



شركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك (عامه)

Heavy Engineering Industries & Shipbuilding Co. K.S.C (Public)

Date: 05 March 2024

Reference: CM/AR/016/2024

التاريخ : 05 مارس 2024

إشارة : CM/AR/016/2024

To: Boursa Kuwait

Greetings,

المحترمين

السادة / شركة بورصة الكويت

تحية طيبة وبعد،،،

Subject: BOD Meeting Results

الموضوع: نتائج إجتماع مجلس الإدارة

We would like to inform you that The BOD held Meeting on 05/03/2024 & issued the following resolutions:

يرجى التفضل بالعلم بأن مجلس إدارة الشركة قد عقد إجتماعه بتاريخ 05 مارس 2024 وأصدر القرارات التالية:

- 1- Approved Annual Consolidated Financial Statements for Heavy Engineering Industries and Shipbuilding Company and its subsidiaries for the Year ending on 31 December 2023.
- 2- The Analyst/ Investor conference will take place on Sunday, 10 March 2024 at 2.00 pm Local Time, via live internet broadcast All interested parties may communicate with HEISCO to obtain invitation & access details.
Via Email investorsaffairs@heisco.com
- Financial Results Form in addition to Annual Consolidated Financial Statements & External Auditors report for the Year ended in 31/12/2023 is attached.

1. إعتقاد البيانات المالية المدققة المٌجمعة لشركة الصناعات الهندسية الثقيلة وبناء السفن وشركاتها التابعة عن السنة المالية المنتهية في 31 ديسمبر 2023 .

2. تقرر عقد مؤتمر المحللين / المستثمرين عن طريق البث المباشر على شبكة الإنترنت في تمام الساعة الثانية بعد الظهر يوم الأحد الموافق 10 مارس 2024 وفق التوقيت المحلي، ويمكن للأطراف المهتمة التواصل مع الشركة للحصول على الدعوة وعلى تفاصيل المشاركة في المؤتمر من خلال البريد الإلكتروني investorsaffairs@heisco.com

- مرفق نموذج نتائج البيانات المالية بالإضافة إلى البيانات المالية المٌجمعة وتقرير مراقب الحسابات عن السنة المالية المنتهية في 31/12/2023 .

Yours Sincerely

وتفضلوا بقبول وافر التقدير والاحترام،،،

مرزوق ناصر الخرافي

رئيس مجلس الإدارة

Marzouk Naser Al-Kharafi
Chairman



Tel : +965 24624000 Fax : +965 24830291 P.O.Box : 21998, Safat 13080, Kuwait

Email : heisco@heisco.com Commercial Reg. No : 20735

Issued and Paid-Up Capital : KD 18,024,151.700 Authorized Capital : KD 22,000,000

www.heisco.com



شركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك (عامه)

Heavy Engineering Industries & Shipbuilding Co. K.S.C (Public)

Financial Results Form
Kuwaiti Company (KWD)

نموذج نتائج البيانات المالية
الشركات الكويتية (د.ك.)

Company Name	اسم الشركة
Heavy Engineering Industrial & Shipbuilding co K.S.C.P	شركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك.ع

Third quarter results Ended on	2023-12-31	نتائج السنة المالية المنتهية في
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Board of Directors Meeting Date	2024-03-05	تاريخ اجتماع مجلس الإدارة
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Required Documents	المستندات الواجب إرفاقها بالنموذج
Approved financial statements. Approved auditor's report This form shall not be deemed to be complete unless the documents mentioned above are provided	نسخة من البيانات المالية المعتمدة نسخة من تقرير مراقب الحسابات المعتمد لا يعتبر هذا النموذج مكتملاً ما لم يتم وإرفاق هذه المستندات

