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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2018
(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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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Metal and Recycling Company K.S.C. (Public) (the "Parent Company") and its subsidiaries (the "Group") as of June 30, 2018 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

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

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

Emphasis of matters
Without qualification on our conclusion, we draw attention to Note (17) regarding right of utilization built on land leased by the Group, and is assigned to the company associate.

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 as amended, its Executive Regulations as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the six month period ended June 30, 2018, that might have had a material effect on the Group financial position or results of its operation.

State of Kuwait
__________, 2018

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

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF JUNE 30, 2018
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Current assets:				
Cash and cash equivalents	4	**1,235,555**	2,284,783	3,516,062
Time deposits	5	**1,675,582**	1,671,802	381,409
Murabaha investments	6	**39,715**	39,715	39,715
Financial assets at fair value through profit and loss	7	**183,495**	-	-
Accounts receivable and other debit balances	8	**5,649,931**	5,650,520	7,145,418
Gross amount due from customers for contract work		**944,602**	601,426	-
Inventory		**1,831,030**	1,649,502	1,465,505
Total current assets		**11,559,910**	11,897,748	12,548,109
Non current assets:				
Financial assets available for sale	9	**-**	183,495	183,495
Investment in an associate	10	**5,490,154**	5,490,154	4,921,172
Investment properties		**2,551,000**	2,551,000	2,605,000
Property, plant and equipment		**1,972,324**	2,085,525	2,166,474
Goodwill		**406,889**	406,889	361,113
Total non current assets		**10,420,367**	10,717,063	10,237,254
Total assets		**21,980,277**	22,614,811	22,785,363
LIABILITIES AND EQUITY				
Current liabilities:				
Term loans	11	**700,000**	700,000	700,000
Short term finance lease installment contract		**1,730,000**	1,730,000	1,730,000
Accounts payable and other credit balances		**2,854,987**	3,134,290	3,140,453
Total current liabilities		**5,284,987**	5,564,290	5,570,453
Non current liabilities:				
Provision for end of service indemnity		**690,411**	622,033	516,407
Total non current liabilities		**690,411**	622,033	516,407
Total liabilities		**5,975,398**	6,186,323	6,086,860
Equity:				
Share capital		**10,000,000**	10,000,000	8,255,650
Share premium		**-**	-	5,089,036
Statutory reserve		**1,520,581**	1,520,581	1,511,731
Voluntary reserve		**-**	-	487,860
Treasury shares	12	**(1,279,879)**	(1,279,879)	(1,056,623)
Effect of change in a subsidiary's equity		**465,807**	465,807	(86,191)
Foreign currency translation adjustments		**11,958**	11,958	11,958
Retained earnings		**3,914,804**	4,395,956	222,880
Equity attributable to Shareholders of the Parent Company		**14,633,271**	15,114,423	14,436,301
Non controlling interests		**1,371,608**	1,314,065	2,262,202
Total equity		**16,004,879**	16,428,488	16,698,503
Total liabilities and equity		**21,980,277**	22,614,811	22,785,363

The accompanying notes (1) to (20) form an integral part of the interim condensed consolidated financial information.

