

**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, 2021  
(UNAUDITED)  
WITH  
REPORT ON REVIEW OF INTERIM CONDENSED  
CONSOLIDATED FINANCIAL INFORMATION**

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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 (collectively the "Group") as of June 30, 2021, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three months and six months periods then ended, and the related, interim condensed consolidated statements of changes in equity and cash flows for the six 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.

### **Basis for Qualified Conclusion**

As states in notes No. (8 and 21) about the interim condensed consolidated financial information, the Group's investment in an associate ("Real Estate Development and Development Company – W.L.L.") has been listed for an amount of KD 5,465,720 (December 31, 2020: KD 5,465,720, June 30, 2020: KD 5,456,110). It includes the Real Estate Development and Development Company – W.L.L. On a real estate investment in the Amghara area on which the parent company's factory is located, and the parent company's share of the real estate investment amounted to KD 3,426,400 (December 31, 2020: KD 3,426,400, June 30, 2020: KD 3,422,560) and it was vacated in favor of the Ministry of Commerce and Industry. The associate has not written off the carrying amount of this investment, which is inconsistent with the requirements of IFRS.

### **Qualified Conclusion**


Based on our review, except for the possible effect of the matter described in the Basis for Qualified Conclusion paragraph, 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.

**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 months period ended June 30, 2021 that might have had a material effect on the Parent Company's financial position or results of its operation.

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 period ended June 30, 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait  
August 1, 2021



Nayef M. Al Bazie  
License No. 91-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, 2021**

(All amounts are in Kuwaiti Dinars)

<b>ASSETS</b>	Notes	June 30, 2021	December 31, 2020 (Audited)	June 30, 2020
<b>Current assets:</b>				
Cash on hand and at banks	3	2,956,088	3,487,748	3,767,186
Time deposits	4	1,051,697	1,047,054	1,020,953
Murabaha investments	5	29,715	29,715	29,715
Accounts receivable and other debit balances	6	4,352,738	4,977,590	4,026,379
Due from a related parties	7	49,000	48,600	18,400
Inventories		614,228	741,350	1,469,434
<b>Total current assets</b>		<b>9,053,466</b>	<b>10,332,057</b>	<b>10,332,067</b>
<b>Non-current assets:</b>				
Financial assets at fair value through profit and loss		34,972	34,972	99,126
Investment in an associate	8	5,465,720	5,465,720	5,456,110
Investment properties		2,342,000	2,342,000	2,390,000
Property, plant and equipment		2,446,608	1,634,795	2,299,143
Right of use assets	9	2,125,525	2,371,124	415,216
Goodwill		406,889	406,889	406,889
<b>Total non-current assets</b>		<b>12,821,714</b>	<b>12,255,500</b>	<b>11,066,484</b>
<b>Total assets</b>		<b>21,875,180</b>	<b>22,587,557</b>	<b>21,398,551</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Due to banks		-	-	216,404
Finance lease payables		-	970,000	1,070,000
Term loans – Current portion	10	888,000	1,158,000	1,559,500
Lease obligations – Current portion	11	611,155	672,133	192,204
Accounts payable and other credit balances	12	2,781,765	4,727,030	4,163,294
Due to related parties	7	1,551,258	847,688	788,206
<b>Total current liabilities</b>		<b>5,832,178</b>	<b>8,374,851</b>	<b>7,989,608</b>
<b>Non-current liabilities:</b>				
Term loans – Non-Current portion	10	2,911,847	636,846	-
Lease obligations – Non-Current portion	11	1,881,056	1,878,844	247,154
Provision for end of service indemnity		1,071,603	1,021,963	1,038,801
<b>Total non-current liabilities</b>		<b>5,864,506</b>	<b>3,537,653</b>	<b>1,285,955</b>
<b>Total liabilities</b>		<b>11,696,684</b>	<b>11,912,504</b>	<b>9,275,563</b>
<b>Equity:</b>				
Share capital		10,000,000	10,000,000	10,000,000
Statutory reserve		1,520,581	1,520,581	1,520,581
Treasury shares	13	(1,056,623)	(1,056,623)	(1,056,623)
Effect of change in ownership interest of a subsidiary		402,450	402,450	402,450
Accumulated losses		(3,004,705)	(2,567,797)	(900,658)
<b>Equity attributable to shareholders of the Parent Company</b>		<b>7,861,703</b>	<b>8,298,611</b>	<b>9,965,750</b>
Non-controlling interests		2,316,793	2,376,442	2,157,238
<b>Total equity</b>		<b>10,178,496</b>	<b>10,675,053</b>	<b>12,122,988</b>
<b>Total liabilities and equity</b>		<b>21,875,180</b>	<b>22,587,557</b>	<b>21,398,551</b>

The accompanying notes (1) to (21) form an integral part of the interim condensed consolidated financial information.

