

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC)  
AND ITS SUBSIDIARIES  
STATE OF KUWAIT  
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED MARCH 31, 2021  
(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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED MARCH 31, 2021  
(UNAUDITED)  
WITH  
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

CONTENTS

Report on review of interim condensed consolidated financial information	
	<u>Pages</u>
Interim condensed consolidated statement of financial position (unaudited)	3
Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)	4
Interim condensed consolidated statement of changes in equity (unaudited)	5
Interim condensed consolidated statement of cash flows (unaudited)	6
Notes to interim condensed consolidated financial information (unaudited)	7 – 16



**RSM Albazle & Co.**

Arraya Tower 2, Floors 41 & 42  
Abdulaziz Hamad Alsaqar St., Sharq  
P.O. Box 2115, Safat 13022, State of Kuwait

T +965 22961000  
F +965 22412761

[www.rsm.global/kuwait](http://www.rsm.global/kuwait)

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

To the Board of Directors  
Metal and Recycling Company K.S.C. (Public) 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 March 31, 2021, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three months period then ended, and the related, interim consolidated statements of changes in equity and cash flows for the three months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As states in notes No. (9 and 22) 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, March 31, 2020: KD 5,456,750). 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 (31 December 2020: KD 3,426,400, 31 March 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.

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

**Emphasis of matter**

Without qualification on our conclusion, we draw attention to Note (1) regarding the current location of operations; and to Note (18) regarding right of utilization for a land held by an associate and the Parent Company.

**Report on other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 as amended, its Executive Regulations as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the three months period ended March 31, 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 three months period ended 31 March 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait  
May 11, 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 MARCH 31, 2021**

(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Notes	March 31, 2021	December 31, 2020 (Audited)	March 31, 2020
<b>Current assets:</b>				
Cash and cash equivalents	3	5,321,928	3,487,748	3,262,635
Time deposits	4	1,051,307	1,047,054	1,026,514
Murabaha investments	5	29,715	29,715	29,715
Accounts receivable and other debit balances	6	3,292,500	4,977,590	3,856,140
Due from a related party	7	49,000	48,600	400
Inventories		673,944	741,350	1,707,897
<b>Total current assets</b>		<b>10,418,394</b>	<b>10,332,057</b>	<b>10,048,287</b>
<b>Non-current assets:</b>				
Financial assets at fair value through profit and loss	8	34,972	34,972	164,986
Investment in an associate	9	5,465,720	5,465,720	5,456,750
Investment properties		2,342,000	2,342,000	2,390,000
Property, plant and equipment		2,183,402	1,634,795	2,377,753
Right of use assets	10	2,250,444	2,371,124	450,508
Goodwill		406,889	406,889	406,889
<b>Total non-current assets</b>		<b>12,683,427</b>	<b>12,255,500</b>	<b>11,081,900</b>
<b>Total assets</b>		<b>23,101,821</b>	<b>22,587,557</b>	<b>21,130,187</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Due to banks		-	-	452,257
Finance lease payables	11	970,000	970,000	1,120,000
Term loans – Current portion		1,056,000	1,158,000	1,320,500
Lease obligations – Current portion	12	642,351	672,133	207,822
Accounts payable and other credit balances	13	5,108,377	4,727,030	3,597,999
Due to related parties	7	1,218,708	847,688	754,533
<b>Total current liabilities</b>		<b>8,995,436</b>	<b>8,374,851</b>	<b>7,453,111</b>
<b>Non-current liabilities:</b>				
Term loans – Non-Current portion		680,846	636,846	-
Lease obligations – Non-Current portion	12	1,880,769	1,878,844	254,964
Provision for end of service indemnity		1,065,385	1,021,963	972,952
<b>Total non-current liabilities</b>		<b>3,627,000</b>	<b>3,537,653</b>	<b>1,227,916</b>
<b>Total liabilities</b>		<b>12,622,436</b>	<b>11,912,504</b>	<b>8,681,027</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	14	(1,056,623)	(1,056,623)	(1,056,623)
Effect of change in ownership interest of Subsidiary		402,450	402,450	402,450
Foreign currency translation reserve		-	-	-
Accumulated losses		(2,616,530)	(2,567,797)	(463,461)
<b>Equity attributable to shareholders of the Parent</b>				
<b>Company</b>		<b>8,249,878</b>	<b>8,298,611</b>	<b>10,402,947</b>
Non-controlling interests		2,229,507	2,376,442	2,046,213
<b>Total equity</b>		<b>10,479,385</b>	<b>10,675,053</b>	<b>12,449,160</b>
<b>Total liabilities and equity</b>		<b>23,101,821</b>	<b>22,587,557</b>	<b>21,130,187</b>

