

**HEISCO****شركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك (عامة)****Heavy Engineering Industries & Shipbuilding Co. K.S.C (Public)****Date: 08 March 2023****Reference: CM/AR/028/2023****التاريخ : 08 مارس 2023****إشارة : CM/AR/028/2023****To: Bursa 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 Meeting was held on 08/03/2023 & the following resolutions were passed:

يرجى التفضل بالعلم بأن مجلس إدارة الشركة قد قرر في إجتماعه المنعقد بتاريخ 08 مارس 2023 التالي:

1. Approved Annual Consolidated Financial Statements for Heavy Engineering Industries and Shipbuilding Company and its subsidiaries for the year ended 31 December 2022.

1. إعتتماد البيانات المالية المُدققة المُجمعة لشركة الصناعات الهندسية الثقيلة وبناء السفن وشركاتها التابعة عن السنة المالية المنتهية في 31 ديسمبر 2022 .

2. The Analyst/ Investor conference will take place on Tuesday 14 March 2023 at 3:00 pm local time, via live internet broadcast. All interested parties may communicate with HEISCO to obtain invitation & access details through email (investorsaffairs@heisco.com)

2. تقرر عقد مؤتمر المحللين / المستثمرين عن طريق البث المباشر على شبكة الإنترنت في تمام الساعة الثالثة عصراً يوم الثلاثاء الموافق 14 مارس 2023 وفق التوقيت المحلي، 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 year ended 31/12/2022 is attached.

- مرفق نموذج نتائج البيانات المالية بالإضافة إلى البيانات المالية المُجمعة وتقرير مراقب الحسابات عن السنة المالية المنتهية في 31/12/2022 .

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 (عامة)

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
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Third quarter results Ended on	2022-12-31	نتائج السنة المالية المنتهية في
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Board of Directors Meeting Date	2023-03-08	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 (%) Change (%)	السنة المقارنة Comparative Year	السنة الحالية Current Year	البيان Statement
	2021-12-31	2022-12-31	
% (11.73)	6,375,241	5,627,213	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
% (11.73)	35.37	31.22	ربحية (خسارة) السهم الأساسية والمخففة Basic & Diluted Earnings per Share
% 11.19	95,940,226	106,673,655	الموجودات المتداولة Current Assets
% 5.32	167,664,013	176,591,538	إجمالي الموجودات Total Assets
% 13.03	72,752,774	82,234,999	المطلوبات المتداولة Current Liabilities
% 7.10	98,858,695	105,873,068	إجمالي المطلوبات Total Liabilities
% 2.78	68,802,464	70,715,304	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
% (3.79)	128,581,863	123,704,336	إجمالي الإيرادات التشغيلية Total Operating Revenue
% (11.52)	10,922,266	9,663,951	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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شركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك (عامة)

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

البيان	الربع الرابع الحالي Fourth quarter Current Year	الربع الرابع المقارن Fourth quarter Comparative Year	التغيير (%) Change (%)
	2022-12-31	2021-12-31	
صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company	2,422,304	2,237,269	% 8.27
ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share	13.44	12.41	% 8.27
إجمالي الإيرادات التشغيلية Total Operating Revenue	38,728,234	28,508,711	% 35.85
صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)	3,997,934	3,544,650	% 12.79

• Not Applicable for first Quarter

• لا ينطبق على الربع الأول

سبب ارتفاع/انخفاض صافي الربح (الخسارة)	Increase/Decrease in Net Profit (Loss) is due to
• يعود سبب الإنخفاض في صافي الربح بشكل رئيسي الى الإنخفاض في الإيرادات	• The decrease in net profit is mainly due to the decrease in Revenue

بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	--	Total Revenue realized from dealing with related parties (value, KWD)
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بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	631,620	Total Expenditures incurred from dealing with related parties (value, KWD)
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Financial Results Form
Kuwaiti Company (KWD)

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



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

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 استندت 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)

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



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

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

Corporate Actions		استحقاقات الأسهم (الإجراءات المؤسسية)
النسبة	القيمة	
20 %	٢٠ فلس كويتي لكل سهم بإجمالي 3,604,830.340 دك 20 Fils per Share Total : KD. 3,604,830.340	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
		زيادة رأس المال Capital Increase
	لا يوجد / None	علاوة الإصدار Issue Premium
-	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 2022, 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 a summary of significant accounting policies

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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting 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. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The construction industry is characterized by contract risk with significant judgements involved in the assessment of both current and future contract financial performance. In reference to the accounting policy Note 2.12 to these consolidated financial statements, 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>Our audit work related to contract revenue, included:</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>	<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; • 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 2022 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 to 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.

