

Date: 09 November 2023

Reference: CM/AR/158/2023

التاريخ : 09 نوفمبر 2023

إشارة : CM/AR/158/2023

To: Boursa Kuwait

Greetings,

المحترمين

السادة / شركة بورصة الكويت

تحية طيبة وبعد،،،

Subject: Approval of The Financial Statements for The Period Ended On 30/09/2023:

الموضوع: اعتماد البيانات المالية للفترة المنتهية في 30/09/2023:

We would like to inform you that The BOD has approved the Financial Statements of Heavy Engineering Industries and Shipbuilding Co. (Ship-506) & its subsidiaries for the Third quarter ended 30 September 2023 on Thursday 09 November 2023.

يرجى التفضل بالعلم بأن مجلس إدارة الشركة قد إعتد اليوم الخميس الموافق 09 نوفمبر 2023 البيانات المالية لشركة الصناعات الهندسية الثقيلة وبناء السفن وشركاتها التابعة (سفن -506) للربع الثالث للفترة المنتهية في 30 سبتمبر 2023 .

- The Analyst/ Investor conference will take place on Wednesday 15 November 2023 at 1:00 pm Kuwait local time, via live internet broadcast. All interested parties may communicate with HEISCO to obtain invitation & access details through email (investorsaffairs@heisco.com)

وقد تقرر عقد مؤتمر المحللين / المستثمرين عن طريق البث المباشر على شبكة الإنترنت في تمام الساعة الواحدة ظهراً يوم الأربعاء الموافق 15 نوفمبر 2023 وفق التوقيت المحلي لدولة الكويت، ويمكن للأطراف المهمة التواصل مع الشركة للحصول على الدعوة وعلى تفاصيل المشاركة في المؤتمر من خلال البريد الإلكتروني (investorsaffairs@heisco.com)

- Financial Results Form in addition to Annual Consolidated Financial Statements & External Auditors Report for the period ended 30 September 2023 is attached.

مرفق نموذج نتائج البيانات المالية بالإضافة إلى البيانات المالية المُجمعة وتقرير مراقب الحسابات عن الفترة المنتهية في 30 سبتمبر 2023 .

Yours Sincerely

وتفضلوا بقبول وافر التقدير والاحترام،،،



مرزوق ناصر الخرافي

رئيس مجلس الإدارة

Marzouk Naser Al-Kharafi
Chairman



Copy For: Capital Markets Authority.

- نسخة إلى : هيئة أسواق المال

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

Third quarter results Ended on 2023-09-30	نتائج الربع الثالث المنتهي في
--	-------------------------------

Board of Directors Meeting Date 2023-11-09	تاريخ اجتماع مجلس الإدارة
---	---------------------------

Required Documents Approved financial statements. Approved auditor's report This form shall not be deemed to be complete unless the documents mentioned above are provided	المستندات الواجب إرفاقها بالنموذج نسخة من البيانات المالية المعتمدة نسخة من تقرير مراقب الحسابات المعتمد لا يعتبر هذا النموذج مكتملاً ما لم يتم وإرفاق هذه المستندات
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التغيير (%) Change (%)	فترة التسعة اشهر المقارنة Nine Month Comparative Period	فترة التسعة اشهر الحالية Nine Month Current Per	البيان Statement
	2022-09-30	2023-09-30	
% 25.62	3,204,909	4,026,139	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
% 25.62	17.78	22.34	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
% 19.14	89,915,727	107,121,501	الموجودات المتداولة Current Assets
% 7.90	168,135,860	181,410,566	إجمالي الموجودات Total Assets
% 16.30	75,660,738	87,989,767	المطلوبات المتداولة Current Liabilities
% 10.79	99,764,544	110,530,422	إجمالي المطلوبات Total Liabilities
% 3.67	68,368,311	70,876,444	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
% 25.38	84,976,102	106,540,363	إجمالي الإيرادات التشغيلية Total Operating Revenue
% 19.77	5,666,017	6,786,344	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
 Email : heisco@heisco.com Commercial Reg. No : 20735
 Issued and Paid-Up Capital : KD 18,024,151.700 Authorized Capital : KD 22,000,000

