

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, 2017  
(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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(UNAUDITED)  
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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

To the Board of Directors  
Metal and Recycling Company K.S.C. (Public) and its subsidiaries  
State of Kuwait

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Metal and Recycling Company K.S.C. (Public) (the "Parent Company") and its subsidiaries (the "Group") as of June 30, 2017 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month 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 consolidated financial information based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim condensed consolidated financial Information Performed by the Independent Auditor of the Entity." A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

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

**Emphasis of matters**

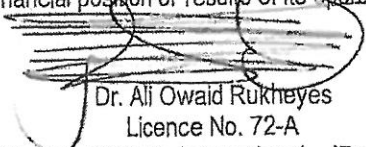
We draw attention to:

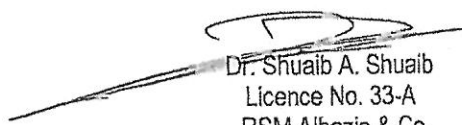
- Note (5) regarding amounts receivable related to a project for Kuwait Oil Company and the related claim, since the company have provided full provision against this balances
- Note (14) regarding right of utilization for a land held by an associate and the Parent Company.

Our conclusion is not qualified with respect these matters.

**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 month period ended June 30, 2017, that might have had a material effect on the Group financial position or results of its operation.

  
Dr. Ali Owaid Rukh Hayes  
Licence No. 72-A  
Member Of Nexia International – (England)  
ALWaha Auditing Office

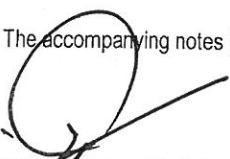
  
Dr. Shuaib A. Shuaib  
Licence No. 33-A  
RSM Albazie & Co.

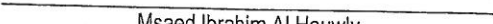
**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS OF JUNE 30, 2017**

(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Note	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
<b>Current assets:</b>				
Cash and cash equivalents	3	3,516,062	2,957,189	2,430,334
Time deposits		381,409	484,848	365,000
Murabaha investments	4	39,715	510,000	1,010,000
Accounts receivable and other debit balances	5	7,145,418	6,495,167	7,487,475
Inventory		1,465,505	1,588,474	1,158,922
<b>Total current assets</b>		<b>12,548,109</b>	<b>12,035,678</b>	<b>12,451,731</b>
<b>Non current assets:</b>				
Financial assets available for sale		183,495	183,495	263,563
Investment in an associate	6	4,921,172	4,921,172	4,909,890
Investment properties		2,605,000	2,605,000	2,755,500
Property, plant and equipment		2,166,474	2,074,482	2,244,666
Goodwill		361,113	361,113	313,615
<b>Total non current assets</b>		<b>10,237,254</b>	<b>10,145,262</b>	<b>10,487,234</b>
<b>Total assets</b>		<b>22,785,363</b>	<b>22,180,940</b>	<b>22,938,965</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities:</b>				
Due to banks	7	-	1,844	955,759
Term loans	8	700,000	800,000	800,000
Short term finance lease installment contract		1,730,000	1,730,000	1,730,000
Accounts payable and other credit balances		3,140,453	2,556,934	2,413,522
<b>Total current liabilities</b>		<b>5,570,453</b>	<b>5,088,778</b>	<b>5,899,281</b>
<b>Non current liabilities:</b>				
Provision for end of service indemnity		516,407	456,157	443,802
<b>Total non current liabilities</b>		<b>516,407</b>	<b>456,157</b>	<b>443,802</b>
<b>Total liabilities</b>		<b>6,086,860</b>	<b>5,544,935</b>	<b>6,343,083</b>
<b>Equity:</b>				
Share capital		8,255,650	8,255,650	8,255,650
Share premium		5,089,036	5,089,036	11,690,245
Statutory reserve		1,511,731	1,511,731	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)
Retained earnings (accumulated losses)		222,880	292,722	(6,482,823)
Equity attributable to Shareholders of the Parent Company		14,436,301	14,506,143	14,295,839
Non controlling interests		2,262,202	2,129,862	2,300,043
<b>Total equity</b>		<b>16,698,503</b>	<b>16,636,005</b>	<b>16,595,882</b>
<b>Total liabilities and equity</b>		<b>22,785,363</b>	<b>22,180,940</b>	<b>22,938,965</b>

The accompanying notes (1) to (17) form an integral part of the interim condensed consolidated financial information.

