



HEISCO

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

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

Date: 7th August 2024

التاريخ : 7 أغسطس 2024

Reference: CM/AR/117/2024

إشارة : CM/AR/117/2024

To: Bursa Kuwait

Greetings,

المحترمين

السادة / شركة بورصة الكويت

تحية طيبة وبعد،،،

Subject: Approval of The Financial Statements for The Period Ended On 30/06/2024:

الموضوع: إعتامد البيانات المالية للفترة المنتهية في 2024/06/30:

We would like to inform you that on Wednesday 7th August 2024, the BOD has approved the Financial Statements of Heavy Engineering Industries and Shipbuilding Co. (Ship-506) & its subsidiaries for the second quarter ended 30th June 2024.

يرجى التفضل بالعلم بأن مجلس إدارة الشركة قد إعتمد اليوم الأربعاء الموافق 7 أغسطس 2024 البيانات المالية لشركة الصناعات الهندسية الثقيلة وبناء السفن وشركاتها التابعة (سفن -506) للربع الثاني للفترة المنتهية في 30 يونيو 2024 .

- The Analyst Investor conference will take place on Monday 14th August 2024 at 4:00 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 الرابعة عصراً يوم الأربعاء الموافق 14 اغسطس 2024 وفق التوقيت المحلي لدولة الكويت، ويمكن للأطراف المهتمة 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 30th June 2024 is attached.

- مرفق نموذج نتائج البيانات المالية بالإضافة إلى البيانات المالية المُجمعة وتقارير مراقب الحسابات عن الفترة المنتهية في 30 يونيو 2024 .

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



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
للشركات 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

Second quarter results Ended on	2024-06-30	نتائج الربع الثاني المنتهي في
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Board of Directors Meeting Date	2024-08-07	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 إرفاق هذه المستندات

التغيير (%)	فترة السنة اشهر المقارنة	فترة السنة اشهر الحالية	البيان
Change (%)	Six Month Comparative Period	Six Month Current Period	Statement
	2023-06-30	2024-06-30	
% 41.92	2,466,639	3,500,607	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
% 41.92	13.69	19.42	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
% 11.58	107,491,276	119,937,727	الموجودات المتداولة Current Assets
% 10.24	179,915,215	198,336,882	إجمالي الموجودات Total Assets
% 21.72	87,788,815	106,860,119	المطلوبات المتداولة Current Liabilities
% 14.42	110,488,679	126,419,679	إجمالي المطلوبات Total Liabilities
% 3.59	69,423,065	71,913,408	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
% (1.58)	66,999,870	65,942,896	إجمالي الإيرادات التشغيلية Total Operating Revenue
% 30.58	4,739,436	6,188,882	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.)



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التغيير (%)	الربع الثاني المقارن Second quarter Comparative Period	الربع الثاني الحالي Second quarter Current Period	البيان Statement
Change (%)	2023-06-30	2024-06-30	
% 11.56	1,753,402	1,956,111	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
% 11.56	9.73	10.85	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
% (9.14)	33,775,508	30,689,910	إجمالي الإيرادات التشغيلية Total Operating Revenue
% (0.75)	2,998,751	2,976,151	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

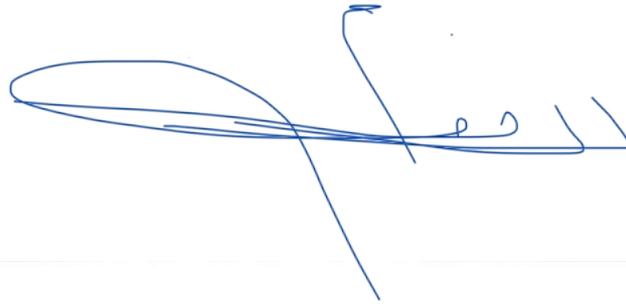
Total Revenue realized from dealing with related parties (value, KWD)	--	بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
Total Expenditures incurred from dealing with related parties (value, KWD)	244,388	بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)

Auditor Opinion		رأي مراقب الحسابات
1.	Unqualified Opinion	رأي غير متحفظ
2.	Qualified Opinion	رأي متحفظ
3.	Disclaimer of Opinion	عدم إبداء الرأي
4.	Adverse Opinion	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 سنقوم 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		
-	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	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
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 June 2024 and the related interim condensed consolidated statements of income and comprehensive income for three-months and six-month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six-months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410: "Review of Interim 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.

