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

HEAVY ENGINEERING INDUSTRIES & SHIPBUILDING CO. K.S.C (Public)

HEISCO

49th ANNUAL REPORT 2024

ISO 9001:2015 BUREAU VERITAS Certification

IMCA

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HEISCO

بسم الله الرحمن الرحيم

Kuwait Shareholding Company (Public)
Incorporated in Kuwait under
Amiri Decree no. (46) issued in 02/04/1974

Authorized Capital : KD 22,000,000
Kuwaiti Dinars Twenty Two Million

Issued & Paid-up Capital : KD 18,024,151.700
Kuwaiti Dinars Eighteen Million Twenty Four Thousand
One Hundred Fifty One and Seven Hundred Fils

Commercial Registration No : 20735
Head Office : Shuwaik Port, Gate No.7.
P.O.Box : 21998, Safat 13080, Kuwait
Tel : 2462 4000
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His Highness The Amir of Kuwait
Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah

His Highness The Crown Prince
Sheikh Sabah Khaled Al-Hamad Al-Sabah

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BOARD OF DIRECTORS

MARZOUQ NASSER MOHAMMED AL-KHARAFI
Chairman

MALIK MAHER ABDALLAH MARAFIE
Vice Chairman

ADNAN MUSAED KHALIFAH AL-KHARAFI
Board of Directors - Independent

HUSSEIN MORAD YOUSIF BEHBEHANI
Board of Directors

GHAZI AHMED RASHED AL ROUMI
Board of Directors

BOARD OF DIRECTORS REPORT FOR 2024

Heavy Engineering Industries and Shipbuilding Company K.S.C. (Public)

TO OUR SHAREHOLDERS,

The Board of Directors of the Company conveys its greetings and expresses its deep appreciation to the esteemed shareholders for thier continued interest in the achievements of the Company in all sectors.

The Board of Directors is pleased to submit the 49th Annual Report which sets out the activities and performance of the Company during the Year 2024, which also contains the main indicators of the consolidated Financial Statements of Heavy Engineering Industries & Shipbuilding Company K.S.C (Public) and its subsidiaries, Gulf Dredging and General Contracting Company K.S.C (Closed) and HEISCO for Technical Specialized Manpower Supply Co. (W.L.L) for the year ended on 31/12/2024.

SHIPYARD OPERATIONS:

Projects Completed During the Year 2024:-

1. Dry-Docking and Repairs of 20 various vessels for Kuwait Oil Company.
2. Dry-Docking & Afloat Repairs of 18 various vessels (i.e. Split Barge, Tugs, Cargo Barges & Multicat) for M/s Gulf Dredging and General Contracting Company, Kuwait.
3. Dry-Docking and Repairs of 2 Pleasure Boats, (Yachts) for M/s Al Nawadi Holding Co. Kuwait.
4. Dry-Docking and Periodic Overhaul of 2 Vessels for M/s Al-Khafji Joint Operations, KSA.
5. Dry-Docking and General Repair Works of vessel “AL FORAT” for IOTC (Iraqi Oil Tankers Company) Ministry of Oil, Republic of Iraq.
6. Dry-Docking and General Repair Work of vessels Catamaran “Bint Al Khair”, Ro-Ro Ferry “Obu al Khair” and “Umm al Khair” for M/s IKARUS United Marine Services, Kuwait.
7. Dry-Docking and General Repair Work of Tug “Sarah 11” for M/s Bin Nowiran for Trading & Contracting Company (BINCO), Kingdom of Saudi Arabia.
8. Dry-Docking and Installation of New Systems & Equipment for private Yacht named “Magellan”, Kuwait.
9. Dry-Docking and Repairs Block Agreement for KOTC Service Boats named “Nakilat 8 & 9” for M/s Kuwait Oil Tanker Company, Kuwait.