Tarek Ibrahim Al-Mousa
Vice Chairman and Chief Executive Officer

Msaed Ibrahim Al Houwly
Chairman

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2018
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2018	2017	**2018**	2017
Revenues:					
Sales		**1,696,885**	2,288,599	**3,999,446**	3,935,898
Service revenue		**2,790,784**	2,267,659	**5,352,529**	4,397,987
		4,487,669	4,556,258	**9,351,975**	8,333,885
Costs:					
Cost of sales		**(1,244,601)**	(1,542,305)	**(2,935,436)**	(2,593,441)
Service cost		**(2,441,158)**	(1,913,740)	**(4,753,027)**	(3,745,402)
		(3,685,759)	(3,456,045)	**(7,688,463)**	(6,338,843)
Gross profit		**801,910**	1,100,213	**1,663,512**	1,995,042
Expenses and charges:					
Staff cost		**242,040**	298,337	**533,879**	575,494
General and administrative expenses		**419,534**	293,512	**980,232**	586,972
Selling and marketing expenses		**45,944**	18,044	**132,836**	24,931
Depreciation and amortization		**78,601**	90,261	**157,149**	190,311
Provision for doubtful debts	8	**16,400**	17,400	**33,800**	34,800
Legal claims	13	**65,776**	459,166	**65,776**	459,166
Total expenses and charges		**868,295**	1,176,720	**1,903,672**	1,871,674
Operating (loss) profit		**(66,385)**	(76,507)	**(240,160)**	123,368
Murabaha and Interest income		**9,822**	5,892	**15,408**	13,326
Foreign exchange gain (loss)		**309**	(982)	**(4,460)**	(2,456)
Finance charges		**(82,112)**	(40,285)	**(153,006)**	(80,497)
(Loss) profit on sale of property, plant and equipment		**-**	(24,437)	**6,150**	(24,437)
Other (expenses) income		**(91,236)**	14,326	**(7,541)**	54,480
(Loss) profit for the period before contribution to KFAS, NLST and Zakat		**(229,602)**	(121,993)	**(383,609)**	83,784
Contribution to KFAS		**-**	-	**-**	(1,306)
Contribution to National Labor Support Tax		**-**	-	**-**	(4,638)
Contribution to Zakat		**-**	-	**-**	(1,855)
(Loss) profit for the period		**(229,602)**	(121,993)	**(383,609)**	75,985
Other comprehensive income		**-**	-	**-**	-
Total comprehensive (loss) income		**(229,602)**	(121,993)	**(383,609)**	75,985
Attributable to:					
Parent Company's Shareholders		**(294,174)**	(207,112)	**(481,152)**	(69,842)
Non-controlling interests		**64,572**	85,119	**97,543**	145,827
(Loss) profit for the period		**(229,602)**	(121,993)	**(383,609)**	75,985
		Fils	Fils	**Fils**	Fils
Loss per share	14	**(3.27)**	(2.76)	**(5.34)**	(0.93)

The accompanying notes (1) to (20) form an integral part of the interim consolidated financial information.

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2018
(All amounts are in Kuwaiti Dinars)

	Attributable to the Parent Company's shareholders										
	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Effect of change in a subsidiary's equity	Foreign currency translation adjustments	Retained earnings	Subtotal	Non-controlling interests	Total
Balance as of January 1, 2018	10,000,000	-	1,520,581	-	(1,279,879)	465,807	11,958	4,395,956	15,114,423	1,314,065	16,428,488
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(481,152)	(481,152)	97,543	(383,609)
NCI Share of dividends declared	-	-	-	-	-	-	-	-	-	(40,000)	(40,000)
Balance as of June 30, 2018	**10,000,000**	-	**1,520,581**	-	**(1,279,879)**	**465,807**	**11,958**	**3,914,804**	**14,633,271**	**1,371,608**	**16,004,879**
Balance as of January 1, 2017	8,255,650	5,089,036	1,511,731	487,860	(1,056,623)	(86,191)	11,958	292,722	14,506,143	2,129,862	16,636,005
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(69,842)	(69,842)	145,827	75,985
Effect of subsidiary write-off	-	-	-	-	-	-	-	-	-	(9,987)	(9,987)
NCI Share of dividends declared	-	-	-	-	-	-	-	-	-	(3,500)	(3,500)
Balance as of June 30, 2017	8,255,650	5,089,036	1,511,731	487,860	(1,056,623)	(86,191)	11,958	222,880	14,436,301	2,262,202	16,698,503

The accompanying notes (1) to (20) form an integral part of the interim condensed consolidated financial information.