\_\_\_\_\_  
Msaed Ibrahim Al Houwly  
Chairman

\_\_\_\_\_  
Tarek Ibrahim Al-Mousa  
Vice Chairman and Chief Executive Officer

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2021**  
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
<b>Revenue:</b>					
Sales		643,864	1,028,846	2,380,925	2,647,243
Service revenue		2,888,537	2,639,335	5,773,832	5,564,445
		<u>3,532,401</u>	<u>3,668,181</u>	<u>8,154,757</u>	<u>8,211,688</u>
<b>Costs:</b>					
Cost of sales		(479,868)	(767,626)	(1,533,101)	(2,074,058)
Service cost		(2,160,526)	(1,828,783)	(4,298,774)	(4,134,255)
		<u>(2,640,394)</u>	<u>(2,596,409)</u>	<u>(5,831,875)</u>	<u>(6,208,313)</u>
<b>Gross profit</b>		<u>892,007</u>	<u>1,071,772</u>	<u>2,322,882</u>	<u>2,003,375</u>
Expenses and charges:					
Staff cost		(291,581)	(393,575)	(581,512)	(752,912)
General and administrative expenses		(678,924)	(597,907)	(1,481,883)	(1,312,473)
Selling and marketing expenses		(41,503)	(88,671)	(156,447)	(173,665)
Depreciation		(20,212)	(45,854)	(39,872)	(84,314)
Provision for expected credit losses	6	-	(80,768)	-	(102,642)
Amortization for right of use assets	9	(69,893)	(12,708)	(139,329)	(24,929)
Finance charges of leased assets		(25,098)	(1,357)	(50,521)	(2,615)
Provision for slow moving inventories		-	(54,458)	-	(54,458)
Total expenses and charges		<u>(1,127,211)</u>	<u>(1,275,298)</u>	<u>(2,449,564)</u>	<u>(2,508,008)</u>
<b>Operating Loss</b>		<u>(235,204)</u>	<u>(203,526)</u>	<u>(126,682)</u>	<u>(504,633)</u>
Interest and Murabaha income		3,896	6,414	8,368	11,856
Foreign exchange loss		(1,553)	(4,454)	(11,376)	(4,064)
Finance charges		(72,538)	(46,096)	(116,206)	(106,317)
Other income		4,510	(12,010)	19,339	41,359
Unrealized loss from change in fair value of financial assets at FVTPL		-	(65,860)	-	(65,860)
Share of result from investment in an associate		-	(640)	-	(640)
<b>Loss for the period</b>		<u>(300,889)</u>	<u>(326,172)</u>	<u>(226,557)</u>	<u>(628,299)</u>
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive loss for the period</b>		<u>(300,889)</u>	<u>(326,172)</u>	<u>(226,557)</u>	<u>(628,299)</u>
<b>Attributable to:</b>					
Shareholders of the Parent Company		(388,175)	(437,197)	(436,908)	(820,875)
Non-controlling interests		87,286	111,025	210,351	192,576
		<u>(300,889)</u>	<u>(326,172)</u>	<u>(226,557)</u>	<u>(628,299)</u>
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
<b>Basic loss per share attributable to Shareholders of the Parent Company</b>	14	<u>(4.31)</u>	<u>(4.85)</u>	<u>(4.85)</u>	<u>(9.11)</u>

The accompanying notes (1) to (21) 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 JUNE 30, 2021**  
(All amounts are in Kuwaiti Dinars)