Dry-Docking and Repair of Various Vessels at the Repair Bays

Alongside Repairs of Various Vessels for Local and International Clients

10. General Repair Works for New Generators Cooling System Sea Tubes - 5 Vessels for M/s Grandweld Shipyard, UAE.

11. Underwater Diving Services for various clients M/s Gulf Maritime Ship Management Co., M/s GLS Group, M/s Almoayyed Marine Services Co., M/s Milaha Ship Management, and M/s Gulf Agency Co.

12. Maintenance, Repair, Installation and Supply of Spare Parts for 16 Nos. Maritime Patrol Boats for Kuwait Coast Guard, Ministry of Interior.

13. Maintenance, Repair of 6 Nos. of Boats and Marine Equipment Vessels for Kuwait Fire Force.

14. Maintenance, Repair, and Supply of Spare Parts for 16 Vessels for Kuwait Navy Force, Ministry of Defence.

15. Maintenance, Repair, and Supply of Spare Parts for 8 Vessels for Kuwait Navy Force, for 4 years, for Ministry of Defence.

Projects Ongoing During the Year 2024:-

1. Provision of Offshore Support Services for 65 months for Marine Operations for M/s Kuwait Oil Company, Kuwait.

2. Provision of Marine Fleet Staff for 65 months for Marine Operations, for M/s Kuwait Oil Company, Kuwait.

3. Operation & Maintenance Support Services for KOC Offshore Facilities Vessel, for 5 years, for M/s Kuwait Oil Company, Kuwait.

4. Maintenance, Repair, Installation and Supply of Spare Parts for Maritime Patrol Boats for Kuwait Coast Guard, Ministry of Interior.

5. Maintenance, Repair Installation and Supply of Spare Parts for 3 years, for various Vessels for Kuwait Fire Force.

6. Maintenance, Repair, and Supply of Spare Parts for Navy Force Vessels for Kuwait Navy Force,Ministry of Defence (4 Years Contract).

7. Marine Construction and Repair Kuwait Navy Base, contract with M/s Gulf Dredging & General Contracting Company K.S.C., Kuwait (End User – United States Marine Inc. - USMI, USA).

Offshore Support Services for Marine Operations for M/s Kuwait Oil Company, utilizing HEISCO owned vessel “GD-33”

8. Dry-Docking & Afloat Repairs of various vessels (i.e. Split Barge, Tugs, Cargo Barges & Multicat) 16 Nos. for M/s Gulf Dredging and General Contracting Company, Kuwait.

9. Dry-Docking and Periodic Overhaul of 2 Vessels for M/s Al-Khafji Joint Operations, KSA.

10. Rehabilitation of Marine Unit Trailing Suction Hopper Dredger “Tahreer”, for M/s General Company for Ports of Iraq.

11. Dry-Docking and Repair of 2 Pleasure Boats, (Yachts) for M/s Al Nawadi Holding Co. Kuwait.

12. Underwater Strainer Cleaning for Marine Maintenance Services at MAA Refinery for HEISCO Oil & Gas Operations for KNPC.

13. Diving Operations for the underwater Survey of Intake Channel at Az-zour South Power Station with HEISCO Oil & Gas Operations for Ministry of Electricity and Water & Renewable Energy.

14. Underwater Diving Services at Doha East Power Station for M/s KCC Engineering & Contracting Company (KCCEC), Kuwait.

15. Diving Services at Az Zour for Az Zour North Operation and Maintenance Company W.L.L., Kuwait.

16. Underwater Diving Services for various clients M/s Gulf Maritime Ship Management Co., M/s GLS Group, M/s Almoayyed Marine Services Co., M/s Milaha Ship Management, and M/s Gulf Agency Co.

Projects Awarded During the Year 2024:-

1. Provision of Dry-Docking Services for 6 months, for 20 Vessels for M/s Kuwait Oil Company, Kuwait.

2. Maintenance, Repair and Supply of Spare Parts for 3 years,for 6 Vessels, for Kuwait Fire Force.

3. Maintenance, Repair, and Supply of Spare Parts for 4 years, for 6 Vessels, for Kuwait Navy Force, Ministry of Defence.