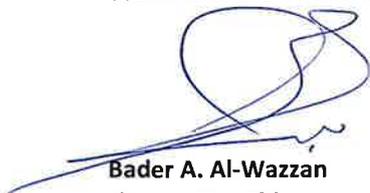
Conclusion

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 six-month period ended 30 June 2024, 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 six-month period ended 30 June 2024 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

7 August 2024

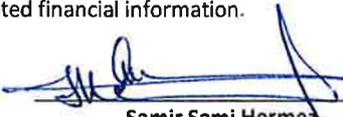
**Heavy Engineering Industries and Shipbuilding Company K.S.C.P
and its subsidiaries**

Interim Condensed Consolidated Statement of Financial Position (Unaudited) - as at 30 June 2024

		Kuwaiti Dinars		
		30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2023 (Unaudited)
Note				
Assets				
Non-current assets				
	Right-of-use asset	1,439,608	1,898,896	329,206
	Property, plant and equipment	74,071,635	72,400,692	67,953,787
	Investment securities	1,526,776	1,735,595	1,773,250
	Trade and other receivables	1,361,136	1,414,684	2,367,696
		<u>78,399,155</u>	<u>77,449,867</u>	<u>72,423,939</u>
Current assets				
	Inventories	15,386,304	13,743,236	12,207,176
	Contract assets	60,605,126	54,428,110	52,875,467
	Trade and other receivables	35,622,146	33,356,024	36,284,188
	Cash and bank balances	8,324,151	4,866,381	6,124,445
		<u>119,937,727</u>	<u>106,393,751</u>	<u>107,491,276</u>
	Total assets	<u>198,336,882</u>	<u>183,843,618</u>	<u>179,915,215</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	10,780,757	10,780,757	10,021,936
	Fair valuation reserve	379,982	588,802	626,457
	Retained earnings	31,782,428	33,689,023	29,804,431
		<u>71,913,408</u>	<u>74,028,823</u>	<u>69,423,065</u>
	Non-controlling interests	3,795	3,607	3,471
	Total Equity	<u>71,917,203</u>	<u>74,032,430</u>	<u>69,426,536</u>
Non-current liabilities				
	Post employment benefits	17,442,667	19,752,216	18,859,773
	Lease liabilities	9,993	914,301	197,123
	Due to banks	664,163	964,163	1,264,163
	Trade and other payables	1,442,737	1,865,843	2,378,805
		<u>19,559,560</u>	<u>23,496,523</u>	<u>22,699,864</u>
Current liabilities				
	Lease liabilities	858,364	858,206	97,959
	Contract liabilities	2,800,397	266,335	971,081
	Due to a company	-	-	1,419,054
	Due to banks	42,176,503	24,410,872	33,759,439
	Trade and other payables	61,024,855	60,779,252	51,541,282
		<u>106,860,119</u>	<u>86,314,665</u>	<u>87,788,815</u>
	Total liabilities	<u>126,419,679</u>	<u>109,811,188</u>	<u>110,488,679</u>
	Total equity and liabilities	<u>198,336,882</u>	<u>183,843,618</u>	<u>179,915,215</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 six months ended 30 June 2024**

		Kuwaiti Dinars			
		Three months ended 30 June		Six months ended 30 June	
Note		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
	Revenue	30,689,910	33,775,508	65,942,896	66,999,870
	Cost of sales	(27,713,759)	(30,776,757)	(59,754,014)	(62,260,434)
	Gross profit	2,976,151	2,998,751	6,188,882	4,739,436
	Other income	630,041	81,700	729,681	228,105
	General and administration expenses	(983,878)	(1,083,484)	(2,317,783)	(1,990,890)
	Investment income	85,079	85,001	84,534	84,419
	Expected credit loss on financial assets	(97,972)	142,781	(109,660)	259,685
	Finance costs	(466,586)	(429,261)	(819,409)	(829,815)
	Foreign exchange (loss)/gain	(128,666)	50,147	(175,912)	99,003
	Profit before contribution to taxes	2,014,169	1,845,635	3,580,333	2,589,943
	Contribution to Kuwait Foundation for Advancement of Sciences	(18,706)	(11,833)	(31,229)	(18,458)
	National Labour Support Tax	(28,066)	(57,235)	(34,506)	(74,672)
	Zakat expense	(11,227)	(22,894)	(13,803)	(29,869)
	Net profit for the period	<u>1,956,170</u>	<u>1,753,673</u>	<u>3,500,795</u>	<u>2,466,944</u>
	Attributable to:				
	Shareholders of the Parent Company	1,956,111	1,753,402	3,500,607	2,466,639
	Non-controlling interests	59	271	188	305
		<u>1,956,170</u>	<u>1,753,673</u>	<u>3,500,795</u>	<u>2,466,944</u>
	Earnings per share (fils)	12 10.85	9.73	19.42	13.69

