

**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, 2023
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION**

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AND ITS SUBSIDIARIES
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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)
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 September 30, 2023, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three months and nine months period then ended, statements of changes in equity and cash flows for the nine 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

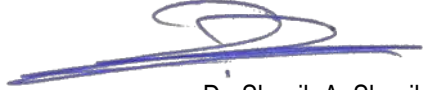
Without qualifying our conclusion, we draw attention to Note (10) regarding right of utilization for a land leased by the Group and held within the Associate Company.

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 nine months period ended September 30, 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 nine months period ended September 30, 2023, that might have had a material effect on the Parent Company's financial position or results of its operations.

State of Kuwait
November 2, 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 SEPTEMBER 30, 2023

(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Notes	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Current assets:				
Cash and cash equivalents	3	1,462,284	2,565,034	4,952,273
Time deposits	4	3,599,379	3,072,276	2,100,145
Accounts receivable and other debit balances	5	6,251,379	4,973,648	5,259,633
Due from related parties	6	88,499	163,776	313,776
Inventories		86,194	80,850	104,304
Total current assets		11,487,735	10,855,584	12,730,131
Non-current assets:				
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		6,767,521	5,533,122	4,402,970
Right of use assets		1,887,837	2,015,042	2,131,052
Goodwill		406,889	406,889	406,889
Total non-current assets		17,314,705	16,207,511	14,419,711
Total assets		28,802,440	27,063,095	27,149,842
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Due to banks		-	-	196,471
Ijara payables		-	-	275,000
Term loans	7	1,058,000	1,058,000	1,058,000
Lease liabilities		272,693	439,019	173,138
Accounts payable and other credit balances		3,577,637	2,964,795	3,354,153
Due to related parties	6	3,603,896	3,266,084	2,284,325
Total current liabilities		8,512,226	7,727,898	7,341,087
Non-current liabilities:				
Term loans	7	7,002,875	6,096,525	6,626,925
Lease liabilities		1,950,688	1,976,600	2,264,702
Provision for end of service indemnity		1,135,432	1,063,141	1,072,243
Total non-current liabilities		10,088,995	9,136,266	9,963,870
Total liabilities		18,601,221	16,864,164	17,304,957
Equity:				
Share capital		10,000,000	10,000,000	10,000,000
Statutory reserve		1,520,581	1,520,581	1,520,581
Treasury shares	8	(1,056,623)	(1,056,623)	(1,056,623)
Effect of change in subsidiary's equity		402,450	402,450	402,450
Accumulated losses		(3,205,227)	(3,411,967)	(3,842,585)
Equity attributable to shareholders of the Parent Company		7,661,181	7,454,441	7,023,823
Non-controlling interests		2,540,038	2,744,490	2,821,062
Total equity		10,201,219	10,198,931	9,844,885
Total liabilities and equity		28,802,440	27,063,095	27,149,842

The accompanying notes from (1) to (15) 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 SEPTEMBER 30, 2023
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Revenues:					
Net sales		7,127	65,061	12,563	910,767
Service revenue		3,217,127	2,365,163	8,639,150	7,539,570
Rental income		388,973	363,139	1,241,625	976,636
		<u>3,613,227</u>	<u>2,793,363</u>	<u>9,893,338</u>	<u>9,426,973</u>
Expenses:					
Cost of sales		(1,409)	(9,801)	(8,540)	(692,089)
Service costs		(2,469,328)	(1,749,270)	(6,308,990)	(5,633,175)
Rental costs		(274,432)	(282,401)	(808,855)	(675,177)
		<u>(2,745,169)</u>	<u>(2,041,472)</u>	<u>(7,126,385)</u>	<u>(7,000,441)</u>
Gross profit		<u>868,058</u>	<u>751,891</u>	<u>2,766,953</u>	<u>2,426,532</u>
Staff costs		(253,471)	(261,335)	(758,172)	(841,380)
General and administrative expenses		(142,108)	(79,271)	(452,293)	(327,798)
Selling and marketing expenses		(1,508)	(6,920)	(5,873)	(58,117)
Depreciation		(134,619)	(98,933)	(358,537)	(291,618)
Amortization of right of use assets		(114,384)	(116,011)	(353,482)	(352,371)
Bad debts written off		(3,410)	-	(3,410)	-
		<u>(649,500)</u>	<u>(562,470)</u>	<u>(1,931,767)</u>	<u>(1,871,284)</u>
Profit from operations		<u>218,558</u>	<u>189,421</u>	<u>835,186</u>	<u>555,248</u>
Interest income		55,899	14,668	93,681	32,349
Foreign exchange gain		(539)	7,192	(435)	8,286
Gain on sale of property, plant, and equipment		400	9,000	2,050	63,050
Finance costs		(167,666)	(123,508)	(474,801)	(298,804)
Tax accruals		-	68,558	-	(116,902)
Other income		21,682	-	68,188	118,611
Profit for the period before contributions to National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration		<u>128,334</u>	<u>165,331</u>	<u>523,869</u>	<u>361,838</u>
NLST		(2,087)	-	(8,272)	-
Contribution to Zakat		(835)	-	(3,309)	-
Board of Directors' remuneration		-	-	(20,000)	-
Profit for the period		<u>125,412</u>	<u>165,331</u>	<u>492,288</u>	<u>361,838</u>
Other comprehensive income		-	-	-	-
Total comprehensive profit for the period		<u>125,412</u>	<u>165,331</u>	<u>492,288</u>	<u>361,838</u>
Attributable to:					
Shareholders of the Parent Company		45,677	50,035	206,740	(14,475)
Non-controlling interests		79,735	115,296	285,548	376,313
		<u>125,412</u>	<u>165,331</u>	<u>492,288</u>	<u>361,838</u>
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings (loss) per share attributable to Shareholders of the Parent Company	9	<u>0.51</u>	<u>0.55</u>	<u>2.29</u>	<u>(0.16)</u>

