

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC)  
AND ITS SUBSIDIARIES  
STATE OF KUWAIT  
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED MARCH 31, 2023  
(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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CONTENTS

Report on review of interim condensed consolidated financial information	
	<u>Pages</u>
Interim condensed consolidated statement of financial position (unaudited)	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 condensed consolidated financial information (unaudited)	7 – 13

**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)  
State of Kuwait

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Metal and Recycling Company K.S.C. (Public) (the “Parent Company”) and its subsidiaries (collectively the “Group”) as of March 31, 2023, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the three months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Emphasis of matter**


Without qualifying our conclusion, we draw attention to Note (9) 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 three months period ended March 31, 2023, that might have had a material effect on the Parent Company's financial position or results of its operation, except for the Group ownership of investment properties and conducting rental activities, not disclosed in the Parent Company Articles of Association.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended March 31, 2023, that might have had a material effect on the Parent Company's financial position or results of its operations.

State of Kuwait  
May 14, 2023

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

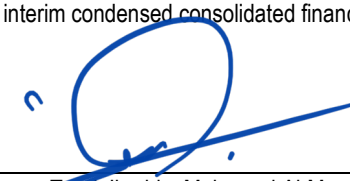
**METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT MARCH 31, 2023**

(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Notes	March 31, 2023	December 31, 2022 (Audited)	March 31, 2022
<b>Current assets:</b>				
Cash and cash equivalents	3	2,498,927	2,565,034	5,186,670
Time deposits	4	3,080,359	3,072,276	1,093,269
Accounts receivable and other debit balances		4,740,804	4,973,648	3,973,968
Due from related parties	5	1,900	163,776	241,375
Inventories		109,626	80,850	161,031
<b>Total current assets</b>		<b>10,431,616</b>	<b>10,855,584</b>	<b>10,656,313</b>
<b>Non-current assets:</b>				
Financial assets at fair value through profit and loss		34,972	34,972	34,972
Investment in associate		6,797,486	6,797,486	6,023,828
Investment property		1,420,000	1,420,000	1,420,000
Property, plant and equipment		5,915,067	5,533,122	3,284,888
Right of use assets		2,085,981	2,015,042	2,410,786
Goodwill		406,889	406,889	406,889
<b>Total non-current assets</b>		<b>16,660,395</b>	<b>16,207,511</b>	<b>13,581,363</b>
<b>Total assets</b>		<b>27,092,011</b>	<b>27,063,095</b>	<b>24,237,676</b>
<u>LIABILITIES AND EQUITY</u>				
<b>Current liabilities:</b>				
Due to banks		-	-	241,624
Ijara payables		-	-	325,000
Term loans	6	1,058,000	1,058,000	1,058,000
Lease liabilities		453,221	439,019	421,756
Accounts payable and other credit balances		3,518,726	3,323,485	2,879,933
Due to related parties	5	2,886,558	2,907,394	2,206,003
<b>Total current liabilities</b>		<b>7,916,505</b>	<b>7,727,898</b>	<b>7,132,316</b>
<b>Non-current liabilities:</b>				
Term loans	6	6,339,525	6,096,525	4,081,949
Lease liabilities		1,934,544	1,976,600	2,287,483
Provision for end of service indemnity		1,099,366	1,063,141	1,082,332
<b>Total non-current liabilities</b>		<b>9,373,435</b>	<b>9,136,266</b>	<b>7,451,764</b>
<b>Total liabilities</b>		<b>17,289,940</b>	<b>16,864,164</b>	<b>14,584,080</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	7	(1,056,623)	(1,056,623)	(1,056,623)
Effect of change in subsidiary's equity		402,450	402,450	402,450
Accumulated losses		(3,384,594)	(3,411,967)	(3,775,226)
<b>Equity attributable to shareholders of the Parent</b>				
<b>Company</b>		7,481,814	7,454,441	7,091,182
Non-controlling interests		2,320,257	2,744,490	2,562,414
<b>Total equity</b>		<b>9,802,071</b>	<b>10,198,931</b>	<b>9,653,596</b>
<b>Total liabilities and equity</b>		<b>27,092,011</b>	<b>27,063,095</b>	<b>24,237,676</b>