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 six months ended 30 June 2024**

	Kuwaiti Dinars			
	Three months ended		Six months ended	
	30 June		30 June	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Net profit for the period	1,956,170	1,753,673	3,500,795	2,466,944
Other comprehensive loss not to be reclassified subsequently to profit or loss:				
Changes in fair value of investment securities	(160,893)	(68,466)	(208,820)	(154,048)
Total comprehensive income for the period	1,795,277	1,685,207	3,291,975	2,312,896
Attributable to:				
Shareholders of the Parent Company	1,795,218	1,684,936	3,291,788	2,312,591
Non-controlling interests	59	271	188	305
	1,795,277	1,685,207	3,291,976	2,312,896

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 Changes in Equity (Unaudited) - Six months ended 30 June 2024

	Kuwaiti Dinars						Non-controlling interests	Total
	Equity attributable to the Parent Company's Shareholders					Total		
	Share capital	Statutory reserve	General reserve	Fair valuation reserve	Retained earnings			
Balance at 31 December 2023	18,024,152	10,946,089	10,780,757	588,802	33,689,023	74,028,823	3,607	74,032,430
Net profit for the period	-	-	-	-	3,500,607	3,500,607	188	3,500,795
Other comprehensive loss for the period	-	-	-	(208,820)	-	(208,820)	-	(208,820)
Dividends (Note 6)	-	-	-	-	(5,407,202)	(5,407,202)	-	(5,407,202)
Balance at 30 June 2024	<u>18,024,152</u>	<u>10,946,089</u>	<u>10,780,757</u>	<u>379,982</u>	<u>31,782,428</u>	<u>71,913,408</u>	<u>3,795</u>	<u>71,917,203</u>
Balance at 31 December 2022	18,024,152	10,946,089	10,021,936	780,505	30,942,622	70,715,304	3,166	70,718,470
Net profit for the period	-	-	-	-	2,466,639	2,466,639	305	2,466,944
Other comprehensive loss for the period	-	-	-	(154,048)	-	(154,048)	-	(154,048)
Dividends (Note 6)	-	-	-	-	(3,604,830)	(3,604,830)	-	(3,604,830)
Balance at 30 June 2023	<u>18,024,152</u>	<u>10,946,089</u>	<u>10,021,936</u>	<u>626,457</u>	<u>29,804,431</u>	<u>69,423,065</u>	<u>3,471</u>	<u>69,426,536</u>

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 Cash Flows (Unaudited) –
Six months ended 30 June 2024**

		Kuwaiti Dinars	
		Six months ended 30 June	
	Note	2024 (Unaudited)	2023 (Unaudited)
Operating activities			
Profit before contribution to taxes and Board of Directors' remuneration		3,580,333	2,589,943
Adjustments for:			
Depreciation	3	2,283,098	2,073,731
Depreciation on right-of-use assets		459,288	48,623
Investment loss		(84,534)	(84,419)
Expected credit loss on financial assets		109,660	(259,685)
Finance costs		819,409	829,815
Gain on disposal of property, plant and equipment		(665,954)	(176,827)
Provision for post employment benefits		2,187,476	1,914,907
Operating profit before working capital changes		8,688,776	6,936,088
Inventories		(1,643,068)	(1,414,261)
Contract assets		(6,195,516)	(3,109,504)
Trade and other receivables		(2,303,734)	5,696,646
Trade and other payables		(529,061)	3,505,654
Contract liabilities		2,534,062	764,041
Post employment benefits paid		(4,497,025)	(1,258,623)
Net cash (used in)/from operating activities		(3,945,566)	11,120,041
Investing activities			
Purchase of property, plant and equipment	3	(4,071,753)	(6,171,564)
Proceeds from sale of property, plant and equipment		783,667	199,394
Dividends received		85,582	85,581
Decrease in deposits with banks		110,831	-
Net cash used in investing activities		(3,091,673)	(5,886,589)
Financing activities			
Repayment of due to a company		-	(695,644)
Repayment of due to banks		(1,014,076)	(2,264,011)
Proceeds from due to banks		18,479,707	2,518,982
Finance costs paid		(569,937)	(779,815)
Dividends paid		(5,345,162)	(3,576,057)
Repayment of lease liabilities		(944,692)	(72,630)
Net cash from/(used in) financing activities		10,605,840	(4,869,175)
Increase in cash and cash equivalents		3,568,601	364,277
Cash and cash equivalents at the beginning of period		4,475,842	5,559,459
Cash and cash equivalents at the end of period	5	8,044,443	5,923,736

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