4. Dry-Docking and General Repair Work of vessels Catamaran “Bint Al Khair” , Ro-Ro Ferry “Obu al Khair” and “Umm al Khair” for M/s IKARUS United Marine Services, Kuwait.

5. Dry-Docking and General Repair Work of Tug “Sarah 11” for M/s Bin Nowiran for Trading & Contracting Company (BINCO), Kingdom of Saudi Arabia.

Repair and Maintenance of Various Vessels at the Floating Dock

6. Dry-Docking and General Repair Works of vessel “AL FORAT” for IOTC (Iraqi Oil Tankers Company) Ministry of Oil, Republic of Iraq.

7. Diving Works at Az Zour for Az Zour North Operation and Maintenance Company W.L.L., Kuwait.

8. Various Underwater Diving Services jobs for HEISCO Industrial Maintenance Oil & Gas:

   - Diving Assistance for Underwater Survey Works for EQUATE Petrochemical Company at Shuaiba Oil Pier Berth 34 & 35.
   - Supply of Diving Team for Sea Water Intake Gates at Sabiya Power Station & Water Distillation Plant.
   - Supply of Diving Team at Shuaiba South Power & Water Distillation.

Professional Diving Services – Underwater Welding

HEISCO Shipyard Exhibited at the 31st SMM (Shipbuilding, Machinery and Marine Technology Exhibition) from 3-6 September 2024 in Hamburg, Germany

Agreements & Other Achievements during the Year 2024:

1. Renewal/ Amendments of Representative Agreements with Local and International Companies.
2. Membership Renewal of International Marine Contractors Association (IMCA).
3. HEISCO's Shipyard renewal of registration with the US Federal Government's in the System for Award Management (SAM).
4. New Non-Disclosure Agreement with International Companies for the existing/ upcoming potential projects.
5. Marketing Campaign carried out by publishing HEISCO Shipyard advertisements in various local/ international magazines, handbooks and websites. Also, updating the company website regularly.
6. HEISCO Shipyard successfully participated as an exhibitor in the 31st SMM (Shipbuilding, Machinery and Marine Technology) Exhibition held on 3-6 September 2024, the world's leading International Maritime Industry Trade Fair in Hamburg, Germany.
7. HEISCO Shipyard will participate as an exhibitor for the upcoming Seatrade Maritime & Logistics Middle East Exhibition that will take place at the Dubai World Trade Centre, UAE on 6-8 May 2025.
8. HEISCO Shipyard reserved stand space for the upcoming 32nd SMM (Shipbuilding, Machinery and Marine Technology) Exhibition, the world's leading International Maritime Industry Trade Fair that will be held at Hamburg, Germany on 1-4 September 2026.
9. HEISCO Shipyard was nominated on the finalist of the best "Shipyard Facility of the Year" category, for the "The Maritime Standard Awards 2024" Middle East and Indian Subcontinent, awarding ceremony took place on 6th November, 2024, at The Palm, Atlantis, Dubai, UAE.

HEISCO digital banner recognized as a finalist in the prestigious "The Maritime Standard Awards 2024"

OIL & GAS OPERATIONS:

Projects Completed During the Year 2024:-

Pipeline Construction for the Supply of Nitrogen for KNPC Refineries

1. Workshop Support Services for Kuwait Oil Company.
2. Mechanical Maintenance services at Mina Abdullah Refinery for Kuwait National Petroleum Company.
3. Civil, Structural, Mechanical, Piping, Electrical and Instrumentation works for the Construction of Jurassic Production Facility at North Kuwait with the main contractor for Kuwait Oil company.
4. Mechanical Manpower Supply for EQUATE Petrochemical Company.
5. Supply of internal vessels and Foam Breaker Pack for Joint Operation Wafra.
6. Aromatics Turn Around 2024 - Area 1 & 3 Mechanical Lumpsum for EQUATE Petrochemical Company.
7. Pipeline Construction works for Supply of Nitrogen by Pipeline to KNPC Refineries with the main contractor for Kuwait National Petroleum Company.

