

**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, 2020  
(UNAUDITED)  
WITH  
REPORT ON REVIEW OF INTERIM CONDENSED  
CONSOLIDATED FINANCIAL INFORMATION**

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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 (collectively the "Group") as of March 31, 2020, 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.

### **Conclusion**

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


### **Emphasis of matter**

Without 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, 2020 that might have had a material effect on the Parent Company's financial position or results of its operation.

State of Kuwait  
August 11, 2020



Nayef M. Al-Bazie  
License No. 91-A  
RSM Albazie & Co.

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**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS OF MARCH 31, 2020**  
(All amounts are in Kuwaiti Dinars)

<b>ASSETS</b>	Notes	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
<b>Current assets:</b>				
Cash and cash equivalents	3	3,262,635	3,278,803	2,026,774
Time deposits	4	1,026,514	1,017,988	1,090,829
Murabaha investments	5	29,715	29,715	39,715
Financial assets at fair value through profit and loss	6	164,986	164,986	183,495
Accounts receivable and other debit balances	7	3,856,140	4,319,765	4,305,222
Due from a related party	8	400	-	453,100
Gross amount from customers from contract work		-	-	263,539
Inventories		1,707,897	1,520,230	2,376,979
<b>Total current assets</b>		<b>10,048,287</b>	<b>10,331,487</b>	<b>10,739,653</b>
<b>Non-current assets:</b>				
Investment in an associate	9	5,456,750	5,456,750	5,457,920
Investment properties		2,390,000	2,390,000	2,386,000
Property, plant and equipment		2,377,753	1,938,197	1,625,375
Right of use assets	10	450,508	511,511	-
Goodwill		406,889	406,889	406,889
<b>Total non-current assets</b>		<b>11,081,900</b>	<b>10,703,347</b>	<b>9,876,184</b>
<b>Total assets</b>		<b>21,130,187</b>	<b>21,034,834</b>	<b>20,615,837</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Due to banks	11	452,257	518,287	214,778
Finance lease payables	12	1,120,000	1,195,000	1,705,000
Term loans		1,320,500	750,000	550,000
Lease obligations – Current portion	13	207,822	259,186	-
Accounts payable and other credit balances	14	3,597,999	3,633,380	2,417,579
Due to related parties	8	754,533	747,610	705,339
<b>Total current liabilities</b>		<b>7,453,111</b>	<b>7,103,463</b>	<b>5,592,696</b>
<b>Non-current liabilities:</b>				
Lease obligations – Non-Current portion	13	254,964	251,802	-
Provision for end of service indemnity		972,952	928,282	819,883
<b>Total non-current liabilities</b>		<b>1,227,916</b>	<b>1,180,084</b>	<b>819,883</b>
<b>Total liabilities</b>		<b>8,681,027</b>	<b>8,283,547</b>	<b>6,412,579</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	15	(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		-	-	11,958
Retained earnings		(463,461)	(79,783)	1,672,657
<b>Equity attributable to shareholders of the Parent Company</b>		<b>10,402,947</b>	<b>10,786,625</b>	<b>12,551,023</b>
Non-controlling interests		2,046,213	1,964,662	1,652,235
<b>Total equity</b>		<b>12,449,160</b>	<b>12,751,287</b>	<b>14,203,258</b>
<b>Total liabilities and equity</b>		<b>21,130,187</b>	<b>21,034,834</b>	<b>20,615,837</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, 2020**  
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended March 31,	
		2020	2019
<b>Revenues:</b>			
Net sales		1,618,397	3,193,353
Service revenue		2,919,729	2,875,504
		<u>4,538,126</u>	<u>6,068,857</u>
<b>Costs:</b>			
Cost of sales		(1,306,432)	(2,676,564)
Service cost		(2,305,472)	(2,428,681)
		<u>(3,611,904)</u>	<u>(5,105,245)</u>
<b>Gross profit</b>		<u>926,222</u>	<u>963,612</u>
Expenses and charges:			
Staff cost		(379,772)	(401,094)
General and administrative expenses		(714,566)	(697,567)
Selling and marketing expenses		(84,994)	(119,265)
Depreciation		(38,460)	(54,195)
Provision for expected credit losses	7	(21,874)	(17,400)