The accompanying notes from (1) to (14) 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 MARCH 31, 2023**  
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended March 31,	
		2023	2022
<b>Revenues:</b>			
Net sales		5,436	800,640
Service revenue		2,628,629	2,523,881
Rental income		425,466	256,227
		<u>3,059,531</u>	<u>3,580,748</u>
<b>Expenses:</b>			
Cost of sales		(7,131)	(634,211)
Service costs		(1,945,908)	(1,891,571)
Rental costs		(249,003)	(183,017)
		<u>(2,202,042)</u>	<u>(2,708,799)</u>
<b>Gross profit</b>		<u>857,489</u>	<u>871,949</u>
Staff costs		(246,337)	(287,025)
General and administrative expenses		(146,248)	(116,741)
Selling and marketing expenses		(2,253)	(14,321)
Depreciation		(110,610)	(110,780)
Amortization for right of use assets		(122,804)	(120,350)
		<u>(628,252)</u>	<u>(649,217)</u>
<b>Profit from operations</b>		<u>229,237</u>	<u>222,732</u>
Interest income		19,376	5,467
Foreign exchange gain		-	21,715
Gain on sale of property, plant, and equipment		1,000	54,050
Finance cost		(181,495)	(80,794)
Tax accruals		-	(116,902)
Other income		27,272	64,281
<b>Profit for the period before contributions to National Labor Support Tax (NLST) and Zakat</b>		<u>95,390</u>	<u>170,549</u>
NLST		(1,607)	-
Contribution to Zakat		(643)	-
<b>Profit for the period</b>		<u>93,140</u>	<u>170,549</u>
Other comprehensive income		-	-
<b>Total comprehensive profit for the period</b>		<u>93,140</u>	<u>170,549</u>
<b>Attributable to:</b>			
Shareholders of the Parent Company		27,373	52,884
Non-controlling interests		65,767	117,665
		<u>93,140</u>	<u>170,549</u>
		<u>Fils</u>	<u>Fils</u>
<b>Basic and diluted earnings per share attributable to Shareholders of the Parent Company</b>	8	<u>0.30</u>	<u>0.59</u>

The accompanying notes from (1) to (14) form an integral part of the interim condensed consolidated financial information.

**METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2023**

(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company						Non - controlling interests	Total equity
	Share capital	Statutory reserve	Treasury shares	Effect of change in subsidiary's equity	Accumulated losses	Subtotal		
Balance as at January 1, 2023	10,000,000	1,520,581	(1,056,623)	402,450	(3,411,967)	7,454,441	2,744,490	10,198,931
Total comprehensive income for the period	-	-	-	-	27,373	27,373	65,767	93,140
Cash dividends to non-controlling interests	-	-	-	-	-	-	(490,000)	(490,000)
<b>Balance as at March 31, 2023</b>	<b>10,000,000</b>	<b>1,520,581</b>	<b>(1,056,623)</b>	<b>402,450</b>	<b>(3,384,594)</b>	<b>7,481,814</b>	<b>2,320,257</b>	<b>9,802,071</b>
Balance as at January 1, 2022	10,000,000	1,520,581	(1,056,623)	402,450	(3,828,110)	7,038,298	2,444,749	9,483,047
Total comprehensive income for the period	-	-	-	-	52,884	52,884	117,665	170,549
Balance as at March 31, 2022	10,000,000	1,520,581	(1,056,623)	402,450	(3,775,226)	7,091,182	2,562,414	9,653,596

The accompanying notes from (1) to (14) form an integral part of the interim condensed consolidated financial information.

**METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2023**  
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended March 31,	
		2023	2022
<b>Cash flows from operating activities:</b>			
Profit for the period before contributions to National Labor Support Tax (NLST) and Zakat		95,390	170,549
Adjustments for:			
Depreciation		110,610	110,780
Gain on sale of property, plant and equipment		(1,000)	(54,050)
Amortization of right of use assets		122,804	120,350
Interest income		(19,376)	(5,467)
Finance cost		181,495	80,794
Provision for end of service indemnity		53,596	52,041
Other provisions		-	116,902
		<u>543,519</u>	<u>591,899</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		232,844	521,543
Net movement in related parties		14,428	(34,886)
Inventories		(28,776)	596,959
Accounts payable and other credit balances		<u>192,991</u>	<u>(218,627)</u>
Cash flows generated from operations		955,006	1,456,888
Payment for end of service indemnity		<u>(17,371)</u>	<u>(83,954)</u>
<b>Net cash flows generated from operating activities</b>		<u>937,635</u>	<u>1,372,934</u>
<b>Cash flows from investing activities:</b>			
Time deposits		(8,083)	(2,973)
Paid for property, plant, and equipment		(492,601)	(289,147)
Proceeds from sale of property, plant and equipment		1,046	54,050
Interest income received		19,376	5,467
<b>Net cash flows used in investing activities</b>		<u>(480,262)</u>	<u>(232,603)</u>
<b>Cash flows from financing activities:</b>			
Net movement in due to banks		-	30,843
Net movement in finance lease payables		-	(25,000)
Net movement in term loans		243,000	205,766
Payment of lease liabilities		(246,900)	(211,490)
Dividends paid to non-controlling interests		(490,000)	-
Finance charges paid		<u>(29,580)</u>	<u>(16,053)</u>
<b>Net cash flows used in financing activities</b>		<u>(523,480)</u>	<u>(15,934)</u>
Net (decrease) increase in cash and cash equivalents		(66,107)	1,124,397
Net movement in restricted cash		(55,484)	-
Cash and cash equivalents at the beginning of the period		<u>1,948,894</u>	<u>3,455,484</u>
Cash and cash equivalents at the end of the period	3	<u>1,827,303</u>	<u>4,579,881</u>

The accompanying notes from (1) to (14) form an integral part of the interim condensed consolidated financial information.



**METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2023**

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities

Metal and Recycling Company "The Parent Company" is a Kuwaiti Public Shareholding Company, registered in the State of Kuwait and was incorporated pursuant to Memorandum of Incorporation Ref. No. 113/Volume 17, dated September 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 May 14, 2023.

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 year ended December 31, 2022.

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, 2023, 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, 2022. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial information. Operating results for the period ended March 31, 2023, are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2022.

3. Cash and cash equivalents

	<b>March 31, 2023</b>	December 31, 2022 (Audited)	March 31, 2022
Cash on hand and at banks	<b>1,848,927</b>	1,515,034	2,592,745
Short term bank deposits	<b>650,000</b>	1,050,000	2,593,925
	<b>2,498,927</b>	2,565,034	5,186,670
Less: restricted cash against letters of guarantee	<b>(671,624)</b>	(616,140)	(606,789)
Cash and cash equivalents as presented in the consolidated statement of cash flows	<b>1,827,303</b>	1,948,894	4,579,881

The effective interest rate on short term bank deposits ranged from 4.25% to 5% per annum (December 31, 2022: 4%, March 31, 2022: 1.2% to 1.5%). These deposits are denominated in Kuwaiti Dinars and have an average maturity of 30 - 90 days.

As of March 31, 2023, cash restricted by banks against letters of guarantee amounted to KD 671,624 (Note 10) (December 31, 2022: KD 616,140, March 31, 2022: KD 606,789).

**METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2023**

(All amounts are in Kuwaiti Dinars)

4. Time deposits

The effective interest rate on time deposits ranged from 3.25% to 4.25% per annum (December 31, 2022: 2.125% to 4.250% per annum, March 31, 2022: 1.125% to 1.250% per annum), these deposits have an average maturity of 185 to 365 days.

Time deposits amounting to KD 826,612 (December 31, 2022: KD 885,412, March 31, 2022: KD 869,415) were pledged against letters of guarantee (Note 10).

5. Related parties' disclosures

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

Significant related party balances and transactions are as follows:

**Balances included in interim condensed consolidated statement of financial position:**

	<u>Major shareholder</u>	<u>Entities under common control</u>	<u>Associate</u>	<u>March 31, 2023</u>	<u>December 31, 2022 (Audited)</u>	<u>March 31, 2022</u>
Due from related parties	-	-	1,900	<b>1,900</b>	163,776	241,375
Accounts receivable and other debit balances	-	-	-	-	82,868	75,728
Due to related parties	(2,733,579)	(152,979)	-	<b>(2,886,558)</b>	(2,907,394)	(2,206,003)
Accrued expenses	(180,000)	(538,724)	-	<b>(718,724)</b>	(538,690)	(180,000)
Term loans (Note 6)	-	(5,796,600)	-	<b>(5,796,600)</b>	(5,451,600)	(3,158,500)

The Shareholders' Annual Ordinary General Assembly held on June 25, 2021, approved a convertible loan agreement for a ceiling amount of KD 10,000,000, from Agility International Investment Company - W.L.L. (Subsidiary of the Ultimate Parent Company). During the period ended March 31, 2023, the Parent Company withdrew an additional amount of KD 345,000 from the loan amount. The loan is due after 60 months from April 12, 2021, in cash or if the lender elects to convert it to ordinary shares (Note 6) and carries annual interest rate of 4% over the CBK discount rate.

