

**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, 2024
(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, 2024, 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.

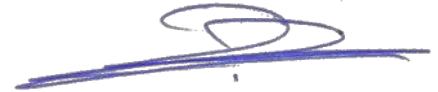
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Report on other Legal and Regulatory Requirements

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 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, 2024, that might have had a material effect on the Parent Company's financial position or results of its operation, except for the Group's 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, 2024, that might have had a material effect on the Parent Company's financial position or results of its operations.

State of Kuwait
November 7, 2024

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke.

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, 2024

(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Notes	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Current assets:				
Cash and cash equivalents	3	2,211,142	1,173,339	1,462,284
Time deposits	4	3,259,655	3,959,078	3,599,379
Accounts receivable and other debit balances	5	7,647,409	7,356,191	6,251,379
Due from related parties	6	26,573	124,276	88,499
Inventories		191,790	95,477	86,194
Total current assets		13,336,569	12,708,361	11,487,735
Non-current assets:				
Financial assets at fair value through profit and loss		34,972	34,972	34,972
Investment in associate		6,795,326	6,796,086	6,797,486
Investment property		1,409,000	1,409,000	1,420,000
Property, plant and equipment		8,846,149	8,267,383	6,767,521
Right of use assets		1,455,374	1,825,483	1,887,837
Goodwill		406,889	406,889	406,889
Total non-current assets		18,947,710	18,739,813	17,314,705
Total assets		32,284,279	31,448,174	28,802,440
LIABILITIES AND EQUITY				
Current liabilities:				
Due to banks		251,543	257,000	-
Ijara payable		690,000	694,058	-
Term loans	7	2,514,974	1,962,990	1,058,000
Lease liabilities		454,085	570,117	272,693
Accounts payable and other credit balances		4,060,954	3,777,845	3,577,637
Due to related parties	6	4,194,971	3,763,675	3,603,896
Total current liabilities		12,166,527	11,025,685	8,512,226
Non-current liabilities:				
Term loans	7	7,232,950	7,150,875	7,002,875
Lease liabilities		1,341,111	1,680,608	1,950,688
Provision for end of service indemnity		1,198,002	1,123,289	1,135,432
Total non-current liabilities		9,772,063	9,954,772	10,088,995
Total liabilities		21,938,590	20,980,457	18,601,221
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	(1,057,640)	(1,057,640)	(1,056,623)
Effect of change in subsidiary's equity		402,450	402,450	402,450
Accumulated losses		(3,155,075)	(3,160,760)	(3,205,227)
Equity attributable to shareholders of the Parent				
Company's shareholders		7,710,316	7,704,631	7,661,181
Non-controlling interests		2,635,373	2,763,086	2,540,038
Total equity		10,345,689	10,467,717	10,201,219
Total liabilities and equity		32,284,279	31,448,174	28,802,440

The accompanying notes from (1) to (15) form an integral part of the interim condensed consolidated financial information.

