for the period ended June 30, 2016 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2016. For further information, refer to the consolidated financial statements and notes thereto for the financial year ended December 31, 2015.

3. Cash and cash equivalents

	June 30, 2016	December 31, 2015 (Audited)	June 30, 2015
Cash on hand and at banks	1,424,947	1,734,546	835,478
Short term bank deposits	1,005,387	1,300,000	1,527,891
	<u>2,430,334</u>	<u>3,034,546</u>	<u>2,363,369</u>

Short term bank deposits carry an average interest rate of 1% to 1.375% per annum (December 31, 2015 - 1% to 1.375% per annum, June 30, 2015 - 1% to 1.25% per annum) and these deposits have an average maturity of 90 days.

4. Murabaha investments

Murabaha carry an average interest rate of 1% to 1.43% per annum (December 31, 2015 - 1% to 1.43% per annum, June 30, 2015 - 1% to 1.25% per annum)

Murabaha amounting to KD 1,000,000 (December 31, 2015: KD 1,000,000, June 30, 2015: KD Nil) are pledged against certain letter of guarantee in favor of the Group (Note 14).

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 JUNE 30, 2016
 (All amounts are in Kuwaiti Dinars)

5. Accounts receivable and other debit balances

	June 30, 2016	December 31, 2015 (Audited)	June 30, 2015
Trade receivables	4,440,604	4,219,945	4,043,862
Provision for doubtful debts	(1,250,059)	(1,232,659)	(888,674)
	3,190,545	2,987,286	3,155,188
Due from related parties (Note 11)	138,385	85,514	611,610
Advance to suppliers	1,960,585	1,254,459	1,434,099
Advance towards a project	56,963	56,963	56,963
Qatar Project Receivables	495,245	495,245	495,245
Refundable deposits	368,078	19,016	179,016
Advance payment to purchase investments	1,427,477	1,427,477	1,427,477
Due from joint venture – Kuwait Oil Company	1,013,913	1,013,913	1,013,913
Due from Metalex-Turkey	2,812,829	2,812,829	2,812,829
Receivables on sale of investments	433,200	433,200	433,200
Retentions	239,459	261,680	279,460
Others	1,321,769	1,044,471	1,340,876
	13,458,448	11,892,053	13,239,876
Provisions against other debit balances	(5,970,973)	(5,970,973)	(5,022,434)
	<u>7,487,475</u>	<u>5,921,080</u>	<u>8,217,442</u>

The above balances include debit amounts of KD 5,219,753 relating to a project for Kuwait Oil Company. The collection of these balances is dependent on a claim of KD 11,926,556 raised by the Parent Company along with its joint project partner due to variations and time extension relating to the project executed for Kuwait Oil Company. Further, the Parent Company's management believes that the work related to the contract which is signed between Kuwait Oil Company and Metalex Turkey is still in the maintenance period, and current discussions are going on between the two companies to estimate the value of the additional works and variation orders related to the period of the project.

6. 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 one of 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 been renewed, Note (13).

7. Due to banks

Due to banks represents overdraft facilities and carrying an average interest rate ranging from 1.5% to 2% per annum (December 31, 2015: 1.5% to 2% per annum, June 30, 2015: 1.5% to 2% per annum) over the Central Bank of Kuwait discount rate and repayable on demand.

8. Term loans

Term loans represent loans granted by local banks carrying an interest rate ranging from 1.5% to 2% per annum (December 31, 2015: 1.5% to 2% per annum, June 30, 2015: 1.5% to 2% per annum) over the Central Bank of Kuwait discount rate and repayable on August 13, 2016.

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 JUNE 30, 2016

(All amounts are in Kuwaiti Dinars)

9. Treasury shares

	June 30, 2016	December 31, 2015 (Audited)	June 30, 2015
Number of shares (shares)	7,789,158	7,789,158	7,789,158
Percentage of paid up shares (%)	9.43%	9.43%	9.43%
Market value (KD)	459,560	576,398	623,133
Cost (KD)	1,056,623	1,056,623	1,056,623

Based on Capital Markets Authority resolution dated December 30, 2013, the parent Company's management has allotted an amount equal to treasury shares balance from the reserves as of June 30, 2016. Such amount will not be available for distribution during treasury shares holding period by the Group.

10. Earnings (loss) per share

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 June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Net profit (loss) for the period attributable to Parent Company' Shareholders (KD)	<u>101,584</u>	<u>(22,057)</u>	<u>118,386</u>	<u>(185,711)</u>
	Shares	Shares	Shares	Shares
<u>Number of outstanding shares:</u>				
Number of issued and fully paid shares	82,556,506	82,556,506	82,556,506	82,556,506
Less: Weighted average number of treasury shares (share)	<u>(7,789,158)</u>	<u>(7,789,158)</u>	<u>(7,789,158)</u>	<u>(7,789,158)</u>
Weighted average number of shares outstanding	<u>74,767,348</u>	<u>74,767,348</u>	<u>74,767,348</u>	<u>74,767,348</u>
	Fils	Fils	Fils	Fils
Earnings (loss) per share (Fils)	<u>1.36</u>	<u>(0.29)</u>	<u>1.58</u>	<u>(2.48)</u>

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

JUNE 30, 2016

(All amounts are in Kuwaiti Dinars)

11. Related party disclosures

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

Balances included in interim condensed consolidated statement of financial position.