	Equity attributable to Parent Company's shareholders							
	Share capital	Statutory reserve	Treasury shares	Effect of change in ownership interest of a subsidiary	Accumulated losses	Subtotal	Non - controlling interests	Total equity
Balance as at January 1, 2021	10,000,000	1,520,581	(1,056,623)	402,450	(2,567,797)	8,298,611	2,376,442	10,675,053
Total comprehensive (loss) income for the period	-	-	-	-	(436,908)	(436,908)	210,351	(226,557)
Dividends paid to Non -controlling interests	-	-	-	-	-	-	(270,000)	(270,000)
<b>Balance as at June 30, 2021</b>	<b>10,000,000</b>	<b>1,520,581</b>	<b>(1,056,623)</b>	<b>402,450</b>	<b>(3,004,705)</b>	<b>7,861,703</b>	<b>2,316,793</b>	<b>10,178,496</b>
Balance as at January 1, 2020	10,000,000	1,520,581	(1,056,623)	402,450	(79,783)	10,786,625	1,964,662	12,751,287
Total comprehensive (loss) income for the period	-	-	-	-	(820,875)	(820,875)	192,576	(628,299)
Balance as at June 30, 2020	10,000,000	1,520,581	(1,056,623)	402,450	(900,658)	9,965,750	2,157,238	12,122,988

The accompanying notes (1) to (21) 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 JUNE 30, 2021**  
(All amounts are in Kuwaiti Dinars)

	Note	Six months ended June 30,	
		2021	2020
<b>Cash flows from operating activities:</b>			
Loss for the period		(226,557)	(628,299)
Adjustments for:			
Depreciation		177,552	296,482
Provision for expected credit losses	6	-	102,642
Amortization for right of use assets	9	245,599	125,193
Finance charges for leased assets	11	54,814	12,012
Interest and Murabaha income		(8,368)	(11,856)
Finance charges		116,206	106,317
Unrealized loss from change in fair value of financial assets at FVTPL		-	65,860
Provision for slow moving inventories		-	54,458
Share of results from an associate		-	640
Provision for end of service indemnity		106,917	115,646
		<u>466,163</u>	<u>239,095</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		624,852	159,346
Due from related parties		(400)	(18,400)
Inventories		127,122	(3,662)
Accounts payable and other credit balances		(1,945,265)	512,870
Due to related parties		703,570	40,596
Cash flows (used in) generated from operations		(23,958)	929,845
Payment for end of service indemnity		(57,277)	(15,935)
Net cash flows (used in) generated from operating activities		<u>(81,235)</u>	<u>913,910</u>
<b>Cash flows from investing activities:</b>			
Proceeds from time deposits		(4,643)	(2,965)
Paid for additions on property, plant and equipment		(989,365)	(608,001)
Interest income and Murabahat received		8,368	11,856
Net cash flows used in investing activities		<u>(985,640)</u>	<u>(599,110)</u>
<b>Cash flows from financing activities:</b>			
Paid to due to banks		-	(301,883)
Paid to Finance lease payables		(970,000)	(125,000)
Proceeds from term loans		2,005,001	809,500
Paid to lease obligations	11	(113,580)	(112,540)
Dividends paid to non - controlling interests		(270,000)	-
Finance charges paid		(116,206)	(106,317)
Net cash flows generated from financing activities		<u>535,215</u>	<u>163,760</u>
Net (decrease) increase in cash on hand and at banks		(531,660)	478,560
Effect of consolidate a subsidiary		-	9,823
Cash on hand and at banks at the beginning of the period		2,880,959	2,535,169
Cash on hand and at banks at the end of the period	3	<u>2,349,299</u>	<u>3,023,552</u>

The accompanying notes (1) to (21) 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)**

**JUNE 30, 2021**

(All amounts are in Kuwaiti Dinars)

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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.

The main activities of the Parent Company are as follows:

- Purchase and sale of used and scrap machinery and vehicles and their spare parts and all kinds of metals and their derivatives as well as representing specialized companies in such activities.
- Purchase and sale of the scrap of houses, industrial and commercial projects, including household tools, machinery, metal construction and other local scrap.
- Shredding, classifying; storing and selling waste and scrap inside and outside 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 Kuwait.
- Establishing complementary industries 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 State of Kuwait.
- Carrying out all demolishing and removal works for construction and representing companies in such field.
- Utilization of the Company's surplus funds by investing in portfolios managed by specialized companies.
- Holding and managing auctions related to the objectives of the Company locally and internationally and representing companies in such field.
- Developing, preparing, establishing, managing and operating industrial and professional areas.
- Incorporation and partial ownership of industrial companies and industrial management companies inside and outside State of Kuwait.
- Collection, transportation and utilization of trash waste, garbage and wreckage inside and outside State of Kuwait.
- Undertaking all kind of cleaning contracts and commitment for all agencies inside and outside 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 Kuwait (with approval of the Public Authority for Industry).