Mosaed Ibrahim Al-Holi
Chairman

Tarek Ibrahim Mohamed Al-Mousa
Vice Chairman and CEO

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, 2024
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Revenues:					
Net sales		4,822	7,127	14,133	12,563
Service revenue		3,778,712	3,217,127	10,537,113	8,639,150
Rental income		500,527	388,973	1,379,943	1,241,625
		<u>4,284,061</u>	<u>3,613,227</u>	<u>11,931,189</u>	<u>9,893,338</u>
Expenses:					
Cost of sales		(3,298)	(1,409)	(9,613)	(8,540)
Service costs		(2,933,284)	(2,469,328)	(7,747,461)	(6,308,990)
Rental costs		(283,961)	(274,432)	(842,034)	(808,855)
		<u>(3,220,543)</u>	<u>(2,745,169)</u>	<u>(8,599,108)</u>	<u>(7,126,385)</u>
Gross profit		<u>1,063,518</u>	<u>868,058</u>	<u>3,332,081</u>	<u>2,766,953</u>
Staff costs		(316,067)	(253,471)	(996,786)	(778,172)
General and administrative expenses		(163,198)	(142,108)	(485,955)	(452,293)
Selling and marketing expenses		(785)	(1,508)	(6,696)	(5,873)
Depreciation and amortization		(287,546)	(249,003)	(870,044)	(712,019)
Net allowance for expected credit losses	5 – a	(159,866)	-	(416,633)	-
Bad debts written off	5 – b	(23,941)	(3,410)	(47,141)	(3,410)
		<u>(951,403)</u>	<u>(649,500)</u>	<u>(2,823,255)</u>	<u>(1,951,767)</u>
Profit from operations		<u>112,115</u>	<u>218,558</u>	<u>508,826</u>	<u>815,186</u>
Share of results from associate		-	-	(760)	-
Interest income		68,704	55,899	121,281	93,681
Foreign exchange loss		(62)	(539)	(12)	(435)
Gain on sale of property, plant, and equipment		65,625	400	69,625	2,050
Finance costs		(163,480)	(167,666)	(477,940)	(474,801)
Other income		18,822	21,682	75,474	68,188
Profit for the period before contributions to National Labor Support Tax (NLST) and Zakat		<u>101,724</u>	<u>128,334</u>	<u>296,494</u>	<u>503,869</u>
NLST		(5,108)	(2,087)	(13,230)	(8,272)
Contribution to Zakat		(2,043)	(835)	(5,292)	(3,309)
Profit for the period		<u>94,573</u>	<u>125,412</u>	<u>277,972</u>	<u>492,288</u>
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		<u>94,573</u>	<u>125,412</u>	<u>277,972</u>	<u>492,288</u>
Attributable to:					
Shareholders of the Parent Company		17,873	45,677	5,685	206,740
Non-controlling interests		76,700	79,735	272,287	285,548
		<u>94,573</u>	<u>125,412</u>	<u>277,972</u>	<u>492,288</u>
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to Shareholders of the Parent Company	9	<u>0.20</u>	<u>0.51</u>	<u>0.06</u>	<u>2.29</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, 2024

(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, 2024	10,000,000	1,520,581	(1,057,640)	402,450	(3,160,760)	7,704,631	2,763,086	10,467,717
Total comprehensive income for the period	-	-	-	-	5,685	5,685	272,287	277,972
Cash dividends to non-controlling interests	-	-	-	-	-	-	(400,000)	(400,000)
Balance as at September 30, 2024	10,000,000	1,520,581	(1,057,640)	402,450	(3,155,075)	7,710,316	2,635,373	10,345,689
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

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, 2024

(All amounts are in Kuwaiti Dinars)

	Notes	Nine months ended September 30,	
		2024	2023
Cash flows from operating activities:			
Profit for the period before contributions to National Labor Support Tax (NLST) and Zakat		296,494	503,869
Adjustments for:			
Net allowance for expected credit losses	5 – a	416,633	-
Bad debts written-off	5 – b	47,141	3,410
Depreciation and amortization		870,044	712,019
Gain on sale of property, plant and equipment		(69,625)	(2,050)
Share of results from associate		760	-
Interest income		(121,281)	(93,681)
Finance costs		477,940	474,801
Net provision for end of service indemnity		160,268	146,320
		<u>2,078,374</u>	<u>1,744,688</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(754,992)	(1,281,141)
Net movement in related parties		238,017	122,343
Inventories		(96,313)	(5,344)
Accounts payable and other credit balances		268,630	601,261
Cash flows generated from operations		1,733,716	1,181,807
Paid for end of service indemnity		(85,555)	(74,029)
Paid for KFAS		(4,043)	-
Net cash flows generated from operating activities		<u>1,644,118</u>	<u>1,107,778</u>
Cash flows from investing activities:			
Time deposits		699,423	(527,103)
Paid for property, plant, and equipment		(939,451)	(1,600,182)
Proceeds from sale of property, plant and equipment		(69,625)	9,296
Interest income received		121,281	93,681
Net cash flows used in investing activities		<u>(188,372)</u>	<u>(2,024,308)</u>
Cash flows from financing activities:			
Net movement in due to banks		(5,457)	-
Net movement in finance lease payables		(4,058)	-
Net movement in term loans		634,059	906,350
Payment of lease liabilities		(517,550)	(499,500)
Cash dividends paid to non-controlling interests		(400,000)	(490,000)
Finance costs paid		(124,937)	(103,070)
Net cash flows used in financing activities		<u>(417,943)</u>	<u>(186,220)</u>
Net increase (decrease) in cash and cash equivalents		1,037,803	(1,102,750)
Net movement in restricted cash		(216,346)	549,858
Cash and cash equivalents at the beginning of the period		1,095,966	1,948,894
Cash and cash equivalents at the end of the period	3	<u>1,917,423</u>	<u>1,396,002</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, 2024