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التغيير (%)	الربع الثالث المقارن	الربع الثالث الحالي	البيان
Change (%)	Third quarter Comparative Period	Third quarter Current Period	Statement
	2022-09-30	2023-09-30	
% 30.54	1,194,690	1,559,500	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
% 30.54	6.63	8.65	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
% 37.38	28,781,769	39,540,493	إجمالي الإيرادات التشغيلية Total Operating Revenue
% 2.38	1,999,352	2,046,908	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 net operating revenue 	<ul style="list-style-type: none"> يعود سبب الإرتفاع في صافي الربح بشكل رئيسي الى الزيادة في صافي الإيرادات التشغيلية

Total Revenue realized from dealing with related parties (value, KWD)	--	بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)

Total Expenditures incurred from dealing with related parties (value, KWD)	203,590	بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)

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



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

Financial Results Form
Kuwaiti Company (KWD)

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

٢



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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		
-	لا يوجد / None	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	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.)

٤

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

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE BOARD OF DIRECTORS

Report on Review of Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Heavy Engineering Industries and Shipbuilding Company K.S.C.P ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2023 and the related interim condensed consolidated statements of income and comprehensive income for three-month and nine-month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-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 Financial Information Performed by the Independent Auditor of the Entity". A review of interim 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.

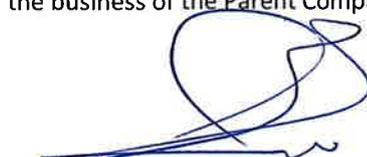
Conclusion

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 - Interim Financial Reporting.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the accompanying 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 material violations of the Companies Law No. 1 of 2016, and its executive regulations, as amended, or of the Memorandum of Incorporation and Articles of Association, as amended, of the Parent Company during the nine-month period ended 30 September 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 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, as amended, concerning the Capital Markets Authority and its related regulations during the nine-month period ended 30 September 2023 that might have had a material effect on the business of the Parent Company or on its consolidated financial position.



Bader A. Al-Wazzan

License No. 62A

Deloitte & Touche - Al-Wazzan & Co.

Kuwait

09 November 2023

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

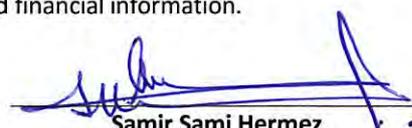
Interim Condensed Consolidated Statement of Financial Position (Unaudited) - as at 30 September 2023

	Note	Kuwaiti Dinars		
		30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2022 (Unaudited)
Assets				
Non-current assets				
Right-of-use asset		305,964	377,829	403,360
Property, plant and equipment	3	70,402,473	63,878,521	63,902,775
Investment securities		1,667,129	1,927,298	2,002,609
Trade and other receivables	4	1,913,499	3,734,235	11,911,389
		<u>74,289,065</u>	<u>69,917,883</u>	<u>78,220,133</u>
Current assets				
Inventories		12,357,187	10,792,914	11,068,854
Contract assets		53,659,792	49,763,539	45,834,708
Trade and other receivables	4	37,319,889	40,357,034	26,452,266
Cash and bank balances	5	3,784,633	5,760,168	6,559,899
		<u>107,121,501</u>	<u>106,673,655</u>	<u>89,915,727</u>
Total assets		<u>181,410,566</u>	<u>176,591,538</u>	<u>168,135,860</u>
Equity and liabilities				
Equity				
Share capital		18,024,152	18,024,152	18,024,152
Statutory reserve		10,946,089	10,946,089	10,946,089
General reserve		10,021,936	10,021,936	9,416,983
Fair valuation reserve		520,336	780,505	855,816
Retained earnings		31,363,931	30,942,622	29,125,271
		<u>70,876,444</u>	<u>70,715,304</u>	<u>68,368,311</u>
Non-controlling interests		<u>3,700</u>	<u>3,166</u>	<u>3,005</u>
Total Equity		<u>70,880,144</u>	<u>70,718,470</u>	<u>68,371,316</u>
Non-current liabilities				
Post employment benefits		19,439,543	18,203,489	17,768,790
Lease liabilities		141,136	269,753	245,941
Due to a company	7	-	716,484	639,750
Due to banks	8	964,163	2,014,163	2,491,163
Trade and other payables		1,995,813	2,434,180	2,958,162
		<u>22,540,655</u>	<u>23,638,069</u>	<u>24,103,806</u>
Current liabilities				
Lease liabilities		97,959	97,959	117,959
Contract liabilities		179,307	207,040	216,583
Due to a company	7	709,566	1,398,214	1,446,814
Due to banks	8	34,943,765	32,754,468	30,458,452
Trade and other payables		52,059,170	47,777,318	43,420,930
		<u>87,989,767</u>	<u>82,234,999</u>	<u>75,660,738</u>
Total liabilities		<u>110,530,422</u>	<u>105,873,068</u>	<u>99,764,544</u>
Total equity and liabilities		<u>181,410,566</u>	<u>176,591,538</u>	<u>168,135,860</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.