The accompanying notes from (1) to (15) 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, 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	-	-	-	-	206,740	206,740	285,548	492,288
Cash dividends to non-controlling interests	-	-	-	-	-	-	(490,000)	(490,000)
Balance as at September 30, 2023	10,000,000	1,520,581	(1,056,623)	402,450	(3,205,227)	7,661,181	2,540,038	10,201,219
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 (loss) income for the period	-	-	-	-	(14,475)	(14,475)	376,313	361,838
Balance as at September 30, 2022	10,000,000	1,520,581	(1,056,623)	402,450	(3,842,585)	7,023,823	2,821,062	9,844,885

The accompanying notes from (1) to (15) 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, 2023

(All amounts are in Kuwaiti Dinars)

		Nine months ended September 30,	
	Note	2023	2022
Cash flows from operating activities:			
Profit for the period before contributions to National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration		523,869	361,838
Adjustments for:			
Depreciation		358,537	291,618
Gain on sale of property, plant and equipment		(2,050)	(63,050)
Gain on disposal of leases		-	(289)
Amortization of right of use assets		353,482	352,371
Interest income		(93,681)	(32,349)
Finance costs		474,801	298,804
Bad debt written off		3,410	-
Provision for end of service indemnity		166,599	164,655
Provision for end of service indemnity no longer required		(20,279)	-
Tax accruals		-	116,902
		<u>1,764,688</u>	<u>1,490,500</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(1,281,141)	(764,122)
Net movement in related parties		122,343	5,303
Inventories		(5,344)	653,686
Accounts payable and other credit balances		601,261	255,593
Cash flows generated from operations		<u>1,201,807</u>	<u>1,640,960</u>
Payment for end of service indemnity		(74,029)	(206,657)
Payment for Board of Directors' remuneration		(20,000)	-
Net cash flows generated from operating activities		<u>1,107,778</u>	<u>1,434,303</u>
Cash flows from investing activities:			
Time deposits		(527,103)	(1,009,849)
Paid for property, plant, and equipment		(1,600,182)	(1,588,067)
Proceeds from sale of property, plant and equipment		9,296	63,050
Interest income received		93,681	32,349
Net cash flows used in investing activities		<u>(2,024,308)</u>	<u>(2,502,517)</u>
Cash flows from financing activities:			
Net movement in due to banks		-	(14,310)
Net movement in finance lease payables		-	(75,000)
Net movement in term loans		906,350	2,750,742
Payment of lease liabilities		(499,500)	(491,880)
Cash dividends paid to non-controlling interests		(490,000)	-
Finance costs paid		(103,070)	(211,338)
Net cash flows (used in) generated from financing activities		<u>(186,220)</u>	<u>1,958,214</u>
Net (decrease) increase in cash and cash equivalents		(1,102,750)	890,000
Net movement in restricted cash		549,858	(354,156)
Cash and cash equivalents at the beginning of the period		1,948,894	3,455,484
Cash and cash equivalents at the end of the period	3	<u>1,396,002</u>	<u>3,991,328</u>

The accompanying notes from (1) to (15) 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, 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 November 2, 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 September 30, 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