(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 June 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 7, 2024.

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, 2023.

Amendments and interpretations apply for the first time on January 1, 2024, but do not have an impact on the interim condensed consolidated financial information of the Group. The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective.

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, 2023. 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, 2024, are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2023.

3. Cash and cash equivalents

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Cash on hand and at banks	<u>2,211,142</u>	<u>870,125</u>	<u>1,012,284</u>
Short term bank deposits	<u>-</u>	<u>303,214</u>	<u>450,000</u>
	2,211,142	1,173,339	1,462,284
Less: restricted cash against letters of guarantee	<u>(293,719)</u>	<u>(77,373)</u>	<u>(66,282)</u>
Cash and cash equivalents as presented in the consolidated statement of cash flows	<u>1,917,423</u>	<u>1,095,966</u>	<u>1,396,002</u>

The effective interest rate on short term bank deposits for December 31, 2023, ranges from: 4.125% to 5%, September 30, 2023: 4.125% to 4.25%. These deposits are denominated in Kuwaiti Dinars and have an average maturity of 30 - 90 days.

As of September 30, 2024, cash restricted by banks against letters of guarantee amounted to KD 293,719 (December 31, 2023: KD 77,373, September 30, 2023: KD 66,282) (Note 11).

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2024

(All amounts are in Kuwaiti Dinars)

4. Time deposits

The effective interest rate on time deposits ranged from 4.125% to 5% per annum (December 31, 2023: 4.125% to 5% per annum, September 30, 2023: 3.25% to 5.2% per annum), these deposits have an average maturity of 185 to 365 days.

Time deposits amounting to KD 1,124,014 (December 31, 2023: KD 889,330, September 30, 2023: KD 936,355) were pledged against letters of guarantee (Note 11).

5. Accounts receivable and other debit balances

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Trade receivables	13,802,539	12,831,719	11,834,188
Retention receivables	812,473	730,304	894,402
Gross total	14,615,012	13,562,023	12,728,590
Less: Provision for expected credit losses (a)	(8,683,496)	(8,266,863)	(8,582,067)
Net trade receivables & retention receivables	5,931,516	5,295,160	4,146,523
Advance payments to suppliers	1,568,115	2,194,769	2,046,866
Less: Provision for expected credit losses (a)	(845,191)	(845,191)	(845,191)
Net advance payments to suppliers	722,924	1,349,578	1,201,675
Prepaid expenses	659,086	416,821	599,478
Refundable deposits	31,949	88,207	40,630
Staff receivables	217,932	184,664	222,342
Others	84,002	21,761	40,731
	7,647,409	7,356,191	6,251,379

(a) Allowance for expected credit losses

The movement of the allowance for expected credit losses was as follows:

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Balance at the beginning of the period / year	9,112,054	9,427,258	9,427,258
Charged for the period / year	433,557	75,583	-
Provision no longer required	(16,924)	(390,787)	-
Balance at the end of the period / year	9,528,687	9,112,054	9,427,258

(b) During the period ended September 30, 2024, the Group's Management approved writing off bad debts for KD 47,141.