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

	<u>Major shareholder</u>	<u>Entities under common control</u>	<u>Three months ended March 31,</u>	
			<u>2023</u>	<u>2022</u>
Finance cost	-	(126,612)	<b>(126,612)</b>	(44,637)
General and administrative expenses	(21,630)	-	<b>(21,630)</b>	(18,843)

**Compensation to key management personnel**

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Short term benefits	<b>85,956</b>	78,008
Terminal benefits	<b>3,603</b>	3,377
	<b>89,559</b>	81,385

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

(All amounts are in Kuwaiti Dinars)

6. Term loans

	<u>Due date</u>	<u>Currency</u>	<b>March 31, 2023</b>	December 31, 2022 (Audited)	March 31, 2022
Term loan from local bank carrying interest rate of 2.5% over the Central Bank of Kuwait discount rate.	August 31, 2023	KWD	<b>650,000</b>	650,000	650,000
Term loan from local bank carrying interest rate of 3% over the Central Bank of Kuwait discount rate.	June 30, 2025	KWD	<b>950,925</b>	1,052,925	1,331,449
Term loan from a related party carrying interest rate of 4% over the Central Bank of Kuwait discount rate. (A)	April 12, 2026	KWD	<b>5,796,600</b>	5,451,600	3,158,500
			<b><u>7,397,525</u></b>	<b><u>7,154,525</u></b>	<b><u>5,139,949</u></b>

Term loans are secured by assignment letters for certain project revenues.

(A) On April 12, 2021, the Parent Company signed a loan agreement with a related party (company under common control) (Note 5), for a maximum amount of KD 10,000,000, bearing interest rate 4% per annum, over the Central Bank of Kuwait discount rate, due upon which of the following occurs first:

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

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

During the period ended March 31, 2023, the Parent Company withdrew an additional amount of KD 345,000 from the original loan facility.

The term loans are classified as follows:

	<b>March 31, 2023</b>	December 31, 2022 (Audited)	March 31, 2022
Current portion	<b>1,058,000</b>	1,058,000	1,058,000
Non-current portion	<b>6,339,525</b>	6,096,525	4,081,949
	<b><u>7,397,525</u></b>	<b><u>7,154,525</u></b>	<b><u>5,139,949</u></b>

7. Treasury shares

	<b>March 31, 2023</b>	December 31, 2022 (Audited)	March 31, 2022
Number of shares	<b>9,899,225</b>	9,899,225	9,899,225
Percentage of paid-up shares	<b>9.89%</b>	9.89%	9.89%
Market value	<b>702,845</b>	494,961	821,636
Cost	<b>(1,056,623)</b>	(1,056,623)	(1,056,623)

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

(All amounts are in Kuwaiti Dinars)

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 March 31, 2023. Such amount will not be available for distribution during the treasury shares holding period.

8. Basic and diluted earnings per share attributable to Shareholders of the Parent Company

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

	Three months ended March 31,	
	<b>2023</b>	2022
Profit for the period attributable to Parent Company's Shareholders	<b>27,373</b>	52,884
	<b>Shares</b>	Shares
<u>Number of outstanding shares:</u>		
Number of issued and fully paid shares	<b>100,000,000</b>	100,000,000
Less: Weighted average number of treasury shares	<b>(9,899,225)</b>	(9,899,225)
Weighted average number of shares outstanding	<b>90,100,775</b>	90,100,775
	<b>Fils</b>	Fils
Basic and diluted earnings per share attributable to Shareholders of the Parent Company	<b>0.30</b>	0.59

As at March 31, 2023, there is a term loan convertible into ordinary shares (Note 6), It does not have a dilutive effect on earnings per share due to its nature.

9. Rights of utilization

The Parent Company operates on a plot of a land at 85, Mina Abdullah, with 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.

10. Contingent liabilities

The Group is contingently liable against the following:

	March 31, 2023	December 31, 2022 (Audited)	March 31, 2022
Letters of guarantee	<b>10,181,493</b>	9,620,873	8,608,835

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

11. Shareholders' Annual General Assembly

The Shareholders' Annual Ordinary General Assembly held on May 1, 2023, approved the consolidated financial statements for the year ended December 31, 2022, and resolved not to distribute cash dividends or remuneration to the Board of Directors for the year ended December 31, 2022.