The address of the Parent Company's registered office is P.O. Box 4520, Safat 13045, State of Kuwait.

The Parent Company is owned by 58.296% by Agility Public Warehousing Company – K.S.C. (Public) 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 \_\_\_\_\_, 2021.

2. Basis of preparation

The interim condensed consolidated financial information of the Group is presented in Kuwaiti Dinars ("KD"), which is also the functional currency of the Parent Company.

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, 2020.

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

**JUNE 30, 2021**

(All amounts are in Kuwaiti Dinars)

The interim condensed consolidated financial information do 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, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2020.

3. Cash on hand and at banks

	<b>June 30, 2021</b>	December 31, 2020 (Audited)	June 30, 2020
Cash on hand and at banks	<b>2,956,088</b>	3,487,748	3,767,186
Less: restricted cash and bank balances	<b>(606,789)</b>	(606,789)	(743,634)
	<b><u>2,349,299</u></b>	<u>2,880,959</u>	<u>3,023,552</u>

As of June 30, 2021, cash restricted by banks amounting to KD 606,789 (December 31, 2020: KD 606,789, June 30, 2020: KD 743,634) held against certain letter of guarantee in favor of the Group (Note 17).

4. Time deposits

The effective rate on time deposits ranged from 1.250% to 1.375% per annum (December 31, 2020: 1.250% to 1.375% per annum, June 30, 2020: 2% to 3% per annum), those deposits have an average maturity ranged from 185 days to 365 days.

Time deposits amounting to KD 777,225 (December 31, 2020: KD 889,275, June 30, 2020: KD 910,736) are pledged against certain letter of guarantee in favor of the Group (Note 17).

5. Murabaha investments

The effective rate on murabaha investments is 2% per annum (December 31, 2020: 2% per annum, June 30, 2020: 1.5% to 2% per annum).

Murabaha investments amounting KD 29,715 are pledged against certain letter of guarantee in favor of the Group (Note 17).

6. Accounts receivable and other debit balances

	<b>June 30, 2021</b>	December 31, 2020 (Audited)	June 30, 2020
Trade receivables	<b>10,934,098</b>	11,591,088	10,784,071
Advance payment to suppliers	<b>973,649</b>	928,062	1,087,124
Refundable deposits	<b>319,817</b>	264,702	219,698
Retentions	<b>1,105,537</b>	1,000,381	865,743
Others	<b>144,773</b>	413,223	230,321
Provision for expected credit losses (a, b)	<b>(9,312,819)</b>	(9,312,819)	(9,295,724)
	<b><u>4,165,055</u></b>	<u>4,884,637</u>	<u>3,891,233</u>
Staff receivables	<b>54,750</b>	23,354	39,330
Prepaid expenses	<b>132,933</b>	69,599	95,816
	<b><u>4,352,738</u></b>	<u>4,977,590</u>	<u>4,026,379</u>

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**JUNE 30, 2021**

(All amounts are in Kuwaiti Dinars)

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

	<b>June 30, 2021</b>	December 31, 2020 (Audited)	June 30, 2020
Balance at the beginning of the period / year	<u>9,312,819</u>	<u>9,193,082</u>	<u>9,193,082</u>
Charge for the period / year	<u>-</u>	<u>119,737</u>	<u>102,642</u>
Balance at the end of the period / year	<u><b>9,312,819</b></u>	<u><b>9,312,819</b></u>	<u><b>9,295,724</b></u>

b) The provision for expected credit losses relates to the following items:

