

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

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

WITH  
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC)  
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## REPORT ON REVIEW OF INTERIM CONDENSED 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 September 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 nine months period then ended. The Parent Company's management 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 Financial Information Performed by the Independent Auditor of the Company." 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

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.



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**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 or of the Parent Company's Memorandum of Incorporation and Articles of Association during the nine months period ended September 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  
November 3, 2016

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

<u>ASSETS</u>	Notes	September 30, 2016	December 31, 2015 (Audited)	September 30, 2015
<b>Current assets:</b>				
Cash and cash equivalents	3	2,669,875	3,034,546	2,621,951
Time deposits		444,714	185,000	203,000
Murabaha investments	4	1,010,000	1,910,000	1,910,000
Accounts receivable and other debit balances	5	6,606,345	5,921,080	7,304,025
Inventory		1,361,204	1,005,546	1,986,874
<b>Total current assets</b>		<b>12,092,138</b>	<b>12,056,172</b>	<b>14,025,850</b>
<b>Non-current assets:</b>				
Financial assets available for sale		263,563	263,563	263,563
Investment in an associate	6	4,909,890	4,909,890	4,909,890
Investment properties		2,755,500	2,755,500	1,626,786
Property, plant and equipment		2,127,865	2,428,231	2,469,214
Goodwill		313,615	313,615	313,615
<b>Total non-current assets</b>		<b>10,370,433</b>	<b>10,670,799</b>	<b>9,583,068</b>
<b>Total assets</b>		<b>22,462,571</b>	<b>22,726,971</b>	<b>23,608,918</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities:</b>				
Due to banks	7	924,497	1,208,600	1,388,671
Term loans	8	800,000	800,000	800,000
Short term finance lease installment contract		1,730,000	1,730,000	960,000
Accounts payable and other credit balances		2,173,604	2,238,994	1,773,043
<b>Total current liabilities</b>		<b>5,628,101</b>	<b>5,977,594</b>	<b>4,921,714</b>
<b>Non-current liabilities:</b>				
Provision for end of service indemnity		465,846	419,293	388,898
<b>Total non-current liabilities</b>		<b>465,846</b>	<b>419,293</b>	<b>388,898</b>
<b>Total liabilities</b>		<b>6,093,947</b>	<b>6,396,887</b>	<b>5,310,612</b>
<b>Equity:</b>				
Share capital		8,255,650	8,255,650	8,255,650
Share premium	16	5,089,036	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 ownership interests of a subsidiary		(86,191)	(86,191)	(86,191)
Retained earnings (accumulated losses)	16	141,807	(6,601,209)	(4,618,983)
Equity attributable to shareholders of the Parent Company		14,319,260	14,177,453	16,159,679
Non-controlling interests		2,049,364	2,152,631	2,138,627
<b>Total equity</b>		<b>16,368,624</b>	<b>16,330,084</b>	<b>18,298,306</b>
<b>Total liabilities and equity</b>		<b>22,462,571</b>	<b>22,726,971</b>	<b>23,608,918</b>