	Six months ended June 30,	
	2018	2017
Cash flows from operating activities:		
(Loss) profit for the period before contribution to KFAS, NLST and Zakat	**(383,609)**	83,784
Adjustments for:		
Depreciation and amortization	**303,833**	244,470
Provision for doubtful debts	**33,800**	34,800
Murabaha and Interest income	**(15,408)**	(13,326)
Finance charges	**153,006**	80,497
(Gain) loss on sale of property, plant and equipment	**(6,150)**	24,437
Provision for end of service indemnity	**126,672**	71,238
	212,144	525,900
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	**(376,387)**	(704,139)
Inventories	**(181,528)**	122,969
Accounts payable and other credit balances	**(279,303)**	584,821
Cash flows (used in) generated from operations	**(625,074)**	529,551
Payment for end of service indemnity	**(58,294)**	(10,988)
Net cash flows (used in) generated from operating activities	**(683,368)**	518,563
Cash flows from investing activities:		
Purchase of property, plant and equipment	**(190,634)**	(360,899)
Proceeds from sale of property, plant and equipment	**6,152**	-
Net movement in time deposits	**(3,780)**	103,439
Net movement in Murabaha investment	**-**	470,285
Murabaha and Interest income received	**15,408**	13,326
Net cash flows (used in) generated from investing activities	**(172,854)**	226,151
Cash flows from financing activities:		
Net movement on due to banks	**-**	(1,844)
Net movement on term loans	**-**	(100,000)
Finance charges paid	**(153,006)**	(80,497)
Dividend paid to non-controlling interest	**(40,000)**	(3,500)
Net cash flows used in financing activities	**(193,006)**	(185,841)
Net (decrease) increase in cash and cash equivalents	**(1,049,228)**	558,873
Cash and cash equivalents at the beginning of the period	**2,284,783**	2,957,189
Cash and cash equivalents at end of the period	**1,235,555**	3,516,062

The accompanying notes (1) to (20) form an integral part of the interim condensed consolidated financial information.

1. Incorporation and activities

Metal and Recycling K.S.C. (Public) (the "Parent Company") is a Kuwaiti shareholding company (Public) registered in the State of Kuwait, and was incorporated based on Memorandum of Incorporation Ref. No. 113 / Volume 17 dated June 10, 1987 and its subsequent amendments, the latest of which was notarized in the commercial registration under Ref. No. 12320 dated on October 9, 2017. By amending article (6) of article of association and article (5) of memorandum of incorporation to approve the increase of Company's authorized and fully paid up share capital from KD 8,255,650 to KD 10,000,000 by approving the following:

a- Transfer full share premium amount of KD 5,089,036 to the voluntary reserve account be KD 5,576,896.
b- Approving the transfer of the full amount of the voluntary reserve of KD 5,576,896 to retained earnings.
c- Approving the transfer of KD 1,744,350 from the retained earnings to the capital account to KD 10,000,000.
d- Approve the issue of bonus shares to shareholders by 21.12% against the transfer of part of the retained earnings to the capital account.

The main activities of the parent company are:

- Purchase and sale of used and scrap machinery and vehicles and their spare parts and all kinds of metals and their accessories as well as representing specialized companies in such activities.
- Purchase and sale of the scrap of houses, industrial and commercial projects, including household tools, machinery, metal construction and other local scrap.
- Shredding, classifying; storing and selling waste and scrap inside and outside the state of Kuwait.
- Importing machinery and materials necessary for recycling, shredding and storing scrap.
- Carrying out all trade, export and production relating to the company's objectives inside and outside the State of Kuwait.
- Establishment of or contribution to the industries that are ancillary to the trade and production of scrap.
- Management and development of areas of sale, purchase, production, and manufacture scrap and used materials and ancillary industries inside and outside the State of Kuwait.
- Executing all demolishing and removal works for construction and representing companies in such field.
- Holding and managing auctions related to the objectives of the company locally and internationally and representing companies in such field.
- Utilization of the company's surplus funds by investing in portfolios managed by specialized companies.
- Incorporation and partial ownership of industrial companies and industrial management companies inside and outside the State of Kuwait.
- Developing, preparing, establishing, managing and operating industrial and professional areas.
- Collection, transportation and utilization of trash waste, garbage and wreckage inside and outside the State of Kuwait.
- Undertaking all kind of cleaning contracts and commitment for all agencies inside and outside the state of Kuwait.
- Undertaking all kinds of services aiming at cleaning, developing and protecting the environment against pollution inside and outside State of Kuwait.
- Establishing, managing or maintaining all drainage and dumping centers and trading in the resulting materials inside and outside State of Kuwait.