Amortization for right of use assets	10	(12,221)	-
Finance charges of leased assets		(1,258)	-
Total expenses and charges		<u>(1,253,145)</u>	<u>(1,289,521)</u>
<b>Operating Loss</b>		<u>(326,923)</u>	<u>(325,909)</u>
Interest and Murabaha income		5,442	8,907
Foreign exchange gain		390	5,809
Finance charges		(60,221)	(69,480)
Other income		79,185	68,229
<b>Loss for the period</b>		<u>(302,127)</u>	<u>(312,444)</u>
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<u>(302,127)</u>	<u>(312,444)</u>
<b>Attributable to:</b>			
Shareholders of the Parent Company		(383,678)	(371,090)
Non-controlling interests		81,551	58,646
		<u>(302,127)</u>	<u>(312,444)</u>
		<u>Files</u>	<u>Files</u>
<b>Basic loss per share attributable to Shareholders of the Parent Company</b>	16	<u>(4.26)</u>	<u>(4.12)</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, 2020**  
 (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	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity	
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)	
<b>Balance as at March 31, 2020</b>	<u>10,000,000</u>	<u>1,520,581</u>	<u>(1,056,623)</u>	<u>402,450</u>	<u>-</u>	<u>(463,461)</u>	<u>10,402,947</u>	<u>2,046,213</u>	<u>12,449,160</u>	
Balance as at January 1, 2019	10,000,000	1,520,581	(1,056,623)	402,450	11,958	2,043,747	12,922,113	1,593,589	14,515,702	
Total comprehensive (loss) income for the period	-	-	-	-	-	(371,090)	(371,090)	58,646	(312,444)	
<b>Balance as at March 31, 2019</b>	<u>10,000,000</u>	<u>1,520,581</u>	<u>(1,056,623)</u>	<u>402,450</u>	<u>11,958</u>	<u>1,672,657</u>	<u>12,551,023</u>	<u>1,652,235</u>	<u>14,203,258</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**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2020**  
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended	
		March 31,	
		2020	2019
<b>Cash flows from operating activities:</b>			
Loss for the period		(302,127)	(312,444)
Adjustments for:			
Depreciation		147,189	128,393
Provision for expected credit losses	7	21,874	17,400
Amortization for right of use assets	10	61,003	-
Finance charges of leased assets	13	6,188	-
Interest and Murabaha income		(5,442)	(8,907)
Finance charges		60,221	69,480
Provision for end of service indemnity		57,426	84,874
		<u>46,332</u>	<u>(21,204)</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		441,751	(419,521)
Due from a related party		(400)	-
Gross amount from customers from contract work		-	575,303
Inventories		(187,667)	1,298,429
Accounts payable and other credit balances		(35,381)	(1,375,352)
Due to related parties		6,923	6,896
Cash flows generated from operations		<u>271,558</u>	<u>64,551</u>
Payment for end of service indemnity		<u>(12,756)</u>	<u>(26,435)</u>
Net cash flows generated from operating activities		<u>258,802</u>	<u>38,116</u>
<b>Cash flows from investing activities:</b>			
(Paid to) proceeds from time deposits		(8,526)	276,754
Paid for additions on property, plant, and equipment		(586,745)	(44,408)
Interest and Murabahat income received		5,442	8,907
Net cash flows (used in) generated from investing activities		<u>(589,829)</u>	<u>241,253</u>
<b>Cash flows from financing activities:</b>			
Paid to due to banks		(66,030)	(79,557)
Proceeds from (Paid to) term loans		570,500	(25,000)
Paid to Finance lease payables		(75,000)	-
Net movement on lease obligations	13	(54,390)	-
Finance charges paid		(60,221)	(69,480)
Net cash flows generated from (used in) financing activities		<u>314,859</u>	<u>(174,037)</u>
Net (decrease) increase in cash and cash equivalents		<u>(16,168)</u>	<u>105,332</u>
Cash and cash equivalents at the beginning of the period		<u>3,278,803</u>	<u>1,921,442</u>
Cash and cash equivalents at the end of the period	3	<u>3,262,635</u>	<u>2,026,774</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, 2020**  
(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 66.48% by Agility Public Warehousing Company - KSC (Public) listed on the Kuwait Stock Exchange (The ultimate parent company).