Projects Ongoing During the Year 2024:-

1. Resident contract for mechanical and structural works for EQUATE Petrochemical Company.
2. Secondment Manpower Supply Services for Kuwait National Petroleum Company.
3. Decoking of various heaters by pigging method in KNPC refineries for Kuwait National Petroleum Company.
4. Professional Manpower Supply Services (PMSS) for Al-Khafji Joint Operations.
5. Revamp of boiler no. 1-6 of unit no.29 at Mina Al-Ahmadi refinery with the main contractor for Kuwait National Petroleum Company.
6. South Kuwait Excavation, Transportation and Remediation (SKETR) Project - Zone 2 Area for Kuwait Oil Company.
7. Calibration and Comprehensive Maintenance of Metering Systems at CNT Areas for Kuwait Oil Company.
8. Rehabilitation of Plate and shell & Tube Type Heat Exchangers for North and West Kuwait Areas for Kuwait Oil Company.
9. Construction of Flowlines and Associated Works in West Kuwait Area 2 for Kuwait Oil Company.
10. Maintenance & Refurbishment of Mechanical Seal & Mechanical Parts for Gas Turbine Units, Combined Cycle, RO Units at Az-Zour South Power Generation and Water Distillation Station for Ministry of Electricity & Water and Renewable Energy.
11. Maintenance & Refurbishment of Mechanical Seal & Mechanical Parts for Steam Units at Az-Zour South Power Generation and Water Distillation Station for Ministry of Electricity & Water and Renewable Energy.
12. Repair and Life Extension of Fuel Oil Tanks (Crude Oil, Heavy Oil and Diesel) including Fuel Lines at Az-Zour South Power Generation and Water Distillation Station for Ministry of Electricity & Water and Renewable Energy.
13. Annual Maintenance Works for Electrical Equipment at Az-Zour South Power Generation and Water Distillation Station for Ministry of Electricity & Water and Renewable Energy.

Rehabilitation of Steam Turbines and Generators for Power & Water Distillation Stations for Ministry of Electricity & Water and Renewable Energy

14. Annual Maintenance Works for Electrical Equipment at Doha West Power Generation and Water Distillation Station for Ministry of Electricity & Water and Renewable Energy.

South Kuwait Excavation, Transportation and Remediation (SKETR) Project - Zone 2 Area for KOC

15. Rehabilitation of Plate, Shell and Tube Type Heat Exchangers in South and East Kuwait Areas for Kuwait Oil Company.

16. Enhancement of North Pier Integrity to facilitate Export of Crude Oil and Hydrocarbons products up to the end of 2030 at Mina Al-Ahmadi Refinery for Kuwait National Petroleum Company.

17. Maintenance Resident Mechanical Construction Services for EQUATE Petrochemical Company.

18. Civil and Mechanical Construction works associated with Installation of C3/C4 Refrigeration Units & Storage Tanks at Juaymah NGL (JNGL) Fractionation Plant with the main contractor for Saudi ARAMCO, KSA.

19. Quality Control Services in KNPC Refineries (Group A) for Kuwait National Petroleum Company.

20. Operations and Maintenance of Bulk Chemicals Facilities, Operational Laboratories and Effluent Water Disposal Plants in company Areas and WARA Pressure Maintenance Plant in South & East Kuwait areas for Kuwait Oil Company.

21. Maintenance Services for Storage Tanks in KOC facilities for Kuwait Oil Company.

22. Mechanical Maintenance Services at Mina Abdullah Refinery for Kuwait National Petroleum Company.

23. Repair of Boilers and their Auxiliaries at Doha East Power Generation and Water Distillation Station for Ministry of Electricity & Water and Renewable Energy.