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2024

(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 parties' 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, 2024</u>	<u>December 31, 2023 (Audited)</u>	<u>September 30, 2023</u>
Due from related parties	-	-	2,750	23,823	26,573	124,276	88,499
Accounts receivable and other debit balances	-	-	-	-	-	12,946	-
Due to related parties	(2,696,167)	(1,498,804)	-	-	(4,194,971)	(3,763,675)	(3,603,896)
Accrued expenses	(188,250)	-	-	-	(188,250)	(188,139)	(180,000)
Term loans (Note 7)	-	(7,232,950)	-	-	(7,232,950)	(6,913,950)	(6,663,950)

The Shareholders' Annual Ordinary General Assembly held on June 25, 2020, 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, 2024, the Parent Company withdrew an additional amount of KD 319,000 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 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>2024</u>	<u>2023</u>
Finance cost	-	(290,982)	(290,982)	(290,746)
General and administrative expenses	(105,085)	-	(105,085)	(64,809)

Compensation to key management personnel

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short term benefits	72,412	86,703	239,502	259,145
End of service benefits	2,793	3,596	10,075	10,808
	<u>75,205</u>	<u>90,299</u>	<u>249,577</u>	<u>269,953</u>

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2024

(All amounts are in Kuwaiti Dinars)

7. Term loans

	Due date	Currency	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Term loan from local bank carrying interest rate of 2.5% over the Central Bank of Kuwait discount rate.	May 31, 2025	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	338,925	644,925	746,925
Term loan from local bank carrying interest rate of 3.5% over the Central Bank of Kuwait discount rate.	December 31, 2024	KWD	1,526,049	904,990	-
Term loan from a related party carrying interest rate of 4% over the Central Bank of Kuwait discount rate. (A)	April 12, 2026	KWD	7,232,950	6,913,950	6,663,950
			<u>9,747,924</u>	<u>9,113,865</u>	<u>8,060,875</u>

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, 2024, the Parent Company withdrew an additional amount of KD 319,000 from the original loan facility.

The term loans are classified as follows:

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Current portion	2,514,974	1,962,990	1,058,000
Non-current portion	7,232,950	7,150,875	7,002,875
	<u>9,747,924</u>	<u>9,113,865</u>	<u>8,060,875</u>

8. Treasury shares

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Number of shares	9,911,474	9,911,474	9,899,225
Percentage of paid-up shares	9.91%	9.91%	9.89%
Market value	723,538	822,669	821,636
Cost	(1,057,640)	(1,057,640)	(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, 2024. Such an amount will not be available for distribution during the treasury shares holding period.

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume allotment of all dilutive potential ordinary shares, and to adjust the profit for the period with the assumed effect of those potential dilutive shares had they been issued.

The information necessary to calculate basic and diluted earnings per share is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Profit for the period attributable to Parent Company's Shareholders	17,873	45,677	5,685	206,740
Interest on convertible loan (net of tax)	95,952	88,012	280,798	280,570
	<u>113,825</u>	<u>133,689</u>	<u>286,483</u>	<u>487,310</u>
	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	(9,911,474)	(9,899,225)	(9,911,474)	(9,899,225)
Weighted average number of shares outstanding used in calculating basic earnings per share	90,088,526	90,100,775	90,088,526	90,100,775
Adjustment for convertible loans	72,329,500	66,639,500	72,329,500	66,639,500
Weighted average number of shares for diluted earnings per share	<u>162,418,026</u>	<u>156,740,275</u>	<u>162,418,026</u>	<u>156,740,275</u>
	Fils	Fils	Fils	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	<u>0.20</u>	<u>0.51</u>	<u>0.06</u>	<u>2.29</u>

As at September 30, 2024, the convertible term loan into ordinary shares (Note 7), It does not have a dilutive effect on earnings 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, 2024	December 31, 2023 (Audited)	September 30, 2023
Letters of guarantee	13,444,270	11,154,967	11,008,855
Letters of credit	925,538	569,589	195,140
	14,369,808	11,724,556	11,203,995

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 5, 2024, approved the consolidated financial statements for the year ended December 31, 2023, and resolved not to distribute cash dividends or remuneration to the Board of Directors for the year ended December 31, 2023, except for the independent Board of Director member, where the Annual Ordinary General Assembly approved a remuneration.