The accompanying notes (1) to (22) 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 MARCH 31, 2021**  
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended March 31,	
		2021	2020
<b>Revenues:</b>			
Net sales		1,737,061	1,618,397
Service revenue		2,816,179	2,919,729
		<u>4,553,240</u>	<u>4,538,126</u>
<b>Costs:</b>			
Cost of sales		(1,053,233)	(1,306,432)
Service cost		(2,138,248)	(2,305,472)
		<u>(3,191,481)</u>	<u>(3,611,904)</u>
<b>Gross profit</b>		<u>1,361,759</u>	<u>926,222</u>
Expenses and charges:			
Staff cost		(318,389)	(379,772)
General and administrative expenses		(802,959)	(714,566)
Selling and marketing expenses		(114,944)	(84,994)
Depreciation		(19,660)	(38,460)
Provision for expected credit losses	6	-	(21,874)
Amortization for right of use assets	10	(69,436)	(12,221)
Finance charges of leased assets		(25,423)	(1,258)
Total expenses and charges		<u>(1,350,811)</u>	<u>(1,253,145)</u>
<b>Operating Loss</b>		<u>10,948</u>	<u>(326,923)</u>
Interest and Murabaha income		4,472	5,442
Foreign exchange gain		(9,823)	390
Finance charges		(43,668)	(60,221)
Other income		112,403	79,185
<b>Loss for the period</b>		<u>74,332</u>	<u>(302,127)</u>
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<u>74,332</u>	<u>(302,127)</u>
<b>Attributable to:</b>			
Shareholders of the Parent Company		(48,733)	(383,678)
Non-controlling interests		123,065	81,551
		<u>74,332</u>	<u>(302,127)</u>
		<u>Fils</u>	<u>Fils</u>
<b>Basic loss per share attributable to Shareholders of the Parent Company</b>	15	<u>(0.54)</u>	<u>(4.26)</u>

The accompanying notes (1) to (22) form an integral part of the interim condensed consolidated financial informati

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2021**

(All amounts are in Kuwaiti Dinars)

	Equity attributable to Parent Company's shareholders							Non - controlling interests	Total equity
	Share capital	Statutory reserve	Treasury shares	Effect of change in ownership interest of a subsidiary	Retained earnings	Subtotal			
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	-	-	-	-	(48,733)	(48,733)	123,065	74,332	
Dividends paid to Non -controlling interests	-	-	-	-	-	-	(270,000)	(270,000)	
<b>Balance as at March 31, 2021</b>	<b>10,000,000</b>	<b>1,520,581</b>	<b>(1,056,623)</b>	<b>402,450</b>	<b>(2,616,530)</b>	<b>8,249,878</b>	<b>2,229,507</b>	<b>10,479,385</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	-	-	-	-	(383,678)	(383,678)	81,551	(302,127)	
Balance as at March 31, 2020	10,000,000	1,520,581	(1,056,623)	402,450	(463,461)	10,402,947	2,046,213	12,449,160	

The accompanying notes (1) to (22) form an integral part of the interim condensed consolidated financial information.