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**

**Interim Condensed Consolidated Statement of Income (Unaudited) -
Three months and nine months ended 30 September 2023**

		Kuwaiti Dinars			
		Three months ended 30 September		Nine months ended 30 September	
Notes		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
	Revenue	39,540,493	28,781,769	106,540,363	84,976,102
	Cost of sales	(37,493,585)	(26,782,417)	(99,754,019)	(79,310,085)
	Gross profit	2,046,908	1,999,352	6,786,344	5,666,017
	Other income	742,592	208,276	970,697	862,551
	General and administration expenses	(1,011,641)	(764,872)	(3,002,531)	(2,700,433)
	Investment income/(expense)	33,676	33,582	118,095	110,996
	Expected credit loss on financial assets	365,639	43,634	625,324	215,981
	Finance costs	(540,863)	(277,286)	(1,370,678)	(789,335)
	Foreign exchange gain/(loss)	(1,074)	32,929	97,929	36,847
	Profit before contribution to taxes	1,635,237	1,275,615	4,225,180	3,402,624
	Contribution to Kuwait Foundation for Advancement of Sciences	(10,774)	(13,852)	(29,232)	(30,334)
	National Labour Support Tax	(46,239)	(47,888)	(120,911)	(119,450)
	Zakat expense	(18,495)	(19,155)	(48,364)	(47,780)
	Net profit for the period	<u>1,559,729</u>	<u>1,194,720</u>	<u>4,026,673</u>	<u>3,205,060</u>
	Attributable to:				
	Shareholders of the Parent Company	1,559,500	1,194,690	4,026,139	3,204,909
	Non-controlling interests	229	30	534	151
		<u>1,559,729</u>	<u>1,194,720</u>	<u>4,026,673</u>	<u>3,205,060</u>
	Earnings per share (fils)	11 8.65	6.63	22.34	17.78

The accompanying notes form an integral part of this interim condensed consolidated financial information.

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

**Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited) -
Three months and nine months ended 30 September 2023**

	Kuwaiti Dinars			
	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit for the period	1,559,729	1,194,720	4,026,673	3,205,060
Other comprehensive loss not to be reclassified subsequently to profit or loss:				
Changes in fair value of investment securities	(106,121)	(30,809)	(260,169)	(34,232)
Total comprehensive income for the period	1,453,608	1,163,911	3,766,504	3,170,828
Attributable to:				
Shareholders of the Parent Company	1,453,379	1,163,881	3,765,970	3,170,677
Non-controlling interest	229	30	534	151
	1,453,608	1,163,911	3,766,504	3,170,828

The accompanying notes form an integral part of this interim condensed consolidated financial information.