	<b>June 30, 2021</b>	December 31, 2020 (Audited)	June 30, 2020
Trade receivables	<u>8,199,976</u>	<u>8,199,976</u>	<u>8,267,478</u>
Advance payment to suppliers	<u>853,191</u>	<u>853,191</u>	<u>853,191</u>
Refundable deposits	<u>25,136</u>	<u>25,136</u>	<u>25,136</u>
Retentions	<u>234,516</u>	<u>234,516</u>	<u>149,919</u>
	<u><b>9,312,819</b></u>	<u><b>9,312,819</b></u>	<u><b>9,295,724</b></u>

7. Related parties' disclosures

The Group has entered into various transactions with shareholders, Board of Directors, key management personnel, associate and other related parties. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

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

	<b>The Ultimate Parent Company</b>	<b>Associate company</b>	<b>Other</b>	<b>June 30, 2021</b>	December 31, 2020 (Audited)	June 30, 2020
Due from related parties	-	<b>1,000</b>	<b>48,000</b>	<b>49,000</b>	48,600	18,400
Due to related parties	<b>1,551,258</b>	-	-	<b>1,551,258</b>	847,688	788,206
Terms loan	<b>2,100,000</b>	-	-	<b>2,100,000</b>	-	-
Accrued expenses	<b>211,500</b>	-	-	<b>211,500</b>	180,000	180,000

The Shareholders' Annual Ordinary General Assembly held on May 6, 2021, approved a convertible loan facility contract with a maximum amount of KD 10,000,000 from Agility International Investment Company W.L.L. (A subsidiary to the Ultimate Parent Company). During the period the parent company withdrew an amount of KD 2,100,000 from the related party. This loan is due after 60 months in cash or if the lender elects to convert it to ordinary shares.

**Transactions included in the interim condensed consolidated statement of profit or loss and other comprehensive income:**

	Three months ended June 30,		Six months ended June 30,	
	<b>2021</b>	2020	<b>2021</b>	2020
General and administrative expenses	<u>(17,831)</u>	<u>(24,486)</u>	<u>(35,664)</u>	<u>(49,349)</u>
Finance charges	<u>(31,500)</u>	<u>-</u>	<u>(31,500)</u>	<u>-</u>

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**Key management remuneration**

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Short term benefits	<b>58,686</b>	70,783	<b>117,369</b>	141,566
Terminal benefits	<b>2,277</b>	3,081	<b>4,553</b>	6,162
	<b>60,963</b>	73,864	<b>121,922</b>	147,728

8. **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.

The Group do not recognize the company's share of results from investment in an associate for the period ended in June 30, 2021, as no interim financial information was available to the associate, and the movement during the period was considered as not material.

9. **Rights of utilization**

The parent company leases several assets including buildings and land. The average lease term is 5 years.

The movement of right to use assets are as follows:

	Buildings	Land	Total
<b><u>Cost:</u></b>			
As of January 1, 2020	585,065	152,630	737,695
Additions	28,898	-	28,898
As of June 30, 2020	613,963	152,630	766,593
Additions	107,450	2,318,622	2,426,072
Disposals	(218,545)	-	(218,545)
As of December 31, 2020	502,868	2,471,252	2,974,120
<b>As of June 30, 2021</b>	<b>502,868</b>	<b>2,471,252</b>	<b>2,974,120</b>
<b><u>Accumulated Amortization</u></b>			
As of January 1, 2020	180,749	45,435	226,184
Charge for the period	103,895	21,298	125,193
As of June 30, 2020	284,644	66,733	351,377
Charge for the period	112,803	247,383	360,186
Related to disposals	(108,567)	-	(108,567)
As of December 31, 2020	288,880	314,116	602,996
Charge for the period	106,999	138,600	245,599
<b>As of June 30, 2021</b>	<b>395,879</b>	<b>452,716</b>	<b>848,595</b>
<b><u>Net Book Value:</u></b>			
<b>As of June 30, 2021</b>	<b>106,989</b>	<b>2,018,536</b>	<b>2,125,525</b>
As of December 31, 2020	213,988	2,157,136	2,371,124
As of June 30, 2020	329,319	85,897	415,216

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Amortization charged for the period is allocated as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Service Cost	55,026	51,482	106,270	100,264
Interim condensed Consolidated Statement of profit or loss and other comprehensive income	69,893	12,708	139,329	24,929
	<b>124,919</b>	<b>64,190</b>	<b>245,599</b>	<b>125,193</b>