  
Tarek Ibrahim Al-Mousa  
Vice Chairman and Chief Executive Officer

  
Msaed Ibrahim Al Houwly  
Chairman

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, 2017  
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2017	2016	2017	2016
<b>Revenues:</b>					
Sales		2,288,599	1,210,084	3,935,898	2,581,130
Service revenue		2,267,659	1,698,466	4,397,987	3,044,743
		<u>4,556,258</u>	<u>2,908,550</u>	<u>8,333,885</u>	<u>5,625,873</u>
<b>Costs:</b>					
Cost of sales		(1,542,305)	(856,642)	(2,593,441)	(1,833,964)
Service cost		(1,913,740)	(1,331,102)	(3,745,402)	(2,531,053)
		<u>(3,456,045)</u>	<u>(2,187,744)</u>	<u>(6,338,843)</u>	<u>(4,365,017)</u>
<b>Gross profit</b>		<u>1,100,213</u>	<u>720,806</u>	<u>1,995,042</u>	<u>1,260,856</u>
<b>Expenses and charges:</b>					
Staff cost		298,337	289,376	575,494	499,004
General and administrative expenses		293,512	271,542	586,972	473,976
Selling and marketing expenses		18,044	7,258	24,931	14,538
Depreciation and amortization		90,261	54,706	190,311	108,408
Provision for doubtful debts		17,400	11,600	34,800	29,000
Legal claims	10	459,166	-	459,166	-
<b>Total expenses and charges</b>		<u>1,176,720</u>	<u>634,482</u>	<u>1,871,674</u>	<u>1,124,926</u>
Operating (loss) profit		(76,507)	86,324	123,368	135,930
Murabaha and Interest income		5,892	4,073	13,326	12,540
Foreign exchange loss		(982)	(1,328)	(2,456)	(6,493)
Finance charges		(40,285)	(42,138)	(80,497)	(105,471)
Loss on sale of property, plant and equipment		(24,437)	-	(24,437)	-
Other income		14,326	159,729	54,480	240,381
<b>(Loss) profit for the period before contribution to KFAS, NLST and Zakat</b>		<u>(121,993)</u>	<u>206,660</u>	<u>83,784</u>	<u>276,887</u>
Contribution to KFAS		-	-	(1,306)	-
Contribution to National Labor Support Tax		-	(4,620)	(4,638)	(7,034)
Contribution to Zakat		-	(3,089)	(1,855)	(4,055)
<b>Net (loss) profit for the period</b>		<u>(121,993)</u>	<u>198,951</u>	<u>75,985</u>	<u>265,798</u>
Other comprehensive income		-	-	-	-
<b>Total comprehensive (loss) Income</b>		<u>(121,993)</u>	<u>198,951</u>	<u>75,985</u>	<u>265,798</u>
<b>Attributable to:</b>					
Parent Company's Shareholders		(207,112)	101,584	(69,842)	118,386
Non-controlling interests		85,119	97,367	145,827	147,412
<b>Net (loss) profit for the period</b>		<u>(121,993)</u>	<u>198,951</u>	<u>75,985</u>	<u>265,798</u>
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
<b>(Loss) earnings per share</b>	11	<u>(2.76)</u>	<u>1.36</u>	<u>(0.93)</u>	<u>1.58</u>

The accompanying notes (1) to (17) 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, 2017**  
 (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	Retained earnings (accumulated losses)	Subtotal	Non controlling interests	Total
Balance as of January 1, 2017	8,255,650	5,089,036	1,511,731	487,860	(1,056,623)	11,958	(86,191)	292,722	14,506,143	2,129,862	16,636,005
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(69,842)	(69,842)	145,827	75,985
Effect of subsidiary write-off	-	-	-	-	-	-	-	-	-	(9,987)	(9,987)
NCI Share of dividends declared	-	-	-	-	-	-	-	-	-	(3,500)	(3,500)
Balance as of June 30, 2017	8,255,650	5,089,036	1,511,731	487,860	(1,056,623)	11,958	(86,191)	222,880	14,436,301	2,262,202	16,698,503
Balance as of January 1, 2016	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

The accompanying notes (1) to (17) 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, 2017  
 (All amounts are in Kuwaiti Dinars)

	Six months ended June 30,	
	2017	2016
<b>Cash flows from operating activities:</b>		
Profit for the period before contribution to KFAS, NLST and Zakat	83,784	276,887
Adjustments for:		
Depreciation and amortization	244,470	253,088
Provision for doubtful debts	34,800	29,000
Murabaha and Interest income	(13,326)	(12,540)
Finance charges	80,497	105,471
Loss on sale of property, plant and equipment	24,437	-
Provision for end of service indemnity	71,238	62,054
	<u>525,900</u>	<u>713,960</u>
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(704,139)	(1,595,395)
Inventories	122,969	(153,376)
Accounts payable and other credit balances	584,821	163,439
Cash generated from (used in) operations	529,551	(871,372)
Payment for end of service indemnity	(10,988)	(37,545)
Net cash flows generated from (used in) operating activities	<u>518,563</u>	<u>(908,917)</u>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(360,899)	(69,523)
Net movement in time deposits	103,439	(180,000)
Net movement in Murabaha investment	470,285	900,000
Murabaha and Interest income received	13,326	12,540
Net cash flows generated from investing activities	<u>226,151</u>	<u>663,017</u>
<b>Cash flows from financing activities:</b>		
Net movement on due to banks	(1,844)	(252,841)
Net movement on term loans	(100,000)	-
Finance charges paid	(80,497)	(105,471)
Dividend paid to non-controlling interest	(3,500)	-
Net cash flows used in financing activities	<u>(185,841)</u>	<u>(358,312)</u>
Net increase (decrease) in cash and cash equivalents	558,873	(604,212)
Cash and cash equivalents at the beginning of the period	2,957,189	3,034,546
Cash and cash equivalents at end of the period	<u>3,516,062</u>	<u>2,430,334</u>