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2021**  
(All amounts are in Kuwaiti Dinars)

		Three months ended March 31,	
	Note	2021	2020
<b>Cash flows from operating activities:</b>			
Loss for the period		74,332	(302,127)
Adjustments for:			
Depreciation		89,264	147,189
Provision for expected credit losses	6	-	21,874
Amortization for right of use assets	10	120,680	61,003
Finance charges of leased assets	12	28,963	6,188
Interest and Murabaha income		(4,472)	(5,442)
Finance charges		43,668	60,221
Provision for end of service indemnity		51,583	57,426
		<u>404,018</u>	<u>46,332</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		1,685,090	441,751
Due from a related party		(400)	(400)
Inventories		67,406	(187,667)
Accounts payable and other credit balances		381,347	(35,381)
Due to related parties		371,020	6,923
Cash flows generated from operations		2,908,481	271,558
Payment for end of service indemnity		(8,161)	(12,756)
Net cash flows generated from operating activities		<u>2,900,320</u>	<u>258,802</u>
<b>Cash flows from investing activities:</b>			
Paid to time deposits		(4,253)	(8,526)
Paid for additions on property, plant, and equipment		(637,871)	(586,745)
Interest and Murabaha income received		4,472	5,442
Net cash flows used in investing activities		<u>(637,652)</u>	<u>(589,829)</u>
<b>Cash flows from financing activities:</b>			
Paid to due to banks		-	(66,030)
Paid to Finance lease payables		-	(75,000)
(Paid to) Proceeds from term loans		(58,000)	570,500
Net movement on lease obligations	12	(56,820)	(54,390)
Dividends paid to Non -controlling interests		(270,000)	-
Finance charges paid		(43,668)	(60,221)
Net cash flows (used in) generated from financing activities		<u>(428,488)</u>	<u>314,859</u>
Net increase (decrease) in cash and cash equivalents		1,834,180	(16,168)
Cash and cash equivalents at the beginning of the period		<u>2,880,959</u>	<u>3,278,803</u>
Cash and cash equivalents at the end of the period	3	<u>4,715,139</u>	<u>3,262,635</u>

The accompanying notes (1) to (22) form an integral part of the interim condensed consolidated financial information.



**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2021**

(All amounts are in Kuwaiti Dinars)

---

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 August 15, 2018.

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 66.48% by Agility Public Warehousing Company - KSC (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 May 11, 2021.

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 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)**  
**MARCH 31, 2021**

(All amounts are in Kuwaiti Dinars)

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 March 31, 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 and cash equivalents

	<b>March 31, 2021</b>	December 31, 2020 (Audited)	March 31, 2020
Cash on hand and at banks	<b>5,321,928</b>	3,487,748	3,130,123
Short term bank deposits	-	-	132,512
	<b>5,321,928</b>	3,487,748	3,262,635
	<b>(606,789)</b>	<b>(606,789)</b>	<b>(747,176)</b>
	<b>4,715,139</b>	2,880,959	2,515,459

At March 31, 2021, the effective rate on short term bank deposits ranged Nil (December 31, 2020: Nil, March 31, 2020: 2.5% to 2.75% per annum), these deposits have an average maturity of 30 days.

As of March 31, 2021, cash restricted by banks amounting to KD 606,789 (December 31, 2020: KD 606,789, March 31, 2020: KD 747,176) held against certain letter of guarantee in favor of the Group (Note 18).

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, March 31, 2020: 2.875% to 3.125% per annum), those deposits have an average maturity ranged from 185 days to 365 days.

Time deposits amounting to KD 775,823 (December 31, 2020: KD 889,275, March 31, 2020: KD 1,026,514) are pledged against certain letter of guarantee in favor of the Group (Note 18).

5. Murabaha investments

The effective rate on murabaha investments ranged from 2% per annum (December 31, 2020: 2% per annum, March 31, 2020: 1.5% to 2% per annum).

Murabaha investment amounting KD 29,715 (December 31, 2020: KD 29,715, March 31, 2020: KD 29,715) are pledged against certain letter of guarantee in favor of the Group (Note 18).