10. Term loans

	Due date	Currency	Amounts		
			June 30, 2021	December 31, 2020 (Audited)	June 30, 2020
Term loan from local bank carrying interest rate of 2.5% (December 31, 2020: 2.5% per annum, June 30, 2020: 2.5% per annum) over the Central Bank of Kuwait discount rate.	July 25, 2021	KWD	200,000	300,000	300,000
Term loan from local bank carrying interest rate of 2.5% (December 31, 2020: 2.5% per annum, June 30, 2020: 2.5% per annum) over the Central Bank of Kuwait discount rate.	October 29, 2021	KWD	450,000	450,000	450,000
Term loan from local bank carrying interest rate of 3% (December 31, 2020: 3% per annum, June 30, 2020: 3% per annum) over the Central Bank of Kuwait discount rate.	March 31, 2022	KWD	1,049,847	1,044,846	809,500
Term loan from related party carrying interest rate of 4% over the Central Bank of Kuwait discount rate. (A)	April 12, 2026	KWD	2,100,000	-	-
			<b>3,799,847</b>	<b>1,794,846</b>	<b>1,559,500</b>

(A) This loan is secured by the ability to convert it to ordinary shares when due as disclosed in note (7).

The Term loans are classified in the interim condensed consolidated statement of financial position as follows:

	June 30, 2021	December 31, 2020 (Audited)	June 30, 2020
Current portion	888,000	1,158,000	1,559,500
Non-current portion	2,911,847	636,846	-
	<b>3,799,847</b>	<b>1,794,846</b>	<b>1,559,500</b>

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11. Lease Obligations

The movement for lease obligations is as follows:

	<b>June 30, 2021</b>	December 31, 2020 (Audited)	June 30, 2020
Balance at the beginning of the period / year	<b>2,550,977</b>	510,988	510,988
Additions	-	2,454,970	28,898
Financing charges	<b>54,814</b>	122,389	12,012
Payments	<b>(113,580)</b>	(423,429)	(112,540)
Disposals	-	(113,941)	-
Balance at the end of the period / year	<b>2,492,211</b>	2,550,977	439,358

The lease obligations is classified in the interim condensed consolidated statement of financial position as follows:

	<b>June 30, 2021</b>	December 31, 2020 (Audited)	June 30, 2020
Current portion	<b>611,155</b>	672,133	192,204
Non-current portion	<b>1,881,056</b>	1,878,844	247,154
	<b>2,492,211</b>	2,550,977	439,358

12. Accounts payable and other credit balances

	<b>June 30, 2021</b>	December 31, 2020 (Audited)	June 30, 2020
Trade payables	<b>1,000,422</b>	680,893	835,814
Accrued expenses	<b>765,124</b>	3,017,745	2,323,513
Staff payables	<b>56,480</b>	22,562	47,386
Accrued staff leave	<b>701,127</b>	635,949	531,426
Advance payments from customers	<b>258,612</b>	369,881	425,155
	<b>2,781,765</b>	4,727,030	4,163,294

13. Treasury shares

	<b>June 30, 2021</b>	December 31, 2020 (Audited)	June 30, 2020
Number of shares (shares) (A)	<b>9,899,225</b>	9,899,225	9,899,225
Percentage of paid up shares (%)	<b>9.89%</b>	9.89%	9.89%
Market value (KD)	<b>1,801,659</b>	544,457	475,163
Cost (KD)	<b>1,056,623</b>	1,056,623	1,056,623

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

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14. Basic loss per share attributable to Shareholders of the Parent Company

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,	
	2021	2020	2021	2020
Net loss for the period attributable to Parent Company's Shareholders (KD)	<b>(388,175)</b>	(437,197)	<b>(436,908)</b>	(820,875)
	<b>Shares</b>	Shares	<b>Shares</b>	Shares
<u>Number of outstanding shares:</u>				
Number of issued and fully paid shares	<b>100,000,000</b>	100,000,000	<b>100,000,000</b>	100,000,000
Less: Weighted average number of treasury shares	<b>(9,899,225)</b>	(9,899,225)	<b>(9,899,225)</b>	(9,899,225)
Weighted average number of shares outstanding	<b>90,100,775</b>	90,100,775	<b>90,100,775</b>	90,100,775
	<b>Fils</b>	Fils	<b>Fils</b>	Fils
<b>Basic loss per share attributable to Shareholders of the Parent Company</b>	<b>(4.31)</b>	(4.85)	<b>(4.85)</b>	(9.11)

The term loan that could convert to the ordinary shares (Note 10) had no diluted effect on the basic loss per share attributable to shareholders of the parent company.