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

Msaed Ibrahim Al Houwly  
 Chairman

Tarek Ibrahim Al-Mousa  
 Vice Chairman and Chief Executive Officer



METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
 INCOME (UNAUDITED)  
 FOR THE PERIOD ENDED SEPTEMBER 30, 2016  
 (All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2016	2015	2016	2015
<b>Revenues:</b>					
Sales		1,455,602	1,186,483	4,036,732	4,920,204
Service revenue		1,507,331	709,591	4,552,074	1,878,915
		<u>2,962,933</u>	<u>1,896,074</u>	<u>8,588,806</u>	<u>6,799,119</u>
<b>Costs:</b>					
Cost of sales		923,270	1,173,592	2,757,234	4,134,661
Service cost		1,238,936	578,572	3,769,989	1,561,383
		<u>2,162,206</u>	<u>1,752,164</u>	<u>6,527,223</u>	<u>5,696,044</u>
<b>Gross profit</b>		<u>800,727</u>	<u>143,910</u>	<u>2,061,583</u>	<u>1,103,075</u>
Expenses and charges:					
Staff cost		269,033	244,053	768,037	739,145
General and administrative expenses		172,793	159,362	646,769	632,301
Selling and marketing expenses		7,694	6,852	22,232	26,175
Depreciation and amortization		208,701	67,374	317,109	225,612
Provision for doubtful debts		38,000	-	67,000	-
Total expenses and charges		<u>696,221</u>	<u>477,641</u>	<u>1,821,147</u>	<u>1,623,233</u>
<b>Operating profit (loss)</b>		<u>104,506</u>	<u>(333,731)</u>	<u>240,436</u>	<u>(520,158)</u>
Interest and Murabaha income		10,298	8,444	22,838	27,251
Share of results from an associate		-	(92,804)	-	(92,804)
Foreign exchange (loss) gain		(2,618)	(3,014)	(9,111)	7,382
Finance charges		(51,115)	(48,205)	(156,586)	(139,108)
Other income		29,930	53,536	270,311	175,214
<b>Profit (loss) for the period before National Labor Support Tax and contribution to Zakat</b>		<u>91,001</u>	<u>(415,774)</u>	<u>367,888</u>	<u>(542,223)</u>
Contribution to National Labor Support Tax		(5,002)	-	(12,036)	-
Contribution to Zakat		(1,756)	-	(5,811)	-
<b>Net profit (loss) for the period</b>		<u>84,243</u>	<u>(415,774)</u>	<u>350,041</u>	<u>(542,223)</u>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income (loss)</b>		<u>84,243</u>	<u>(415,774)</u>	<u>350,041</u>	<u>(542,223)</u>
<b>Attributable to:</b>					
Parent Company's shareholders		23,421	(461,359)	141,807	(647,070)
Non-controlling interests		60,822	45,585	208,234	104,847
<b>Net profit (loss) for the period</b>		<u>84,243</u>	<u>(415,774)</u>	<u>350,041</u>	<u>(542,223)</u>
<b>Earnings (loss) per share (Fils)</b>	10	<u>0.31</u>	<u>(6.17)</u>	<u>1.90</u>	<u>(8.65)</u>

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 CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 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 ownership interest of a subsidiary	(Accumulated losses) Retained earnings	Subtotal	Non - controlling interests	Total
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	-	-	-	-	-	-	-	141,807	141,807	208,234	350,041
Cash dividends to non - controlling interests	-	-	-	-	-	-	-	-	-	(311,501)	(311,501)
Closing the accumulated losses in share premium (note 16)	-	(6,601,209)	-	-	-	-	-	6,601,209	-	-	-
<b>Balance as of September 30, 2016</b>	<b>8,255,650</b>	<b>5,089,036</b>	<b>1,475,763</b>	<b>487,860</b>	<b>(1,056,623)</b>	<b>11,958</b>	<b>(86,191)</b>	<b>141,807</b>	<b>14,319,260</b>	<b>2,049,364</b>	<b>16,368,624</b>
Balance as of January 1, 2015	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	-	-	-	-	-	-	-	(647,070)	(647,070)	104,847	(542,223)
<b>Balance as of September 30, 2015</b>	<b>8,255,650</b>	<b>11,690,245</b>	<b>1,475,763</b>	<b>487,860</b>	<b>(1,056,623)</b>	<b>11,958</b>	<b>(86,191)</b>	<b>(4,618,983)</b>	<b>16,159,679</b>	<b>2,138,627</b>	<b>18,298,306</b>

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 SEPTEMBER 30, 2016  
 (All amounts are in Kuwaiti Dinars)