6. Accounts receivable and other debit balances

	<b>March 31, 2021</b>	December 31, 2020 (Audited)	March 31, 2020
Trade receivables	<b>9,749,847</b>	11,202,305	10,046,351
Advance payment to suppliers	<b>1,070,693</b>	928,062	1,155,179
Refundable deposits	<b>89,592</b>	264,702	166,050
Retentions	<b>1,046,348</b>	1,000,381	824,220
Others	<b>530,737</b>	802,006	616,011
Provision for expected credit losses (A, B)	<b>(9,312,819)</b>	<b>(9,312,819)</b>	<b>(9,214,956)</b>
	<b>3,174,398</b>	4,884,637	3,592,855
Staff receivables	<b>39,696</b>	23,354	45,906
Prepaid expenses	<b>78,406</b>	69,599	167,379
Paid to acquire new subsidiary	-	-	50,000
	<b>3,292,500</b>	4,977,590	3,856,140

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2021**

(All amounts are in Kuwaiti Dinars)

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

	<b>March 31, 2021</b>	December 31, 2020 (Audited)	March 31, 2020
Balance at the beginning of the period / year	9,312,819	9,193,082	9,193,082
Charge for the period / year	-	119,737	21,874
Balance at the end of the period / year	<u>9,312,819</u>	<u>9,312,819</u>	<u>9,214,956</u>

B- The Allowance for expected credit losses relates to the following items:

	<b>March 31, 2021</b>	December 31, 2020 (Audited)	March 31, 2020
Trade receivables	7,838,500	7,838,500	7,740,637
Advance payment to suppliers	853,191	853,191	853,191
Refundable deposits	10,222	10,222	10,222
Retentions	234,516	234,516	172,638
Others	376,390	376,390	438,268
	<u>9,312,819</u>	<u>9,312,819</u>	<u>9,214,956</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.**

	The Ultimate Parent Company	Associate company	Under common control	March 31, 2021	December 31, 2020 (Audited)	March 31, 2020
Due from related party	-	1,000	48,000	49,000	48,600	400
Due to related parties	1,218,708	-	-	1,218,708	847,688	754,533
Accrued expenses	180,000	-	-	180,000	180,000	180,000

Amounts due from / to related parties do not carry interest and there is no specific due date.

**Transactions included in the consolidated statement of profit or loss**

	The Ultimate Parent Company	March 31, 2021	March 31, 2020
General and administrative expenses	(17,833)	(17,833)	(24,863)

**Key management remuneration**

	Three months ended March 31,	
	2021	2020
Short term benefits	58,684	70,783
Terminal benefits	2,276	3,081
	<u>60,960</u>	<u>73,864</u>

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2021**

(All amounts are in Kuwaiti Dinars)

8. Financial assets at fair value through profit and loss

	<b>March 31, 2021</b>	December 31, 2020 (Audited)	March 31, 2020
<b>Unquoted:</b>			
Equity securities	<b>34,972</b>	34,972	164,986
Total	<b>34,972</b>	34,972	164,986

The movement on this item is as follows:

	<b>March 31, 2021</b>	December 31, 2020 (Audited)	March 31, 2020
Balance at the beginning of the year	<b>34,972</b>	164,986	164,986
Change in fair value during the year	-	(130,014)	-
Balance at the end of the year	<b>34,972</b>	34,972	164,986

9. 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 March 31, 2020, as no interim financial information was available to the associate, and the movement during the period was considered as not material.

10. Right of use assets

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:

	<b>Buildings</b>	<b>Land</b>	<b>Total</b>
<b>Cost:</b>			
As of January 1, 2020	585,065	152,630	737,695
As of March 31, 2020	585,065	152,630	737,695
Additions during the year	136,348	2,318,622	2,454,970
Disposals during the year	(218,545)	-	(218,545)
As of December 31, 2020	502,868	2,471,252	2,974,120
<b>As of March 31, 2021</b>	<b>502,868</b>	<b>2,471,252</b>	<b>2,974,120</b>
<b>Accumulated Amortization:</b>			
As of January 1, 2020	180,749	45,435	226,184
Amortization charge during the period	49,643	11,360	61,003
As of March 31, 2020	230,392	56,795	287,187
Amortization charge during the period	167,055	257,321	424,376
Related to disposals	(108,567)	-	(108,567)
As of December 31, 2020	288,880	314,116	602,996
Amortization charge during the period	51,617	69,063	120,680
<b>As of March 31, 2021</b>	<b>340,497</b>	<b>383,179</b>	<b>723,676</b>
<b>Net book value:</b>			
<b>As of March 31, 2021</b>	<b>162,371</b>	<b>2,088,073</b>	<b>2,250,444</b>
As of December 31, 2020	213,988	2,157,136	2,371,124
As of March 31, 2020	354,673	95,835	450,508