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 was authorized for issue by the Parent Company's Board of Directors on August 11, 2020.

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.



**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2020**  
 (All amounts are in Kuwaiti Dinars)

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, 2019.

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, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2019.

3. Cash and cash equivalents

	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
Cash on hand and at banks	3,130,123	3,153,037	2,026,774
Short term bank deposits	132,512	125,766	-
	<u>3,262,635</u>	<u>3,278,803</u>	<u>2,026,774</u>

At March 31, 2020, the effective rate on short term bank deposits ranged from 2.5% to 2.75% per annum (December 31, 2019: 2.5% to 2.75% per annum, March 31, 2019: Nil per annum), these deposits have an average maturity of 30 days.

As of March 31, 2020, cash restricted by banks amounting to KD 747,176 (December 31, 2019: KD 740,430, March 31, 2019: KD 500,000) held against certain letter of guarantee in favor of the Group (Note 19).

4. Time deposits

The effective rate on time deposits ranged from 2.875% to 3.125% per annum (December 31, 2019: 2.875% to 3.125% per annum, March 31, 2019: 1.875% to 2.75% per annum), those deposits have an average maturity ranged from 185 days to 365 days.

Time deposits amounting to KD 1,026,514 (December 31, 2019: KD 1,017,988, March 31, 2019: KD 500,000) are pledged against certain letter of guarantee in favor of the Group (Note 19).

5. Murabaha investments

The effective rate on murabaha investments ranged from 1.5% to 2% per annum (December 31, 2019: 2% per annum, March 31, 2019: 1% to 1.43% per annum).

Murabaha investment amounting KD 29,715 (December 31, 2019: KD 29,715, March 31, 2019: KD 39,715) are pledged against certain letter of guarantee in favor of the Group (Note 19).

6. Financial assets at fair value through profit and loss

	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
<b>Unquoted:</b>			
Equity securities	164,986	164,986	183,495
Total	<u>164,986</u>	<u>164,986</u>	<u>183,495</u>

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2020**  
(All amounts are in Kuwaiti Dinars)

The movement on this item is as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019 (Audited)</b>	<b>March 31, 2019</b>
Balance at the beginning of the year	<b>164,986</b>	183,495	183,495
Redeem	-	(15,255)	-
Disposals	-	(2,054)	-
Change in fair value during the year	-	(1,200)	-
Balance at the end of the year	<b>164,986</b>	164,986	183,495

7. Accounts receivable and other debit balances

	<b>March 31, 2020</b>	<b>December 31, 2019 (Audited)</b>	<b>March 31, 2019</b>
Trade receivables	<b>10,046,351</b>	10,666,922	10,804,916
Advance payment to suppliers	<b>1,155,179</b>	992,020	955,953
Refundable deposits	<b>166,050</b>	154,905	120,440
Retentions	<b>824,220</b>	751,210	602,084
Others	<b>616,011</b>	621,424	901,567
Provision for expected credit losses (A, B)	<b>(9,214,956)</b>	(9,193,082)	(9,294,979)
	<b>3,592,855</b>	3,993,399	4,089,981
Staff receivables	<b>45,906</b>	50,316	47,963
Amount pledged against letter of guarantees	-	-	6,355
Prepaid expenses	<b>167,379</b>	226,050	160,923
Paid to acquire new subsidiary	<b>50,000</b>	50,000	-
	<b>3,856,140</b>	4,319,765	4,305,222

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

	<b>March 31, 2020</b>	<b>December 31, 2019 (Audited)</b>	<b>March 31, 2019</b>
Balance at the beginning of the period / year	<b>9,193,082</b>	9,277,579	9,277,579
Charge for the period / year	<b>21,874</b>	198,302	17,400
The effect of liquidating a subsidiary	-	(282,799)	-
Balance at the end of the period / year	<b>9,214,956</b>	9,193,082	9,294,979