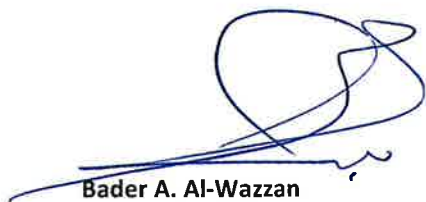
We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions 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 2022 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 2022 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,
8 March 2023

Consolidated Statement of Financial Position as at 31 December 2022

		Kuwaiti Dinars	
	Note	2022	2021
ASSETS			
Non-current assets			
Right-of-use-assets		377,829	477,183
Property, plant and equipment	5	63,878,521	57,053,547
Investment securities	6	1,927,298	2,036,841
Trade and other receivables	9	3,734,235	12,156,216
		69,917,883	71,723,787
Current assets			
Inventories	7	10,792,914	10,306,198
Contract assets	8	49,763,539	49,953,338
Trade and other receivables	9	40,357,034	30,772,184
Cash and bank balances	10	5,760,168	4,908,506
		106,673,655	95,940,226
Total assets		176,591,538	167,664,013
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	10,021,936	9,416,983
Investments revaluation reserve		780,505	890,048
Retained earnings		31,027,622	29,525,192
		70,800,304	68,802,464
Non-controlling interests		3,166	2,854
Total equity		70,803,470	68,805,318
Non-current liabilities			
Post employment benefits	13	18,203,489	16,064,614
Lease liabilities		269,753	311,191
Due to a company	14	716,484	2,002,158
Due to banks	15	2,014,163	4,779,222
Trade and other payables	17	2,434,180	2,948,736
		23,638,069	26,105,921
Current liabilities			
Lease liabilities		97,959	117,959
Contract liabilities	16	207,040	215,163
Due to banks	15	32,754,468	26,491,408
Due to a company	14	1,398,214	723,407
Trade and other payables	17	47,692,318	45,204,837
		82,149,999	72,752,774
Total liabilities		105,788,068	98,858,695
Total equity and liabilities		176,591,538	167,664,013

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 2022

	Note	Kuwaiti Dinars	
		2022	2021
Revenue	18	123,704,336	128,581,863
Cost of revenue	19	(114,040,385)	(117,659,597)
Gross profit		9,663,951	10,922,266
Other income		923,085	342,952
General and administrative expenses	20	(3,588,192)	(3,074,246)
Investment income	21	110,363	144,611
Expected credit loss on financial assets		(47,433)	(455,028)
Finance cost	22	(1,160,732)	(989,450)
Foreign exchange gain/(loss)		148,490	(114,615)
Profit before contribution to taxes and Board of Directors' remuneration		6,049,532	6,776,490
Board of Directors' remuneration		(85,000)	(85,000)
Contribution to Kuwait Foundation for Advancement of Sciences		(52,875)	(65,240)
National Labour Support tax		(202,951)	(179,431)
Zakat expense		(81,181)	(71,772)
Net profit for the year		5,627,525	6,375,047
Attributable to:			
Shareholders of the Parent Company		5,627,213	6,375,241
Non-controlling interests		312	(194)
		5,627,525	6,375,047
Basic and diluted earnings per share (fils)	23	31.22	35.37

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 2022

	Kuwaiti Dinars	
	2022	2021
Net profit for the year	5,627,525	6,375,047
Items that will not be reclassified subsequently to profit or loss:		
Changes in fair value of investment securities	(109,543)	(37,656)
Other comprehensive loss for the year	(109,543)	(37,656)
Total comprehensive income for the year	5,517,982	6,337,391
Attributable to:		
Shareholders of the Parent Company	5,517,670	6,337,585
Non-controlling interests	312	(194)
	5,517,982	6,337,391

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