	The Parent Company	Entities under common control	June 30, 2016	December 31, 2015 (Audited)	June 30, 2015
Accounts receivable and other debit balances (Note 5)	4,200	134,185	138,385	85,514	611,610
Accounts payable and other credit balances	349,646	116,927	466,573	383,377	588,822
			Three months ended June 30,	Six months ended June 30,	
			2016	2015	2016
					2015
<u>Compensation to key management personnel:</u>					
Salaries and other short term benefits			53,771	57,007	114,372
Terminal benefits			1,362	1,994	3,023
					3,710

12. Segment 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.

Financial details of the above operating segments are as follows:

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 JUNE 30, 2016
 (All amounts are in Kuwaiti Dinars)

	June 30, 2016		December 31, 2015 (Audited)		June 30, 2015	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Metal Shredding and used spare parts department	10,362,829	-	11,034,426	-	13,041,473	-
Commercial department	231,792	-	167,119	-	282,842	-
Waste plastic recycling department	1,770,109	-	1,401,256	-	2,026,811	-
Shear and baler	-	-	60,602	-	117,610	-
Unallocated assets and liabilities	10,574,235	6,343,083	10,063,568	6,396,887	8,949,706	5,704,362
	<u>22,938,965</u>	<u>6,343,083</u>	<u>22,726,971</u>	<u>6,396,887</u>	<u>24,418,442</u>	<u>5,704,362</u>

	Three months ended June 30,			Six months ended June 30,		
	2016	2015	2015	2016	2015	2015
Metal Shredding and Used Spare Parts Department	944,308	373,238	892,291	2,163,235	697,687	2,612,503
Commercial Department	26,993	2,748	21,870	48,386	5,204	56,660
Waste Plastic Recycling Department	238,783	122,136	247,468	369,509	188,956	406,016
Shear and Baler Department	-	-	-	-	-	23,560
Others	1,698,466	(299,171)	660,333	3,044,743	(626,049)	1,804,306
	<u>2,908,550</u>	<u>198,951</u>	<u>1,821,962</u>	<u>5,625,873</u>	<u>265,798</u>	<u>4,903,045</u>

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

JUNE 30, 2016

(All amounts are in Kuwaiti Dinars)

13. Right of utilization

The Parent Company's operations are undertaken on land held by an associate, for which the right of utilization contract was renewed on June 19, 2013 with the Public Authority for 5 years ending on May 13, 2018.

14. Contingent liabilities

At June 30, 2016, the Group is contingently liable in respect of the following:

	June 30, 2016	December 31, 2015 (Audited)	June 30, 2015
Letters of guarantee	<u>5,541,883</u>	<u>5,867,939</u>	<u>4,765,699</u>
	<u>5,541,883</u>	<u>5,867,939</u>	<u>4,765,699</u>

Certain letters of guarantee amounting to KD 836,000 are secured by murabaha investment (Note 4).

15. Fair value of financial instruments

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

At June 30, the fair values of financial instruments approximate their carrying amounts, with the exception of certain financial assets available for sale carried at cost. The management of the Company 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.

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.

16. The General Assembly

The Annual shareholders' Ordinary General Assembly held on June 12, 2016 approved the Board of Directors' recommendation not to distribute dividends and not to grant remuneration to the Board of Directors for the financial year ended December 31, 2015.

The Annual shareholders' Ordinary General Assembly held on June 8, 2015 approved the Board of Directors' recommendation not to distribute dividends and not to grant remuneration to the Board of Directors for the financial year ended December 31, 2014.

17. Going Concern

The Interim Consolidated Financial Information has been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business. The Interim Consolidated Financial Information do not include any adjustments that might arise due to uncertainty of the Group's ability to continue as a going concern.

As of June 30, 2016, the Group's accumulated losses amounted to KD 6,482,823, As per article 271 of the Companies' Law No. 1 of 2016, when the company's accumulated losses reach 75% of its paid up share capital, the Board of Directors has to call for an extraordinary shareholders' general assembly meeting to decide about either the company's continuity, early dissolution, or otherwise taking other necessary actions in that regard.

The Extraordinary General Assembly held on August 2, 2016, approved the amortization of accumulated losses amounting to KD 6,601,209 as of December 31, 2015, and reducing the share premium from KD 11,690,245 to KD 5,089,036 by the value of accumulated losses.

18. Comparative figures

Certain of the comparative figures have been reclassified to conform to the amounts of current period presentation, which did not have any impact on total equity and net profit of the Group.