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

	<b>March 31, 2020</b>	<b>December 31, 2019 (Audited)</b>	<b>March 31, 2019</b>
Trade receivables	<b>7,740,637</b>	7,718,763	7,661,920
Advance payment to suppliers	<b>853,191</b>	853,191	729,131
Refundable deposits	<b>10,222</b>	10,222	10,222
Retentions	<b>149,919</b>	149,919	149,919
Others	<b>460,987</b>	460,987	743,787
	<b>9,214,956</b>	9,193,082	9,294,979

8. 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:

**METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2020**  
 (All amounts are in Kuwaiti Dinars)

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

	<b>The Ultimate Parent Company</b>	<b>Associate company</b>	<b>March 31, 2020</b>	<b>December 31, 2019 (Audited)</b>	<b>March 31, 2019</b>
Due from related party	-	400	400	-	453,100
Due to related parties	754,533	-	754,533	747,610	705,339
Accrued expenses	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**

	<b>The Ultimate Parent Company</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
General and administrative expenses	(24,863)	(24,863)	(45,535)

**Key management remuneration**

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Short term benefits	70,783	76,240
Terminal benefits	3,081	3,061
	<b>73,864</b>	<b>79,301</b>

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. This contract has not been renewed as stated in Note (18).

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>
Balance at beginning of the period	404,316	107,195	511,511
Depreciation charge for the period	(49,643)	(11,360)	(61,003)
Net carrying amount	<b>354,673</b>	<b>95,835</b>	<b>450,508</b>

At March 31, 2020, the parent company has expenses related to short term lease of KD 9,925 (December 31, 2019: KD 35,447) included in the interim condensed consolidated statement of profit or loss and other comprehensive income. Amortization charged for the period is allocated as follows:

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Service Cost	48,782	-
Interim condensed Consolidated Statement of profit or loss and other comprehensive income	<b>12,221</b>	-
	<b>61,003</b>	-

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11. Due to banks

Due to banks represent overdraft facilities granted by local banks carrying an interest rate of 2.5% per annum over the Central Bank of Kuwait discount rate and repayable on September 30, 2020.

12. Finance lease payables

	<b>March 31, 2020</b>	December 31, 2019 (Audited)	March 31, 2019
Total finance lease payables	<b>1,136,773</b>	1,212,334	1,797,576
Less: Unamortized future finance charges	<b>(16,773)</b>	(17,334)	(92,576)
	<b>1,120,000</b>	1,195,000	1,705,000

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 from 5.33% to 5.44% in March 31, 2020 (December 31, 2019: from 6.18% to 6.25% per annum, March 31, 2019: from 6.18% to 6.25% per annum).

13. Lease Obligations

The movement for lease contract obligations is as follows:

	<b>March 31, 2020</b>	December 31, 2019 (Audited)	March 31, 2019
Balance at the beginning of the period / year	<b>510,988</b>	-	-
Impact of the adoption of IFRS 16 on January 1, 2019	-	661,469	-
Additions	-	64,226	-
Financing charges	<b>6,188</b>	28,173	-
Payments	<b>(54,390)</b>	(242,880)	-
Balance at the end of the period / year	<b>462,786</b>	510,988	-

The lease obligations is classified as follows:

	<b>March 31, 2020</b>	December 31, 2019 (Audited)	March 31, 2019
Current portion	<b>207,822</b>	259,186	-
Non-current portion	<b>254,964</b>	251,802	-
	<b>462,786</b>	510,988	-

14. Accounts payable and other credit balances

	<b>March 31, 2020</b>	December 31, 2019 (Audited)	March 31, 2019
Trade payables	<b>697,649</b>	752,846	631,811
Accrued expenses (a)	<b>1,871,084</b>	1,811,442	1,136,908
Staff payables	<b>11,005</b>	10,360	11,877
Accrued staff leave	<b>436,454</b>	409,158	444,946
Advance payments from customers	<b>581,807</b>	649,574	192,037
	<b>3,597,999</b>	3,633,380	2,417,579

a) The accrued expenses include an amount of KD 1,352,516 relating to the lease obligation for the company from June 1, 2018.