The Shareholders' Annual Ordinary General Assembly held on May 30, 2022, approved the consolidated financial statements for the year ended December 31, 2021, and resolved not to distribute cash dividends or remuneration to the Board of Directors for the year ended December 31, 2021.

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

(All amounts are in Kuwaiti Dinars)

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12. Legal claims

On June 13, 2017, the Parent Company submitted a financial claim for KD 25,415,961 which is currently under the consideration of Public Authority for Industry and the Ministry of Commerce, who referred the matter to the Council of Ministers who in turn referred it to a competent committee to assess the compensation. The management believes that the Parent Company is eligible for compensation in accordance with the principles of compensation established by Law No. 105/1980 regarding state property and its executive regulations; and also based on the contract concluded by virtue of contract no 27/103 dated 19 September 2013 concluded with the Public Authority for Industry regarding the exploitation of the land, according to similar cases in the same geographical location.

In a meeting held on 29 September 2019 between the Parent Company and the Public Authority for Industry, it was decided to provide alternative land to the Parent Company for shifting its administrative building, factory and scrap yard from South Amghara and that the transfer to the new site will take place only after the installation of power, and implementation of organizational structure. However, the Administrative Authority issued an order on 25 January 2021 to displace the Parent Company from this land before alternate arrangements were completed, violating the original decision.

Accordingly, the Parent Company considers that the violation by the Administrative Authority has caused further damages and as a result it prepared a supplementary financial claim to the previous one bringing the total claim to KD 58,500,000.

The matter was further taken to the Court of Law, where On June 22, 2022, the First Instance Court ruled accepting the claim in form and rejected it in substance. The Parent Company appealed the ruling before the Court of Appeal, which ruled on November 21, 2022, to accept the appeal in form and reject it in substance, and to uphold the appealed judgement.

Furthermore, there are certain lawsuits raised by/ against the Group, the results of which cannot be assessed until finally cleared by the respective courts. In the opinion of the Group's management there will not be any material adverse ruling against the Group arising from such legal cases.

13. 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.

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

(All amounts are in Kuwaiti Dinars)

Financial details of the above operating segments are as follows

	March 31, 2023		December 31, 2022 (Audited)		March 31, 2022	
	Segments assets	Segments liabilities	Segments assets	Segments liabilities	Segments assets	Segments liabilities
Waste Management & Recycling	10,533,120	15,094,827	10,106,347	14,777,435	7,312,565	11,631,849
Services Department – HVAC	8,472,383	1,993,658	8,692,509	1,817,826	9,485,345	2,633,422
Services Department – Cleaning	893,482	163,357	1,069,948	237,232	1,018,577	278,315
Others	7,193,026	38,098	7,194,291	31,671	6,421,189	40,494
	<b>27,092,011</b>	<b>17,289,940</b>	<b>27,063,095</b>	<b>16,864,164</b>	<b>24,237,676</b>	<b>14,584,080</b>

Three months ended March 31,

	2023		2022	
	Segments revenues	Segments result	Segments revenue	Segments result
Waste Department – Metal Shredding	5,436	3,145	608,048	176,317
Waste Department – Plastic Recycling	-	(691)	192,592	(122,599)
Waste Department – Medical Waste	444,861	95,952	107,893	(61,464)
Services Department- HVAC	2,091,721	303,209	2,111,153	354,772
Services Department – Cleaning	92,047	(62,990)	350,723	28,089
Others	425,466	(245,485)	210,339	(204,566)
	<b>3,059,531</b>	<b>93,140</b>	<b>3,580,748</b>	<b>170,549</b>

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

(All amounts are in Kuwaiti Dinars)

14. 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:

	<b>March 31, 2023</b>	
	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit and loss	34,972	34,972
Investment property	1,420,000	1,420,000
Total	<u>1,454,972</u>	<u>1,454,972</u>
	<b>December 31, 2022</b>	
	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit and loss	34,972	34,972
Investment property	1,420,000	1,420,000
Total	<u>1,454,972</u>	<u>1,454,972</u>
	<b>March 31, 2022</b>	
	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit and loss	34,972	34,972
Investment property	1,420,000	1,420,000
Total	<u>1,454,972</u>	<u>1,454,972</u>

During the period ended March 31, 2023, there were no transfers among levels of fair value hierarchy.