- Establishing industries for recycling environmental waste, garbage and wreckage inside and outside State of Kuwait (with approval of the Public Authority for Industry).

The Parent company is owned by 58.296% by Agility Public Warehousing Company - KSC (Public) listed on the Kuwait Stock Exchange.

The Parent company is currently discussing with the General Authority for Industry about the current location and the alternative locations available for its operations. The outcome of these discussions and their impact on the interim condensed consolidated financial information cannot be estimated at this time.

The interim condensed consolidated financial information were authorized for issue by the Parent Company's Board of Directors on O/S, 2018.

2. <u>Basis of presentation</u>

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 fiscal year ended December 31, 2017 except for the change in accounting policies due to adoption of new standards as mentioned in the Note 3.

The Group has not early adopted any other standard, interpretation or amendments that has been issued but is not yet effective. Other amendments and interpretations apply for the first time in 2018, 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. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial information. Operating results for the period ended June 30, 2018 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2018. For further information, refer to the consolidated financial statements and notes thereto for the fiscal year ended December 31, 2017.

3. <u>Changes in accounting policies due to adoption of new standards</u>

The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 and IFRS 15 are summarized below:

A) <u>IFRS 9 - Financial Instruments</u>

The Group has initial adopted IFRS 9 - Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

I. Classification of financial assets and financial liabilities

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios:

IAS 39 measurement categories of financial assets available for sale (AFS) have been replaced by financial assets at fair value through profit or loss (FVPL), and loans and receivables have been replaced by debt instruments at amortised cost.

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the statement of profit or loss.

Debt instruments at amortized cost
A financial asset is measured at amortised cost if it meets both of the following conditions:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments measured at amortised cost are subsequently measured at amortised cost using the effective yield method adjusted for impairment losses if any.

Financial assets at FVPL
The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair values, interest income and dividends are recorded in statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

II. <u>Impairment of financial assets</u>
The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all debt instruments not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

III. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied as described below:

a. Comparative periods have not been restated. Accordingly, the information presented for the year ended December 31, 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for the period ended June 30, 2018.

a) The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVPL.
- The designation of certain equity instruments not held for trading as at FVOCI.

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at January 1, 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 KD	**New carrying amount under IFRS 9 KD**
Financial assets				
Cash and cash equivelavnts	Loans and receivables	Amortised Cost	2,284,783	**2,284,783**
Time deposits	Loans and receivables	Amortised Cost	1,671,802	**1,671,802**
Murabaha investments	Loans and receivables	Amortised Cost	39,715	**39,715**
Equity Instruments – FVPL	Financial assets available for sale	Financial assets at FVPL	183,495	**183,495**
Account recivables and other debt balances	Loans and receivables	Amortised Cost	5,650,520	**5,650,520**
Total financial assets			9,830,315	**9,830,315**
Financial liabilities				
Short term finance lease installment contract	Amortised Cost	Amortised Cost	1,730,000	**1,730,000**
Term loans	Amortised Cost	Amortised Cost	700,000	**700,000**
Accounts payable and other credit balances	Amortised Cost	Amortised Cost	3,134,290	**3,134,290**
Total financial liabilities			5,564,290	**5,564,290**

B) <u>IFRS 15 Revenue from Contracts with Customers</u>

IFRS 15, effective for annual periods beginning on or after January 1, 2018, establishes a single and comprehensive framework for determining whether, how much and when revenue is recognized. The standard replaces IAS 18 "Revenues", IAS 11 "Construction Contract" and several revenue – related Interpretations and provides a new control-based revenue recognition model using five-step approach to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Upon adoption of IFRS 15, the Group will apply the cumulative effect approach by retrospectively adjusting opening retained earnings as of January 1, 2018 and will not restate prior periods. Based on the current available information, management does not anticipate that the adoption of this standard will have a material impact on the Group's interim condensed consolidated financial information.