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15. Treasury shares

	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
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>443,990</b>	494,961	312,321
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.

16. 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,	
	2020	2019
Net loss for the period attributable to Parent Company' Shareholders (KD)	<b>(383,678)</b>	(371,090)
	<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>(4.26)</b>	(4.12)

17. 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. Other

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:

	March 31, 2020		December 31, 2019 (Audited)		March 31, 2019	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Waste Management & Recycling	5,731,161	5,440,052	5,528,439	4,684,545	6,423,324	3,197,764
Services Department- HVAC	8,428,763	2,998,432	8,587,174	3,346,137	7,221,919	2,943,410
Services Department – Cleaning	984,381	218,154	933,131	229,439	893,173	255,902
Others	5,985,882	24,389	5,986,090	23,426	6,077,421	15,503
	<b>21,130,187</b>	<b>8,681,027</b>	<b>21,034,834</b>	<b>8,283,547</b>	<b>20,615,837</b>	<b>6,412,579</b>

	Three months ended March 31,			
	2020		2019	
	Segment revenue	Segment results	Segment revenue	Segment results
Waste Department - Metal Shredding	1,346,133	105,208	1,468,562	121,662
Waste Department - Plastic Recycling	272,264	(77,804)	1,724,791	27,710
Waste Department - Medical Waste	45,113	(61,643)	46,500	(4,139)
Services Department- HVAC ( Heating ventilation and Air conditioning )	2,038,743	188,160	2,119,731	140,969
Services Department - Cleaning	667,515	62,757	626,306	40,894
Others	168,358	(518,805)	82,967	(639,540)
	<b>4,538,126</b>	<b>(302,127)</b>	<b>6,068,857</b>	<b>(312,444)</b>

18. Rights of utilization

The Parent Company's operations are constructed on land leased by an 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.

During 2018, the company completed the procedures for receiving additional land area in Mina Abdullah area as a replacement to this land.

19. Contingent liabilities

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

	March 31, 2020	December 31, 2019 (Audited)	March 31, 2019
Letters of guarantee	8,682,529	8,943,596	8,928,414
Letters of credit	-	-	117,055
	<b>8,682,529</b>	<b>8,943,596</b>	<b>9,045,469</b>

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

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**20. 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:

	<b>March 31, 2020</b>		
	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit and loss</b>	-	<b>164,986</b>	<b>164,986</b>
<b>Investment properties</b>	<b>949,000</b>	<b>1,441,000</b>	<b>2,390,000</b>
<b>Total</b>	<b>949,000</b>	<b>1,605,986</b>	<b>2,554,986</b>
	<b>December 31, 2019</b>		
	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit and loss	-	164,986	164,986
Investment properties	949,000	1,441,000	2,390,000
Total	949,000	1,605,986	2,554,986
	<b>March 31, 2019</b>		
	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit and loss	-	183,495	183,495
Investment properties	945,000	1,441,000	2,386,000
Total	945,000	1,624,495	2,569,495

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.

**21. Shareholders' Annual General Assembly**

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.

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The Shareholders' Annual Ordinary General Assembly held on May 5, 2019 approved the consolidated financial statements for the fiscal year ended December 31, 2018. There was no profit distributions or bonus shares or board of directors' remuneration for the year ended December 31, 2018.

**22. Significant events**

Significant events represented in the continuation of Corona virus (COVID-19) to spread at an increasing rate since its onset in early 2020. These events affect the local and global economic climate, and all industries and business sectors faces challenges linked to economic conditions resulting from government efforts to address it. These events affected the group by decline the net assets value as of March 31, 2020.

The management will need to carefully consider the measurement requirements, as the extent and duration of the economic impact of these events remains uncertain, as it depends on future developments that cannot be accurately predicted at this time, such as the rate of virus transmission and the extent of the effectiveness of the containment measures taken, and given the ongoing uncertainty related to the economic impact, a reliable estimate of the impact cannot be made at the present time, but it may affect financial information in future financial periods, and the magnitude and amount of the impact may vary according to the extent and period during which these events are expected to end and their effects.