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2021**

(All amounts are in Kuwaiti Dinars)

Amortization charged for the period is allocated as follows:

	<b>March 31, 2021</b>	March 31, 2020
Service Cost	<b>51,244</b>	48,782
Interim condensed Consolidated Statement of profit or loss and other comprehensive income	<b>69,436</b>	12,221
	<b>120,680</b>	61,003

11. Finance lease payables

	<b>March 31, 2021</b>	December 31, 2020 (Audited)	March 31, 2020
Total finance lease payables	<b>985,968</b>	977,545	1,136,773
Less: Unamortized future finance charges	<b>(15,968)</b>	(7,545)	(16,773)
	<b>970,000</b>	970,000	1,120,000

The finance lease payables were granted to the Group by a local bank and investment properties were pledged in exchange. The average effective borrowing rate ranges 4.5% in March 31, 2020 (December 31, 2020: 4.5% per annum, March 31, 2019: from 5.33% to 5.44% per annum).

12. Lease Obligations

The movement for lease contract obligations is as follows:

	<b>March 31, 2021</b>	December 31, 2020 (Audited)	March 31, 2020
Balance at the beginning of the period / year	<b>2,550,977</b>	510,988	510,988
Additions	-	2,454,970	-
Financing charges	<b>28,963</b>	122,389	6,188
Payments	<b>(56,820)</b>	(423,429)	(54,390)
Disposals	-	(113,941)	-
Balance at the end of the period / year	<b>2,523,120</b>	2,550,977	462,786

The lease obligations is classified as follows:

	<b>March 31, 2021</b>	December 31, 2020 (Audited)	March 31, 2020
Current portion	<b>642,351</b>	672,133	207,822
Non-current portion	<b>1,880,769</b>	1,878,844	254,964
	<b>2,523,120</b>	2,550,977	462,786

13. Accounts payable and other credit balances

	<b>March 31, 2021</b>	December 31, 2020 (Audited)	March 31, 2020
Trade payables	<b>853,530</b>	680,893	697,649
Accrued expenses (a)	<b>2,945,710</b>	3,017,745	1,871,084
Staff payables	<b>307,778</b>	22,562	11,005
Accrued staff leave	<b>660,383</b>	635,949	436,454
Advance payments from customers	<b>340,976</b>	369,881	581,807
	<b>5,108,377</b>	4,727,030	3,597,999

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2021**

(All amounts are in Kuwaiti Dinars)

- a) The Accrued expenses include an amount of KD 2,403,914 (December 31, 2020: KD 2,200,581, March 31, 2020: KD 1,352,516 relating to the lease obligation for the company from June 1, 2018. Subsequent to the date of the interim consolidated financial information, the group paid KD 1,996,947 for the rent due for the South Amghara voucher for the period from June 1, 2018 to February 3, 2021.

14. Treasury shares

	<b>March 31, 2021</b>	December 31, 2020 (Audited)	March 31, 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>1,207,705</b>	544,457	443,990
Cost (KD)	<b>1,056,623</b>	1,056,623	1,056,623

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.