(a) <u>Sale of goods</u>

The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

(b) <u>Rendering of services</u>

The Group's transportation, leasing and maintenance segment provides services to customers. These services are sold separately by the Group. Under IFRS 15, the Group assessed that there are single performance obligation in contracts for the services being rendered.

(c) <u>Advances received from customers</u>

Generally, the Group receives short-term advances from its customers. Prior to the adoption of IFRS 15, the Group presented these advances as advances received from customers in the statement of financial position.

Upon the adoption of IFRS 15, for short-term advances, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less.

(d) <u>Construction service contracts</u>

Revenue from construction contracts is recognized during the execution period using the percentage of completion which is in line with the requirements of IFRS 15, accordingly the Group had determined that the recognition criteria during the execution period is appropriate for its construction services contracts.

4. Cash and cash equivalents

	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Cash on hand and at banks	**931,281**	1,821,713	1,932,883
Short term bank deposits	**304,274**	463,070	1,583,179
	1,235,555	2,284,783	3,516,062

Short term bank deposits carry an average interest rate of 1% to 1.375% per annum (December 31, 2017 - 1% to 1.375% per annum, June 30, 2017 – 1% to 1.375% per annum) and these deposits have an average maturity of 90 days.

5. Time deposits

The effective rate on time deposits ranged from 0.75% to 2.25% per annum (December 31, 2017 – 0.75% to 2.375% per annum, June 30, 2017 – 0.75% to 1.375% per annum) and these deposits have an average maturity of 185 days to 365 days.

Time deposits amounting to KD O/S (December 31, 2017 – KD 781,355, June 30, 2017 – KD O/S) are pledged against certain letters of guarantee issued in favor of the Group (Note 18).

6. Murabaha investments

Murabaha carry an average interest rate of 1% to 1.43% per annum (December 31, 2017 - 1% to 1.43% per annum, June 30, 2017 - 1% to 1.43% per annum)

Murabaha amounting to KD 29,715 (December 31, 2017: KD 500,000, June 30, 2017: KD 1,000,000) are pledged against certain letter of guarantee in favor of the Group (Note 18).

7. Financial assets at fair value through profit and loss

	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Unquoted:			
Equity securities	**183,495**	-	-
Total	**183,495**	-	-

At 1 January 2018, as a result of adoption of IFRS 9, the Group elected to reclassify financial assets with a carrying value of KD 183,495 from financial assets available for sale (Note 9).

8. Accounts receivable and other debit balances

	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Trade receivables	**10,614,996**	10,548,511	10,589,071
Provision for doubtful debts (A)	**(7,533,002)**	(7,499,203)	(7,660,105)
Net trade receivables	**3,081,994**	3,049,308	2,928,966
Staff receivables	**142,811**	138,876	82,621
Due from related parties (Note 15)	**453,100**	452,700	455,625
Amount pledged against letter of guarantees	**43,100**	90,450	123,100
Advance to suppliers	**1,107,637**	1,170,809	1,264,735
Provision for doubtful debts (A)	**(657,848)**	(657,848)	-
Net advance to suppliers	**449,789**	512,961	1,264,735
Refundable deposits	**239,336**	245,487	553,170
Provision for doubtful debts (A)	**(10,222)**	(10,222)	-
Net refundable deposits	**229,114**	235,265	553,170
Prepaid expenses	**671,854**	609,329	808,976
Retentions	**288,913**	270,742	268,507
Provision for doubtful debts (A)	**(112,093)**	(112,092)	(98,879)
Net retentions	**176,820**	158,650	169,628
Others	**401,349**	402,981	440,597
	5,649,931	5,650,520	6,827,418