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 dividends or remuneration to the Board of Directors for the year ended December 31, 2022, except for the independent Board of Director member, where the Annual Ordinary General Assembly approved a remuneration.

13. Legal claims

The Parent Company has filed two legal claims for compensation in connection with the forced shifting of its administrative office building, factory and scrap yard from South Amghara to a new site. On June 13, 2017, the Parent Company submitted a financial claim for KD 25,415,961, which is currently under the consideration of the 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 by the principles of compensation established by Law No. 105/1980 regarding state property and its executive regulations and based on the contract concluded by contract no 27/103 dated September 19, 2013, 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 Administrative Authority's violation has caused further damages, so 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 was held on November 21, 2022, and ruled to accept the appeal in form, reject it in substance, and uphold the appealed judgment. As a result of the Court of Appeal ruling, the Parent Company filed an appeal before the Court of Cassation, where multiple sessions were held with no ruling being issued till date; the latest is scheduled to take place on December 11, 2024.

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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.

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 investments and rentals activities.

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Financial details of the above operating segments are as follows:

	September 30, 2024		December 31, 2023 (Audited)		September 30, 2023	
	Segments assets	Segments liabilities	Segments assets	Segments liabilities	Segments assets	Segments liabilities
Waste Management & Recycling	13,376,924	18,682,134	12,326,838	17,594,995	11,241,759	16,257,693
Services Department – HVAC	10,746,252	2,976,438	10,490,171	2,960,315	9,444,638	2,102,993
Services Department – Cleaning	984,822	240,057	1,282,185	228,473	837,112	201,783
Others	7,176,281	39,961	7,348,980	196,674	7,278,931	38,752
	32,284,279	21,938,590	31,448,174	20,980,457	28,802,440	18,601,221

	Three months ended September 30,				Nine months ended September 30,			
	2024		2023		2024		2023	
	Segments revenues	Segments results	Segments revenues	Segments results	Segments revenues	Segments results	Segments revenues	Segments results
Waste Department – Metal Shredding	4,822	1,524	7,127	868	14,133	4,520	12,564	(1,583)
Waste Department – Plastic Recycling	-	(9,989)	-	(5,548)	-	(22,092)	-	(10,332)
Waste Department – Medical Waste	610,594	222,861	474,050	161,657	1,745,559	594,382	1,393,880	346,648
Services Department – HVAC	3,100,593	300,953	2,692,606	346,052	8,563,733	1,038,095	6,999,501	1,164,462
Services Department – Cleaning	67,525	(34,409)	50,472	(60,212)	227,821	(98,306)	245,768	(159,478)
Others	500,527	(386,367)	388,972	(317,405)	1,379,943	(1,238,627)	1,241,625	(847,429)
	4,284,061	94,573	3,613,227	125,412	11,931,189	277,972	9,893,338	492,288

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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, 2024	
	Level 3	Total
Financial assets at fair value through profit and loss	34,972	34,972
Investment property	1,409,000	1,409,000
Total	<u>1,443,972</u>	<u>1,443,972</u>
	December 31, 2023 (Audited)	
	Level 3	Total
Financial assets at fair value through profit and loss	34,972	34,972
Investment property	1,409,000	1,409,000
Total	<u>1,443,972</u>	<u>1,443,972</u>
	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>

During the period ended September 30, 2024, there were no transfers among levels of fair value hierarchy.