The accompanying notes (1) to (17) form an integral part of the interim condensed consolidated financial information.

1. Incorporation and activities

Metal and Recycling K.S.C. (Public) (the "Parent Company") is a Kuwaiti shareholding company (Public) registered in the State of Kuwait, and was incorporated based on Memorandum of Incorporation Ref. No. 113 / Volume 17 dated 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 accessories 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).



METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES  
 NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
 JUNE 30, 2017  
 (All amounts are in Kuwaiti Dinars)

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").

The interim condensed consolidated financial information were authorized for issue by the Parent Company's Board of Directors on August 14, 2017.

2. Basis of presentation

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 consolidated financial statements for the year ended December 31, 2016.

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. 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, 2017 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2017. For further information, refer to the consolidated financial statements and notes thereto for the fiscal year ended December 31, 2016.

3. Cash and cash equivalents

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Cash on hand and at banks	1,932,883	2,047,610	1,424,947
Short term bank deposits	1,583,179	909,579	1,005,387
	<u>3,516,062</u>	<u>2,957,189</u>	<u>2,430,334</u>

Short term bank deposits carry an average interest rate of 1% to 1.375% per annum (December 31, 2016 - 1% to 1.375% per annum, June 30, 2016 - 1% to 1.375% 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, 2016 - 1% to 1.43% per annum, June 30, 2016 - 1% to 1.43% per annum)

Murabaha amounting to KD 29,715 (December 31, 2016: KD 500,000, June 30, 2016: KD 1,000,000) are pledged against certain letter of guarantee in favor of the Group (Note 15).

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES  
 NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
 JUNE 30, 2017  
 (All amounts are in Kuwaiti Dinars)

5. Accounts receivable and other debit balances

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Trade receivables	10,344,969	9,725,127	10,680,231
Provision for doubtful debts	(7,758,984)	(7,724,184)	(7,221,032)
	2,585,985	2,000,943	3,459,199
Due from related parties (Note 12)	455,625	456,359	138,385
Advance to suppliers	1,223,201	1,647,541	1,960,585
Refundable deposits	323,972	834,224	368,078
Retentions	268,507	267,563	239,459
Others	2,288,128	1,288,537	1,321,769
	<u>7,145,418</u>	<u>6,495,167</u>	<u>7,487,475</u>

The impaired receivables include balances of KD 5,229,407 relating to a project for Kuwait Oil Company. The collection of these receivables 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 extensions relating to the project executed for Kuwait Oil Company and current discussions are ongoing 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, 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 as stated in Note (14).

The Group do not recognize the group share of result from investment in associate for the period ended in June 30, 2017, as no interim financial information was available to the associate.

7. Due to banks

Due to banks represents overdraft facilities and carrying an average interest rate ranging from 1.75% to 2.25% per annum (December 31, 2016: 1.5% to 2% per annum, June 30, 2016: 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 1.75% to 2.25% per annum (December 31, 2016: 1.5% to 2% per annum, June 30, 2016: 1.5% to 2% per annum) over the Central Bank of Kuwait discount rate and repayable on February 4, 2018.

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES  
 NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
 JUNE 30, 2017  
 (All amounts are in Kuwaiti Dinars)

9. Treasury shares

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Number of shares (shares)	7,779,046	7,779,046	7,789,158
Percentage of paid up shares (%)	9.43%	9.43%	9.43%
Market value (KD)	692,335	505,638	459,560
Cost (KD)	1,056,623	1,056,623	1,056,623

10. Legal claims

During the financial period ended June 30, 2017, the court of appeal has issued two legal cases against the Parent Company Metal & Recycling Company – K.S.C. (Public), in association with another company, in respect of claims made by subcontractors, the issued legal claim amounting to KD 220,000 in addition to its legal interest with rate of 7% from the date of the claim until the date of payment, expenses and actual fees amounted to KD 65,075. And another issued legal claim amounting to KD 170,212 in addition to expenses and lawyer's fees amounting to KD 3,879. The parent company has paid KD 459,166 regarding these two legal claims, and its interest, expenses and actual fees. The parent company is working to stop these two legal claims.