	Note	Nine months ended September 30,	
		2016	2015
<b>Cash flows from operating activities:</b>			
Profit (loss) for the period before National Labor Support Tax and contribution to Zakat		367,888	(542,223)
Adjustments for:			
Depreciation and amortization		382,372	297,919
Share of result from an associate		-	92,804
Provision for doubtful debts		67,000	-
Interest and Murabaha income		(22,838)	(27,251)
Finance charges		156,586	139,108
Gain on sale of property, plant and equipment		-	(32,400)
Provision for end of service indemnity		96,388	104,844
		<u>1,047,396</u>	<u>32,801</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(752,265)	(187,022)
Inventory		(355,658)	(372,370)
Accounts payable and other credit balances		(83,237)	411,951
Cash flows used in operations		<u>(143,764)</u>	<u>(114,640)</u>
Payment for end of service indemnity		(49,835)	(93,201)
Net cash flows used in operating activities		<u>(193,599)</u>	<u>(207,841)</u>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment		(82,006)	(152,270)
Proceeds from sale of property, plant and equipment		-	469,420
Net movement in time deposits		(259,714)	234,409
Net movement in Murabaha investment		900,000	(1,000,000)
Interest income and Murabahat received		22,838	27,251
Net cash flows generated from (used in) investing activities		<u>581,118</u>	<u>(421,190)</u>
<b>Cash flows from financing activities:</b>			
Net movement on due to banks		(284,103)	46,201
Net movement on term loans		-	70,000
Finance charges paid		(156,586)	(139,108)
Dividends paid to non - controlling interests		(311,501)	-
Net cash flows used in financing activities		<u>(752,190)</u>	<u>(22,907)</u>
Net decrease in cash and cash equivalents		(364,671)	(651,938)
Cash and cash equivalents at the beginning of the period		<u>3,034,546</u>	<u>3,273,889</u>
Cash and cash equivalents at end of the period	3	<u>2,669,875</u>	<u>2,621,951</u>

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  
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
SEPTEMBER 30, 2016  
(All amounts are in Kuwaiti Dinars)

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1. Incorporation and activities

Metal and Recycling Company 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 Parent 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 Parent Company locally and internationally and representing companies in such field.
- Utilization of the Parent 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  
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(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 condensed consolidated financial information were authorized for issue by the Parent Company's Board of Directors on November 3, 2016.

2. Basis of presentation

The interim condensed 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 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, 2015.

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 September 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

	September 30, 2016	December 31, 2015 (Audited)	September 30, 2015
Cash on hand and at banks	1,659,631	1,734,546	1,310,738
Short term bank deposits	1,010,244	1,300,000	1,311,213
	<u>2,669,875</u>	<u>3,034,546</u>	<u>2,621,951</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, September 30, 2015 - 0.5% to 1% 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, September 30, 2015 - 1% to 1.25% per annum)

Murabaha amounting to KD 1,000,000 (December 31, 2015: KD 1,000,000, September 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 CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
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 (All amounts are in Kuwaiti Dinars)

5. Accounts receivable and other debit balances

	September 30, 2016	December 31, 2015 (Audited)	September 30, 2015
Trade receivables	3,964,145	4,219,945	3,238,480
Provision for doubtful debts	<u>(1,299,659)</u>	<u>(1,232,659)</u>	<u>(888,674)</u>
	2,664,486	2,987,286	2,349,806
Due from related parties (Note 11)	7,519	85,514	627,381
Advance to suppliers	1,961,584	1,254,459	1,369,214
Advance towards a project	56,963	56,963	56,963
Qatar Project receivables	495,245	495,245	495,245
Refundable deposits	170,434	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	277,809	261,680	256,291
Others	<u>1,255,859</u>	<u>1,044,471</u>	<u>1,305,124</u>
	12,577,318	11,892,053	12,326,459
Provisions against other debit balances	<u>(5,970,973)</u>	<u>(5,970,973)</u>	<u>(5,022,434)</u>
	<u>6,606,345</u>	<u>5,921,080</u>	<u>7,304,025</u>

The above balances include debit amounts of KD 5,227,276 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 Group 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, September 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, September 30, 2015: 1.5% to 2% per annum) over the Central Bank of Kuwait discount rate and repayable on February 8, 2017.