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Cash on hand and at banks	1,012,284	1,515,034	4,020,942
Short term bank deposits	450,000	1,050,000	931,331
	1,462,284	2,565,034	4,952,273
Less: restricted cash against letters of guarantee	(66,282)	(616,140)	(960,945)
Cash and cash equivalents as presented in the consolidated statement of cash flows	1,396,002	1,948,894	3,991,328

The effective interest rate on short term bank deposits was 4.125% to 4.25% per annum (December 31, 2022: 4%, September 30, 2022: 1.9% to 2.4%). These deposits are denominated in Kuwaiti Dinars and have an average maturity of 30 - 90 days.

As of September 30, 2023, cash restricted by banks against letters of guarantee amounted to KD 66,282 (Note 11) (December 31, 2022: KD 616,140, September 30, 2022: KD 960,945).

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2023

(All amounts are in Kuwaiti Dinars)

4. Time deposits

The effective interest rate on time deposits ranged from 3.25% to 5.2% per annum (December 31, 2022: 2.125% to 4.250% per annum, September 30, 2022: 1.25% to 4.1% per annum), as at September 30, 2023, these deposits have an average maturity of 185 to 365 days.

Time deposits amounting to KD 936,355 (December 31, 2022: KD 885,412, September 30, 2022: KD 868,402) were pledged against letters of guarantee (Note 11).

5. Accounts receivable and other debit balances

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Trade receivables	11,834,188	11,122,103	11,108,787
Less: Provision for expected credit losses (a)	(8,252,759)	(8,252,759)	(8,275,948)
Net trade receivables	3,581,429	2,869,344	2,832,839
Advance payments to suppliers	2,046,866	1,782,847	1,617,277
Less: Provision for expected credit losses (a)	(845,191)	(845,191)	(845,191)
Net advanced payments to suppliers	1,201,675	937,656	772,086
Retention receivables	894,402	805,186	930,250
Less: Provision for expected credit losses (a)	(329,308)	(329,308)	(329,310)
Net retention receivables	565,094	475,878	600,940
Prepaid expenses	599,478	403,800	602,952
Refundable deposits	40,630	103,475	158,884
Staff receivables	222,342	109,844	195,197
Others	40,731	73,651	96,735
	6,251,379	4,973,648	5,259,633

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

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Balance at the beginning of the period / year	9,427,258	9,591,984	9,591,984
Charged for the period / year	-	33,123	-
Utilized during the period / year	-	(197,849)	(141,535)
Balance at the end of the period / year	9,427,258	9,427,258	9,450,449

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2023

(All amounts are in Kuwaiti Dinars)

6. Related parties' disclosures

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

Significant related party balances and transactions are as follows:

Balances included in interim condensed consolidated statement of financial position:

	<u>Major shareholder</u>	<u>Entities under common control</u>	<u>Associate</u>	<u>Others</u>	<u>September 30, 2023</u>	<u>December 31, 2022 (Audited)</u>	<u>September 30, 2022</u>
Due from related parties	-	-	1,900	86,599	88,499	163,776	313,776
Accounts receivable and other debit balances	-	-	-	-	-	82,868	-
Due to related parties	(2,763,116)	(840,780)	-	-	(3,603,896)	(3,266,084)	(2,284,325)
Accrued expenses	(180,000)	-	-	-	(180,000)	(180,000)	(180,000)
Term loans (Note 7)	-	(6,663,950)	-	-	(6,663,950)	(5,451,600)	(5,880,000)

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 September 30, 2023, the Parent Company withdrew an additional amount of KD 1,212,350 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 7) 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>Nine months ended September 30,</u>	
			<u>2023</u>	<u>2022</u>
Finance cost	-	(290,746)	(290,746)	(156,775)
General and administrative expenses	(64,809)	-	(64,809)	(57,596)

Compensation to key management personnel

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short term benefits	86,703	82,310	259,145	239,089
End of service benefits	3,596	13,351	10,808	20,106
Board of Directors' remuneration	-	-	20,000	-
	90,299	95,661	289,953	259,195

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2023

(All amounts are in Kuwaiti Dinars)

7. Term loans

	Due date	Currency	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Term loan from local bank carrying interest rate of 2.5% over the Central Bank of Kuwait discount rate.	August 31, 2023	KWD	650,000	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	746,925	1,052,925	1,154,925
Term loan from a related party carrying interest rate of 4% over the Central Bank of Kuwait discount rate. (A)	April 12, 2026	KWD	6,663,950	5,451,600	5,880,000
			8,060,875	7,154,525	7,684,925

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 6), for ceiling amount of KD 10,000,000, bearing interest rate of 4% per annum, over the Central Bank of Kuwait discount rate, due upon which of the following occurs first:

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

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

During the period ended September 30, 2023, the Parent Company withdrew an additional amount of KD 1,212,350 from the original loan facility.