11. (Loss) earnings per share

There are no potential dilutive ordinary shares. The information necessary to calculate basic (loss) earnings 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,	
	2017	2016	2017	2016
Net (loss) profit for the period attributable to Parent Company Shareholders (KD)	(207,112)	101,584	(69,842)	118,386
	Shares	Shares	Shares	Shares
Number of outstanding shares:				
Number of issued and fully paid shares	82,556,507	82,556,507	82,556,507	82,556,507
Less: Weighted average number of treasury shares (share)	(7,779,046)	(7,789,158)	(7,779,046)	(7,789,158)
Weighted average number of shares outstanding	74,777,461	74,767,349	74,777,461	74,767,349
	Fils	Fils	Fils	Fils
(Loss) earnings per share	(2.76)	1.36	(0.93)	1.58

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES  
 NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
 JUNE 30, 2017  
 (All amounts are in Kuwaiti Dinars)

12. Related party disclosures

The Group has entered into various transactions with related parties, i.e. ultimate Parent Company, Board of Directors, key management personnel, 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.

	<u>The Parent Company</u>	<u>Entities under common control</u>	<u>June 30, 2017</u>	<u>December 31, 2016 (Audited)</u>	<u>June 30, 2016</u>
Accounts receivable and other debit balances (Note 5)	2,925	452,700	455,625	456,359	138,385
Accounts payable and other credit balances	585,873	-	585,873	411,532	466,573
			<u>Three months ended June 30,</u>	<u>Six months ended June 30,</u>	
			<u>2017</u>	<u>2016</u>	<u>2017</u>
			<u>2017</u>	<u>2016</u>	<u>2016</u>
<u>Compensation to key management personnel:</u>					
Salaries and other short term benefits		80,366	53,771	145,483	114,372
Terminal benefits		2,528	1,362	4,388	3,023

13. 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.

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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:

	June 30, 2017		December 31, 2016 (Audited)		June 30, 2016	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Metal Shredding and used spare parts department	9,046,923	-	10,605,433	-	10,362,829	-
Commercial department	694,185	-	224,024	-	231,792	-
Waste plastic recycling department	1,112,757	-	1,668,813	-	1,770,109	-
Shear and baler	805,838	-	461,204	-	-	-
Unallocated assets and liabilities	11,125,660	6,086,860	9,221,466	5,544,935	10,574,235	6,343,083
	<u>22,785,363</u>	<u>6,086,860</u>	<u>22,180,940</u>	<u>5,544,935</u>	<u>22,938,965</u>	<u>6,343,083</u>

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Metal Shredding and Used Spare Parts Department	Segment revenue	Segment revenue	Segment revenue	Segment revenue
	2,002,520	944,308	3,325,940	2,163,235
Commercial Department	114,092	26,993	234,332	48,386
Waste Plastic Recycling Department	171,988	238,783	375,627	369,509
Others	2,267,658	1,698,466	4,397,986	3,044,743
	<u>4,556,258</u>	<u>2,908,550</u>	<u>8,333,885</u>	<u>5,625,873</u>
	Segment results	Segment results	Segment results	Segment results
	560,903	373,238	999,490	697,687
	82,013	2,748	124,221	5,204
	103,379	122,136	218,747	188,956
	<u>(868,288)</u>	<u>(299,171)</u>	<u>(1,266,473)</u>	<u>(626,049)</u>
	<u>(121,993)</u>	<u>198,951</u>	<u>75,985</u>	<u>265,798</u>

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14. 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.

15. Contingent liabilities

At June 30, 2017, the Group is contingently liable in respect of the following:

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Letters of guarantee	7,902,389	7,250,527	5,541,883
Letters of credit	-	24,133	-
	<u>7,902,389</u>	<u>7,274,660</u>	<u>5,541,883</u>

Certain letters of guarantee amounting to KD 29,715 are secured by murabaha investment (Note 4).

16. Fair value of financial instruments

Fair value measurement hierarchy is as follows:

Level 1: Quoted prices (unadjusted) 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.

As of June 30, fair value approximates its carrying value.

17. The General Assembly

The shareholders' Ordinary General Assembly has not been held till the date of the interim condensed consolidated financial information and accordingly, the consolidated financial statements for the year ended December 31, 2016 has have not yet been approved. The interim condensed consolidated financial information for the period ended June 30, 2017 do not include any adjustments which might be required if the consolidated financial statements for the year ended December 31, 2016 have been approved by the shareholders' Ordinary General Assembly.

The shareholders' Ordinary General Assembly held on June 12, 2016 approved the consolidated financial statements for the financial year ended December 31, 2015 and also approved not to distribute dividends for the financial year ended December 31, 2015.