A- The movement on the provision for doubtful debts during the period / year is as follows:

	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Balance at the beginning of the period / year	**8,279,365**	7,724,184	7,724,184
Charge for the period / year	**33,800**	722,698	34,800
Utilized in the period / year	**-**	(167,517)	-
Balance at the end of the period / year	**8,313,164**	8,279,365	7,758,983

9. Financial assets available for sale

	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Unquoted:			
Equity securities	**-**	183,495	183,495
Total	**-**	183,495	183,495

At 1 January 2018, as a result of adoption of IFRS 9, the Group elected to reclassify financial assets available for sale with a carrying value of KD 183,495 to financial assets at fair value through profit and loss (Note 7).

10. Investment in an associate

This represents an investment of 40% in Real Estate Development Company – W.L.L., which is engaged in the management and development of different kinds of real estate, the main projects that the company specialized in is the project of managing real estate which is located in Amghara and Mina Abdullah utilized by the parent company under contract with the Public Authority for Industry. This contract has not been renewed as stated in Note (17).

The Group has not recognized the group share of result from investment in associate for the period ended in June 30, 2018, as no interim financial information was available to the associate and the movement during the period was considered as not material.

11. Term loans

Term loans represent loans granted by local banks carrying an interest rate ranging from 1.75% to 2.25% per annum (December 31, 2017: 1.5% to 2% per annum, June 30, 2017: 1.5% to 2% per annum) over the Central Bank of Kuwait discount rate and repayable on December 31, 2018 and August 3, 2018.

12. Treasury shares

	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Number of shares (shares)	**9,899,225**	9,816,133	7,779,046
Percentage of paid up shares (%)	**9.90%**	%9.82	9.43%
Market value (KD)	**494,961**	677,313	692,335
Cost (KD)	**1,056,623**	1,056,623	1,056,623

The Parent Company's management has allotted an amount equal to treasury balance from reserves as of interim condensed consolidated financial information. Such amount will not be available for distribution during treasury shares holding period.

13. Legal claims

During the period ended June 30, 2018, the court of cassation had issued judgment against the Parent Company with respect to claims made by a tenant amounting to KD 65,776, the Parent company had paid the full amount during the period.

During the prior financial period ended June 30, 2017, two judgments were issued by the Court of Appeal against the Parent Company Metal & Recycling Company – K.S.C. (Public), in association with another company, in respect of claims made by subcontractors. The parent company has paid KD 459,166 regarding these two legal claims, and its interest, expenses and actual fees. The first judgment was appealed to the Court of Cassation.

14. Loss per share

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

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
Net loss for the period attributable to Parent Company Shareholders (KD)	**(294,174)**	(207,112)	**(481,152)**	(69,842)
	Shares	Shares	**Shares**	Shares
Number of outstanding shares:				
Number of issued and fully paid shares	**100,000,000**	82,556,507	**100,000,000**	82,556,507
Less: Weighted average number of treasury shares (share)	**(9,899,225)**	(7,779,046)	**(9,899,225)**	(7,779,046)
Weighted average number of shares outstanding	**90,100,775**	74,777,461	**90,100,775**	74,777,461
	Fils	Fils	**Fils**	Fils
Basic and diluted loss per share attributable to shareholders of the Parent Company	**(3.27)**	(2.76)	**(5.34)**	(0.93)

15. Related party disclosures

The Group has entered into various transactions with related parties, i.e. ultimate Parent Company, Board of Directors, key management personnel, entities under common control and other related parties in the normal course of its business. Prices and terms of payment are approved by Group's management. Significant related party balances and transactions are as follows:

Balances included in interim condensed consolidated statement of financial position.