التغيير (%)	السنة المقارنة	السنة الحالية	البيان
Change (%)	Comparative Year	Current Year	Statement
	2022-12-31	2023-12-31	
% 26.35	5,627,213	7,110,052	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
% 26.35	31.22	39.45	ربحية (خسارة) السهم الأساسية والمخففة Basic & Diluted Earnings per Share
% (0.26)	106,673,655	106,393,751	الموجودات المتداولة Current Assets
% 4.11	176,591,538	183,843,618	إجمالي الموجودات Total Assets
% 4.96	82,234,999	86,314,665	المطلوبات المتداولة Current Liabilities
% 3.72	105,873,068	109,811,188	إجمالي المطلوبات Total Liabilities
% 4.69	70,715,304	74,028,823	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
% 18.73	123,704,336	146,877,866	إجمالي الإيرادات التشغيلية Total Operating Revenue
% 20.37	9,663,951	11,632,793	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)
	لا توجد خسائر متراكمة No Accumulated Loss	لا توجد خسائر متراكمة No Accumulated Loss	الخسائر المتراكمة / رأس المال المدفوع Accumulated Loss / Paid-Up Share Capital

Financial Results Form
Kuwaiti Company (KWD)

نموذج نتائج البيانات المالية
للشركات الكويتية (د.ك.)

Tel : +965 24624000 Fax : +965 24830291 P.O.Box : 21998, Safat 13080, Kuwait
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التغيير (%) Change (%)	الربع الرابع المقارن Fourth quarter Comparative Year	الربع الرابع الحالي Fourth quarter Current Year	البيان Statement
	2022-12-31	2023-12-31	
% 27.31	2,422,304	3,083,913	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
% 27.31	13.44	17.11	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
% 4.16	38,728,234	40,337,503	إجمالي الإيرادات التشغيلية Total Operating Revenue
% 21.22	3,997,934	4,846,449	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)

• Not Applicable for first Quarter

• لا ينطبق على الربع الأول

Increase/Decrease in Net Profit (Loss) is due to	سبب ارتفاع/انخفاض صافي الربح (الخسارة)
<ul style="list-style-type: none"> The increase in net profit is mainly due to the increase in Revenue 	<ul style="list-style-type: none"> يعود سبب الإرتفاع في صافي الربح بشكل رئيسي الى الزيادة في الإيرادات

Total Revenue realized from dealing with related parties (value, KWD)	--	بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
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Total Expenditures incurred from dealing with related parties (value, KWD)	1,413,474	بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
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Auditor Opinion		رأي مراقب الحسابات
1. Unqualified Opinion	<input checked="" type="checkbox"/>	١. رأي غير متحفظ
2. Qualified Opinion	<input type="checkbox"/>	٢. رأي متحفظ
3. Disclaimer of Opinion	<input type="checkbox"/>	٣. عدم إبداء الرأي
4. Adverse Opinion	<input type="checkbox"/>	٤. رأي معاكس

In the event of selecting item No. 2, 3 or 4,
the following table must be filled out, and this form is not
considered complete unless it is filled.

بحال اختيار بند رقم ٢ أو ٣ أو ٤ يجب تعبئة
الجدول التالي، ولا يعتبر هذا النموذج مكتملاً ما لم يتم تعبئته

-	نص رأي مراقب الحسابات كما ورد في التقرير
-	شرح تفصيلي بالحالة التي استدعت مراقب الحسابات لإبداء الرأي
-	الخطوات التي ستقوم بها الشركة لمعالجة ما ورد في رأي مراقب الحسابات
-	الجدول الزمني لتنفيذ الخطوات لمعالجة ما ورد في رأي مراقب الحسابات

شركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك (عامه)
Heavy Engineering Industries & Shipbuilding Co. K.S.C (Public)



Corporate Actions		استحقاقات الأسهم (الإجراءات المؤسسية)	
النسبة	القيمة		
30 %	30 Fils per Share Total : KD. 5,407,202.400	٣٠ فلس كويتي لكل سهم بإجمالي 5,407,202.400 دك	توزيعات نقدية Cash Dividends
-	لا يوجد / None		توزيعات أسهم منحة Bonus Share
-	لا يوجد / None		توزيعات أخرى Other Dividend
-	لا يوجد / None		عدم توزيع أرباح No Dividends
	لا يوجد / None	علاوة الإصدار Issue Premium	زيادة رأس المال Capital Increase
-	لا يوجد / None		Capital Decrease

ختم الشركة Company Seal	التوقيع Signature	المسمى الوظيفي Title	الاسم Name
		رئيس مجلس الإدارة	مرزوق ناصر محمد الخرافي

Financial Results Form
Kuwaiti Company (KWD)

نموذج نتائج البيانات المالية
للشركات الكويتية (د.ك.)