15. 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. Metal shredding and used spare parts department

This 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 of waste, plastic, rubbles, environmental waste, and trading in the recycled materials.

B. Services Department- HVAC

This represent 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

It includes cleaning roads and buildings, cities cleaning contracts, and security services.

D. Others

This item includes all types of investments, goodwill, and other activities.

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Financial details of the above operating segments are as follows:

	June 30, 2021		December 31, 2020 (Audited)		June 30, 2020	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Metal shredding and used spare parts department	6,702,978	9,539,740	6,781,533	8,705,222	5,394,737	5,734,600
Services Department- HVAC	8,197,150	1,854,855	8,896,702	2,922,487	8,927,675	3,179,986
Services Department – Cleaning	1,110,374	269,765	1,043,707	252,925	1,156,469	347,304
Others	5,864,678	32,324	5,865,615	31,870	5,919,670	13,673
	<b>21,875,180</b>	<b>11,696,684</b>	<b>22,587,557</b>	<b>11,912,504</b>	<b>21,398,551</b>	<b>9,275,563</b>

	Three months ended June 30,				Six months ended June 30,			
	2021		2020		2021		2020	
	Segment revenue	Segment results	Segment revenue	Segment results	Segment revenue	Segment results	Segment revenue	Segment results
Waste Department - Metal Shredding	180,465	93,359	603,196	155,378	1,592,889	499,306	1,949,329	260,586
Waste Department - Plastic Recycling	463,399	(39,164)	425,650	29,366	788,036	(4,895)	697,914	(48,438)
Waste Department - Medical Waste	99,393	(54,204)	85,113	(30,161)	197,286	(101,425)	130,226	(91,804)
Services Department- HVAC (Heating ventilation and Air conditioning)	2,177,949	289,960	1,886,655	316,312	4,673,742	635,961	3,925,398	504,472
Services Department – Cleaning	331,587	744	559,143	40,327	667,503	48,907	1,226,658	103,084
Others	279,608	(591,584)	128,424	(837,394)	235,301	(1,304,411)	282,163	(1,356,199)
	<b>3,532,401</b>	<b>(300,889)</b>	<b>3,668,181</b>	<b>(326,172)</b>	<b>8,154,757</b>	<b>(226,557)</b>	<b>8,211,688</b>	<b>(628,299)</b>



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16. Rights of utilization

The Parent Company's operations are constructed on land leased by the parent company and is assigned to the associate, for which the right of utilization, contract was renewed on June 19, 2013 with the Public Authority for Industry for 5 years ended on May 13, 2018. The eviction took place during the period in implementation of the recommendation issued by the Minister of Commerce and Industry on January 25, 2021 (Note 21).

During the year 2018, the parent company completed the procedures for receiving an additional land area in Mina Abdullah and Al-Naim area as an alternative to this land, the parent company renewed the right of utilization contract with the Public Authority for Industry for a period of 5 years beginning on July 16, 2020, and ending on July 15, 2025.

17. Contingent liabilities

The Group is contingently liabilities in respect of the following:

	<b>June 30, 2021</b>	December 31, 2020 (Audited)	June 30, 2020
Letters of guarantee	<b>9,879,286</b>	9,622,196	8,276,087
Letters of credit	-	21,541	-
	<b>9,879,286</b>	<b>9,643,737</b>	<b>8,276,087</b>

Certain letters of guarantee are secured by cash on hand and at banks, time deposits and murabaha investments (Note 3, 4, 5)

18. Fair value of financial instruments

The Group measures financial assets such as financial assets at FVPL and non-financial assets such as investment properties 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.