	The Parent Company	**Entities under common control**	**June 30, 2018**	December 31, 2017 (Audited)	June 30, 2017
Due from related parties (Note 8)	**-**	**453,100**	**453,100**	452,700	455,625
Due to related parties	**648,703**	**-**	**648,703**	591,832	585,873

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
Compensation to key management personnel:				
Salaries and other short term benefits	**51,032**	80,366	**102,814**	145,483
Terminal benefits	**1,362**	2,528	**2,725**	4,388

16. Segment information

The Group is organized into functional divisions to manage its various lines of business. The Group operates mainly in the State of Kuwait. For the purposes of segment reporting, the Group's management has allocated its products and services into the following operating segments:

A. Metal Shredding and used spare parts department
This represents importing machines and material necessary for shredding, sorting and selling waste scrap inside and outside State of Kuwait.

B. Commercial department
This represents purchase and sale of used and scrap machinery, vehicles and tanks and their spare parts and all kind of materials and other products derived from their materials.

C. Waste plastic recycling department
This represents recycling of waste, plastic, rubbles, and environmental waste and trading in the recycled materials.

D. Shear and Baler
This represents cutting and shearing of metals and other associated activities.

Financial details of the above operating segments are as follows:

	June 30, 2018		December 31, 2017 (Audited)		June 30, 2017	
	Segment assets	**Segment liabilities**	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Commercial department	**7,424,950**	**648,703**	7,680,769	588,332	5,824,319	584,383
Unallocated assets and liabilities	**14,555,327**	**5,326,695**	14,934,042	5,597,991	16,961,044	5,502,477
	21,980,277	**5,975,398**	22,614,811	6,186,323	22,785,363	6,086,860

	Three months ended June 30,				Six months ended June 30,			
	2018		2017		**2018**		2017	
	Segment revenue	**Segment results**	Segment revenue	Segment results	**Segment revenue**	**Segment results**	Segment revenue	Segment results
Metal Shredding and Used Spare Parts Department	**1,290,661**	**260,653**	2,002,520	560,903	**3,222,570**	**693,534**	3,325,940	999,490
Commercial Department	**147,083**	**26,549**	114,092	82,013	**284,568**	**70,708**	234,332	124,221
Waste Plastic Recycling Department	**259,141**	**166,369**	171,988	103,379	**492,308**	**301,055**	375,627	218,747
Others	**2,790,784**	**(683,173)**	2,267,658	(868,288)	**5,352,529**	**(1,448,906)**	4,397,986	(1,266,473)
	4,487,669	**(229,602)**	4,556,258	(121,993)	**9,351,975**	**(383,609)**	8,333,885	75,985

17. Right of utilization

The Parent Company's operations are undertaken on land held by an associate, for which the right of utilization contract was renewed on June 19, 2013 with the Public Authority for 5 years ending on May 13, 2018. The Parent company is currently discussing with the General Authority for Industry about the current location and the alternative locations available for its operations. The outcome of these discussions and their impact on the interim condensed consolidated financial information cannot be estimated at this time.

18. Contingent liabilities

At June 30, 2018, the Group is contingently liable in respect of the following:

	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Letters of guarantee	**8,829,905**	8,759,555	7,902,389
Letters of credit	**301,539**	84,870	-
	9,131,444	8,844,425	7,902,389

Certain letters of guarantee are secured by time deposits and murabaha investment (Note 5, 6).

19. 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 categorised 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.

At June 30, the fair values of financial instruments approximate their carrying amounts, the management of the Group has assessed that fair value of its financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

20. Shareholders' Annual General Assembly

The shareholders' Annual Ordinary General Assembly held on May 28, 2018 approved the consolidated financial statements for the financial year ended December 31, 2017. There are no any cash profit distributions or bonus shares or board of directors' remuneration for the year ended.

The shareholders' Annual Ordinary General Assembly held on September 20, 2017 approved the consolidated financial statements for the financial year ended December 31, 2016. There are no any cash profit distributions or bonus shares or board of directors' remuneration for the year ended.