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Heavy Engineering Industries and Shipbuilding Company K.S.C.P.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Heavy Engineering Industries and Shipbuilding Company K.S.C.P. (the "Parent Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The construction industry is characterized by contract risk with significant judgements involved in the assessment of both current and future contract financial performance. Revenue from civil construction and service contracts is recognized using the percentage of completion method which is an input method. The stage of completion is measured based on the total costs incurred as a proportion of the estimated total costs to be performed.</p>	<p>Our audit work related to contract revenue, included the following procedures:</p> <ul style="list-style-type: none"> • Assessment of the design and implementation and operating effectiveness of internal controls over the determination of the contract percentage of completion including the completeness and accuracy of the forecast cost to complete; • Assessment of the method used to determine the stage of completion of contracts;

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>This requires significant judgement from management in determining the percentage of completion of the work performed; the measurement of contract variations and claims; the completeness and accuracy of forecast costs to complete; and the ability to deliver contracts within forecast timescales as late delivery of contracts can result in a reduction of the contract price. Actual results of contracts may significantly differ from estimates. Dependent on the level of judgement applied to each contract, the range of estimate on each contract can be individually material. In addition, changes in these judgements, and the related estimates, as contracts progress can result in material adjustments to revenue and profit margins. Accordingly, we considered this as a key audit matter.</p> <p>Refer to notes 2.13 and 17 for more information relating to this matter.</p>	<ul style="list-style-type: none"> • Assessment of the Group's ability to deliver contracts within budgeted cost and timescales and any exposures to liquidated damages for late delivery of contract work by inspecting performance reports, legal reports, and correspondence with customers; • Testing the existence and valuation of claims and variations costs by inspecting correspondence with customers; • Assessment of management's estimates to determine any future losses; and • Assessment of the Group's disclosure relating to revenue in the consolidated financial statements against the requirements of IFRSs.

Other Information

Management is responsible for the other information. Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Heavy Engineering Industries and Shipbuilding Company K.S.C.P.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists, related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

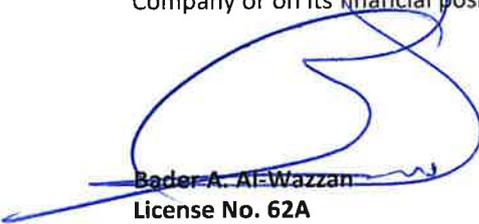
We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of accounts have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit; and that the consolidated financial statements incorporate all information that is required by Companies Law No. 1 of 2016, and its executive regulations, as amended; and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended; that an inventory was duly carried out; and that, to the best of our knowledge and belief, no violation of the Companies Law No. 1 of 2016, and its executive regulations, as amended; or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2023 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our audit, 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, as amended, concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2023 that might have had a material effect on the business of the Parent Company or on its financial position.



Bader A. Al-Wazzan

License No. 62A

Deloitte & Touche - Al-Wazzan & Co.