The following table shows an analysis of captions recorded at fair value by level of the fair value hierarchy:

	<b>June 30, 2021</b>		
	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit and loss</b>	<b>34,972</b>	-	<b>34,972</b>
<b>Investment properties</b>	-	<b>2,342,000</b>	<b>2,342,000</b>
<b>Total</b>	<b>34,972</b>	<b>2,342,000</b>	<b>2,376,972</b>

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	December 31, 2020		
	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	34,972	-	34,972
Investment properties	-	2,342,000	2,342,000
Total	34,972	2,342,000	2,376,972

	June 30, 2020		
	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	99,126	-	99,126
Investment properties	949,000	1,441,000	2,390,000
Total	1,048,126	1,441,000	2,489,126

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.

19. Shareholders' Annual General Assembly

The Shareholders' Annual Ordinary General Assembly held on May 6, 2021 approved the consolidated financial statements for the fiscal year ended December 31, 2020. There was no profit distributions or bonus shares or board of directors' remuneration for the year ended December 31, 2020.

The Shareholders' Annual Ordinary General Assembly held on June 25, 2020 approved the consolidated financial statements for the fiscal year ended December 31, 2019. There was no profit distributions or bonus shares or board of directors' remuneration for the year ended December 31, 2019.

20. Risk Management and Coronavirus Pandemic:

A year after the emergence of the Coronavirus (COVID 19) pandemic, many economic sectors and business sectors are still facing unrest and uncertainty factors as a result of the pandemic and also because of the measures taken by governments to contain the spread of the virus.

The group continues to be affected by the repercussions of the virus outbreak, and the administration continues its efforts to mitigate the resulting risks. Credit risk and liquidity risk, in addition to the application of the important estimates and judgments of the annual consolidated financial statements of the Group's audited annual date of December 31, 2020, detailed in Note (35), and there have been no material changes to the risk management process.

21. Update on the evacuation of the Amghara area:

Includes Real Estate Development Company - LLC. ("REDCO") in its financial statements is a real estate investment within the group's investment in the associate company located in the Amghara area on which the factories, buildings and operations of the parent company are based. The parent company's share of the real estate investment amounted to KD 3,426,400 (December 31, 2020: KD 3,426,400, June 30, 2020: KD 3,422,560) within the investment clause, where the buildings attached to the factory were demolished and the administrative building of the parent company in the old site in South Amghara was demolished by the municipality in implementation of the recommendation issued by the Minister of Commerce and Industry dated January 25, 2021 to remove and evacuate the parent company from its location in South Amghara (note 16).

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The management of the parent company considers that the action taken by the Minister of Commerce and Industry is not a decision because it lacks the legal elements of the administrative decision and is contrary to the industry law, and to face this abuse and violation of the provisions of the law, the parent company resorted to the judiciary to defend its rights and the rights of its shareholders, so it filed lawsuits regarding this matter. The right to claim compensation for all damages resulting from the implementation of the aforementioned decision, and the parent company is currently assessing the size of the losses to resort to the judiciary to claim the related compensation, which will include the following items:

- The value of the assets bought and established by the parent company to practice its activity in the current location, which it lost as a result of the demolition of the buildings attached to the factory and the demolition of the administrative building of the parent company by the municipality, calculated on the basis of replacement value.
- The costs that the company will incur to establish and establish the activity requirements at the alternate site, which will include the cost of developing the infrastructure at the new site, the construction cost (including design and supervision costs), the cost of purchasing new equipment, and other works.
- Loss of revenues as a result of the expected increase in the costs of raw materials due to the change in geographical location due to the additional costs of obtaining raw materials, distribution of manufactured products and the decrease in the quantity of production.
- The opportunity cost of losing sources of raw materials (who may contract with competitors during the period in which the parent company will not be able to fulfill its procurement obligations).
- Loss of revenues during the suspension period until the completion of the establishment, establishment and operation of the activity on the alternative site.
- Opportunity cost of losing customers and markets and additional marketing costs incurred in establishing a client base in a new location.
- Finance expenses and costs to be incurred by the parent company.
- Rental allowance from Port Abdullah, Contract No. 85 for the period from June 1, 2013 to April 8, 2021.
- Any other related costs.

The Group has not established an impairment loss allowance for the carrying value of the investment property, due to the uncertainty associated with estimating the value of compensation to be received and estimating the fair value of the alternative right of use.