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

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 March 31,	
	<b>2021</b>	2020
Net loss for the period attributable to Parent Company' Shareholders (KD)	<b>(48,733)</b>	(383,678)
	<b>Shares</b>	Shares
<u>Number of outstanding shares:</u>		
Number of issued and fully paid shares	<b>100,000,000</b>	100,000,000
Less: Weighted average number of treasury shares	<b>(9,899,225)</b>	(9,899,225)
Weighted average number of shares outstanding	<b>90,100,775</b>	90,100,775
	<b>Fils</b>	Fils
<b>Basic loss per share attributable to Shareholders of the Parent Company</b>	<b>(0.54)</b>	(4.26)

16. 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.

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2021**

(All amounts are in Kuwaiti Dinars)

**D. Other**

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

Financial details of the above operating segments are as follows:

	March 31, 2021		December 31, 2020 (Audited)		March 31, 2020	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Waste Management & Recycling	7,092,679	9,337,645	6,781,533	8,705,222	5,731,161	5,440,052
Services Department- HVAC	9,050,430	2,998,932	8,896,702	2,922,487	8,428,763	2,998,432
Services Department – Cleaning	1,093,674	254,785	1,043,707	252,925	984,381	218,154
Others	5,865,038	31,074	5,865,615	31,870	5,985,882	24,389
	<b>23,101,821</b>	<b>12,622,436</b>	<b>22,587,557</b>	<b>11,912,504</b>	<b>21,130,187</b>	<b>8,681,027</b>

	Three months ended March 31,			
	2021		2020	
	Segment revenue	Segment results	Segment revenue	Segment results
Waste Department - Metal Shredding	1,412,424	405,947	1,346,133	105,208
Waste Department - Plastic Recycling	324,637	34,269	272,264	(77,804)
Waste Department - Medical Waste	97,893	(47,221)	45,113	(61,643)
Services Department- HVAC ( Heating ventilation and Air conditioning )	2,260,582	346,001	2,038,743	188,160
Services Department - Cleaning	335,916	48,163	667,515	62,757
Others	121,788	(712,827)	168,358	(518,805)
	<b>4,553,240</b>	<b>74,332</b>	<b>4,538,126</b>	<b>(302,127)</b>

**17. Rights of utilization**

The operations of the parent company are established on lands leased by the associate company, whose usufruct contracts with the Public Authority for Industry were renewed on 19 June 2013 for a period of five years ending on May 31, 2018. The eviction took place during the period in implementation of the recommendation issued by the Minister of Commerce and Industry on 25 January 2021 (Note 22).

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 and, following the date of the interim condensed consolidated financial information, the parent company renewed the usufruct contract with the Public Authority for Industry for a period of 5 years beginning on July 16, 2020 and ending on July 15, 2025.

**18. Contingent liabilities**

At March 31, 2020, the Group is contingently liabilities in respect of the following:

	March 31, 2021	December 31, 2020 (Audited)	March 31, 2020
Letters of guarantee	8,265,163	9,622,196	8,682,529
Letters of credit	-	21,541	-
	<b>8,265,163</b>	<b>9,643,737</b>	<b>8,682,529</b>

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2021**

(All amounts are in Kuwaiti Dinars)

Certain letters of guarantee are secured by cash and cash equivalent, time deposits and Murabaha investments (Note 3, 4, 5).

**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 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:

	March 31, 2021		
	Level 2	Level 3	Total
<b>Financial assets at fair value through profit and loss</b>	34,972	-	34,972
<b>Investment properties</b>	-	2,342,000	2,342,000
<b>Total</b>	<u>34,972</u>	<u>2,342,000</u>	<u>2,376,972</u>
	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	<u>34,972</u>	<u>2,342,000</u>	<u>2,376,972</u>
	March 31, 2020		
	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	-	164,986	164,986
Investment properties	949,000	1,441,000	2,390,000
Total	<u>949,000</u>	<u>1,605,986</u>	<u>2,554,986</u>

At March 31, 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.



**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2021**

(All amounts are in Kuwaiti Dinars)

---

20. 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.

21. 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, and there have been no material changes to the risk management process.

22. 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 (31 December 2020: KD 3,426,400, 31 March 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 17).

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.

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2021**

(All amounts are in Kuwaiti Dinars)

---

- 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.