Kuwait

5 March 2024

**Heavy Engineering Industries and Shipbuilding Company K.S.C.P.
and its subsidiaries**

Consolidated Statement of Financial Position as at 31 December 2023

	Note	Kuwaiti Dinars	
		2023	2022
ASSETS			
Non-current assets			
Right-of-use-assets		1,898,896	377,829
Property, plant and equipment	5	72,400,692	63,878,521
Investment securities	6	1,735,595	1,927,298
Trade and other receivables	9	1,414,684	3,734,235
		<u>77,449,867</u>	<u>69,917,883</u>
Current assets			
Inventories	7	13,743,236	10,792,914
Contract assets	8	54,428,110	49,763,539
Trade and other receivables	9	33,356,024	40,357,034
Cash and bank balances	10	4,866,381	5,760,168
		<u>106,393,751</u>	<u>106,673,655</u>
Total assets		<u>183,843,618</u>	<u>176,591,538</u>
EQUITY AND LIABILITIES			
Equity			
Attributable to Parent Company's shareholders			
Share capital	11	18,024,152	18,024,152
Statutory reserve	12	10,946,089	10,946,089
General reserve	12	10,780,757	10,021,936
Investments revaluation reserve		588,802	780,505
Retained earnings		33,689,023	30,942,622
		<u>74,028,823</u>	<u>70,715,304</u>
Non-controlling interests		3,607	3,166
Total equity		<u>74,032,430</u>	<u>70,718,470</u>
Non-current liabilities			
Post employment benefits	13	19,752,216	18,203,489
Lease liabilities		914,301	269,753
Due to a company		-	716,484
Due to banks	14	964,163	2,014,163
Trade and other payables	16	1,865,843	2,434,180
		<u>23,496,523</u>	<u>23,638,069</u>
Current liabilities			
Lease liabilities		858,206	97,959
Contract liabilities	15	266,335	207,040
Due to banks	14	24,410,872	32,754,468
Due to a company		-	1,398,214
Trade and other payables	16	60,779,252	47,777,318
		<u>86,314,665</u>	<u>82,234,999</u>
Total liabilities		<u>109,811,188</u>	<u>105,873,068</u>
Total equity and liabilities		<u>183,843,618</u>	<u>176,591,538</u>

The accompanying notes form an integral part of these consolidated financial statements.


Marzouq Nasser Mohammed Al-Kharafi
Chairman


Samir Sami Hermez
Chief Executive Officer

**Heavy Engineering Industries and Shipbuilding Company K.S.C.P.
and its subsidiaries**

Consolidated Statement of Income - Year ended 31 December 2023

	Note	Kuwaiti Dinars	
		2023	2022
Revenue	17	146,877,866	123,704,336
Cost of revenue	18	(135,245,073)	(114,040,385)
Gross profit		11,632,793	9,663,951
Other income		1,055,737	923,085
General and administrative expenses	19	(4,072,156)	(3,588,192)
Investment income	20	117,570	110,363
Expected credit loss on financial assets		630,141	(47,433)
Finance cost	21	(1,834,664)	(1,160,732)
Foreign exchange gain/(loss)		58,787	148,490
Profit before contribution to taxes and Board of Directors' remuneration		7,588,208	6,049,532
Board of Directors' remuneration		(115,000)	(85,000)
Contribution to Kuwait Foundation for Advancement of Sciences		(65,128)	(52,875)
National Labour Support tax		(212,562)	(202,951)
Zakat		(85,025)	(81,181)
Net profit for the year		7,110,493	5,627,525
Attributable to:			
Shareholders of the Parent Company		7,110,052	5,627,213
Non-controlling interests		441	312
		7,110,493	5,627,525
Basic and diluted earnings per share (fils)	22	39.45	31.22

The accompanying notes form an integral part of these consolidated financial statements.

**Heavy Engineering Industries and Shipbuilding Company K.S.C.P.
and its subsidiaries**

Consolidated Statement of Comprehensive Income - Year ended 31 December 2023

	Kuwaiti Dinars	
	2023	2022
Net profit for the year	7,110,493	5,627,525
Items that will not be reclassified subsequently to profit or loss:		
Changes in fair value of investment securities	(191,703)	(109,543)
Other comprehensive loss for the year	(191,703)	(109,543)
Total comprehensive income for the year	6,918,790	5,517,982
Attributable to:		
Shareholders of the Parent Company	6,918,349	5,517,670
Non-controlling interests	441	312
	6,918,790	5,517,982

The accompanying notes form an integral part of these consolidated financial statements.