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)

9. Treasury shares

	September 30, 2016	December 31, 2015 (Audited)	September 30, 2015
Number of shares (shares)	7,779,046	7,779,046	7,779,046
Percentage of paid up shares (%)	9.43%	9.43%	9.43%
Market value (KD)	513,417	576,398	529,663
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 September 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 September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net profit (loss) for the period attributable to Parent Company' shareholders (KD)	<u>23,421</u>	<u>(461,359)</u>	<u>141,807</u>	<u>(647,070)</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
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	<u>(7,779,046)</u>	<u>(7,779,046)</u>	<u>(7,779,046)</u>	<u>(7,779,046)</u>
Weighted average number of shares outstanding	<u>74,777,461</u>	<u>74,777,461</u>	<u>74,777,461</u>	<u>74,777,461</u>
	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Earnings (loss) per share (Fils)	<u>0.31</u>	<u>(6.17)</u>	<u>1.90</u>	<u>(8.65)</u>

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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.

	<u>The Ultimate Parent Company</u>	<u>Entities under common control</u>	<u>September 30, 2016</u>	<u>December 31, 2015 (Audited)</u>	<u>September 30, 2015</u>	
Accounts receivable and other debit balances (Note 5)	2,732	4,787	7,519	85,514	627,381	
Accounts payable and other credit balances	384,625	1,810	386,435	383,377	622,060	
			<u>Three months ended September 30, 2016</u>	<u>2015</u>	<u>Nine months ended September 30, 2016</u>	<u>2015</u>
<u>Compensation to key management personnel:</u>						
Salaries and other short term benefits			53,936	60,883	168,308	173,341
Terminal benefits			1,369	2,129	4,392	5,839

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.



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Financial details of the above operating segments are as follows:

	September 30, 2016		December 31, 2015 (Audited)		September 30, 2015	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Metal shredding and used spare parts department	11,209,632	-	11,034,426	-	13,346,768	-
Commercial department	228,007	-	167,119	-	267,481	-
Waste plastic recycling department	1,815,411	-	1,401,256	-	2,103,543	-
Shear and baler	-	-	60,602	-	110,752	-
Unallocated assets and liabilities	9,209,521	6,093,947	10,063,568	6,396,887	7,780,374	5,310,612
	<u>22,462,571</u>	<u>6,093,947</u>	<u>22,726,971</u>	<u>6,396,887</u>	<u>23,608,918</u>	<u>5,310,612</u>
	Three months ended					
	September 30, 2016		September 30, 2015		September 30, 2015	
	Segment revenue	Segment results	Segment revenue	Segment results	Segment revenue	Segment results
Metal shredding and used spare parts department	1,251,094	349,037	970,407	147,180	3,582,910	513,882
Commercial Department	21,062	4,229	15,145	2,307	71,805	25,534
Waste plastic recycling department	183,445	99,651	158,675	74,467	564,691	251,085
Shear and baler	-	-	6,171	847	29,731	4,248
Others	1,507,332	(368,674)	745,676	(640,575)	2,549,982	(1,336,972)
	<u>2,962,933</u>	<u>84,243</u>	<u>1,896,074</u>	<u>(415,774)</u>	<u>6,799,119</u>	<u>(542,223)</u>

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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 September 19, 2013 with the Public Authority for 5 years ending on May 13, 2018.

14. Contingent liabilities

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

	September 30, 2016	December 31, 2015 (Audited)	September 30, 2015
Letters of guarantee	5,445,760	5,867,939	5,372,272
Letters of credit	-	-	23,408
	<u>5,445,760</u>	<u>5,867,939</u>	<u>5,395,680</u>

Certain letters of guarantee amounting to KD 836,000 are secured by murabaha investments (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 September 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 Extraordinary General Assembly held on August 2, 2016, approved the reduction of the 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.

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.

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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. 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.