The term loans are classified as follows:

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Current portion	1,058,000	1,058,000	1,058,000
Non-current portion	7,002,875	6,096,525	6,626,925
	8,060,875	7,154,525	7,684,925

8. Treasury shares

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Number of shares	9,899,225	9,899,225	9,899,225
Percentage of paid-up shares	9.89%	9.89%	9.89%
Market value	821,636	494,961	732,543
Cost	(1,056,623)	(1,056,623)	(1,056,623)

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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 September 30, 2023. Such amount will not be available for distribution during the treasury shares holding period.

9. Basic and diluted earnings (loss) per share attributable to Shareholders of the Parent Company

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,	
	2023	2022	2023	2022
Profit (loss) for the period attributable to Parent Company's Shareholders	45,677	50,035	206,740	(14,475)
	Shares	Shares	Shares	Shares
<u>Number of outstanding shares:</u>				
Number of issued and fully paid shares	100,000,000	100,000,000	100,000,000	100,000,000
Less: Weighted average number of treasury shares	(9,899,225)	(9,899,225)	(9,899,225)	(9,899,225)
Weighted average number of shares outstanding	90,100,775	90,100,775	90,100,775	90,100,775
	Fils	Fils	Fils	Fils
Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company	0.51	0.55	2.29	(0.16)

As at September 30, 2023, there is a term loan convertible into ordinary shares (Note 7), It does not have a dilutive effect on the earnings (loss) per share due to its nature.

10. 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.

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11. Contingent liabilities

The Group is contingently liable against the following:

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Letters of guarantee	11,008,855	9,620,873	8,740,265
Letters of credit	195,140	-	-
	11,203,995	9,620,873	8,740,265

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

12. 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.

13. 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 September 19, 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 September 29, 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 January 25, 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.

On October 4, 2023, the Parent Company appealed the ruling in front of Court of Cassation where a session has been scheduled to take place on December 27, 2023.

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.

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14. 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, land rentals and other activities.

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Financial details of the above operating segments are as follows:

	September 30, 2023		December 31, 2022 (Audited)		September 30, 2022	
	Segments assets	Segments liabilities	Segments assets	Segments liabilities	Segments assets	Segments liabilities
Waste Management & Recycling	11,245,982	16,176,319	10,106,347	14,777,435	10,534,782	14,993,304
Services Department – HVAC	9,527,014	2,185,368	8,692,509	1,817,826	9,127,150	2,034,718
Services Department – Cleaning	837,112	201,783	1,069,948	237,232	1,067,674	235,192
Others	7,192,332	37,751	7,194,291	31,671	6,420,236	41,743
	28,802,440	18,601,221	27,063,095	16,864,164	27,149,842	17,304,957

	Three months ended September 30,				Nine months ended September 30,			
	2023		2022		2023		2022	
	Segments revenues	Segments result	Segments revenue	Segments result	Segments revenue	Segments result	Segments revenue	Segments result
Waste Department – Metal Shredding	7,127	868	4,801	(20,278)	12,564	(1,583)	619,667	134,577
Waste Department – Plastic Recycling	-	(5,548)	-	(58,137)	-	(10,332)	230,841	(274,879)
Waste Department – Medical Waste	474,050	161,657	412,023	96,088	1,393,880	346,648	649,850	(76,260)
Services Department – HVAC	2,692,606	346,052	1,461,247	324,460	6,999,501	1,164,462	5,262,085	1,010,247
Services Department – Cleaning	50,472	(60,212)	297,531	37,495	245,768	(159,478)	999,445	119,448
Real estate Department – Rental	388,972	(126,894)	363,139	9,868	1,241,625	(92,551)	976,636	84,866
Others	-	(190,511)	254,622	(224,165)	-	(754,878)	688,449	(636,161)
	3,613,227	125,412	2,793,363	165,331	9,893,338	492,288	9,426,973	361,838

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15. 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:

	September 30, 2023	
	Level 3	Total
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>
	December 31, 2022 (Audited)	
	Level 3	Total
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>
	September 30, 2022	
	Level 3	Total
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 September 30, 2023, there were no transfers among levels of fair value hierarchy.