24. Water Facilities Upgradation for Kuwait Oil Company.

25. Construction of New 11 KV and 10 MW substations each in Abduliah and Dharif area for Kuwait Oil Company.

26. Repair and Rehabilitation of Steam Turbines (Phase 2) at Doha East Power and Water Distillation Station for Ministry of Electricity & Water and Renewable Energy.

27. Provision of Valve Maintenance and Services with Kuwait Gulf Oil Co. for Joint Operations.

28. Rehabilitation of Steam Turbines and Generators for (8) Steam Units at Sabiya power station & Water Distillation with the main contractor for Ministry of Electricity & Water and Renewable Energy.

29. Quality Control Services in KNPC Refineries (Group B) for Kuwait National Petroleum Company.

Projects Awarded During the Year 2024:-

Gas Scrubber Package for Joint Operations - Wafra

1. Safety & Security Enhancement and Supervisory Control and Data Acquisition (SCADA) system for Jurassic Wells at North Kuwait areas for Kuwait Oil Company.
2. Engineering, Procurement, Construction, Testing, and Commissioning of Replacement of Burners with Low NOX Type for Process Heaters at Mina Ahmadi Refinery for Kuwait National Petroleum Company.
3. Civil and structural works for Sea Cooling Towers, Stage 5 and 6 for EQUATE Petrochemical Company.
4. Fabrication and Supply of 12 Flare Seal Drum Skid package, including vessel, piping, valves, electrical and instrumentation for Central Gas Utilization

Project (CGUP) Gas Gathering Network with the main contractor for Joint Operations, Wafra.

5. Fabrication and Supply of Tube Bundle for Heat Exchanger at Mina Abdullah Refinery for Kuwait National Petroleum Company.

6. Replacement of Refinery Modernization Project (RMP) and Further Upgradation Project (FUP) Demineralized Water Units at Mina Ahmadi Refinery for Kuwait National Petroleum Company.

7. Scaffolding works during the Clean Fuel Project (CFP) Block Shutdown in Operation Area – 10 (Group B) at Mina Ahmadi Refinery for Kuwait National Petroleum Company.

8. Replacement of Obsolete Gas Chromatographs in MAFP Units 45 - 46 - 85 at Mina Ahmadi Refinery for Kuwait National Petroleum Company.

9. Rehabilitation of Seawater Inlet and Outlet Lines at Az-Zour South Power Generation and Water Distillation Station for Ministry of Electricity & Water and Renewable Energy.

10. Resident Manpower Supply for EQUATE Petrochemical Company.

11. New Steam Turbine Driven Air Compressor at Unit-35 in Mina Abdullah Refinery for Kuwait National Petroleum Company.

12. Demolition & inkind replacement of damaged Low Sulphur Fuel Oil (LSFO) Storage Tank at Mina Ahmadi Refinery for Kuwait National Petroleum Company.

13. Fabrication and supply of skid-mounted Flare Knock Out Drum, including piping, valves, electrical and instrumentation for CGUP Gas Gathering Network project for Joint Operations, Wafra.

14. Fabrication & Supply of Gas Scrubber package, including skid, vessel, piping, electrical and instrumentation for Joint Operations, Wafra.

15. Fabrication & Supply of Pig Launcher/Receiver, including skid, piping, valves, pig trolley, jib crane, electrical and instrumentation for CGUP Gas Gathering Network Project for Joint Operations, Wafra.

16. Fabrication and supply of Closed Drain Vessel for CGUP Gas Gathering Network Project for Joint Operations, Wafra.

17. Rehabilitation of Boilers and replacement of the Control System for Boilers, Steam Turbines and Auxiliaries for 8 Units at Az-Zour South Power Generation and Water Distillation Station as a consortium partner for Ministry of Electricity & Water and Renewable Energy.

18. Kuwait Integrated Digital Field (KWIDF) Jurassic Gas Field Technical Support and Services for Kuwait Oil Company.

19. Procurement, Construction and Commissioning for providing a new Caustic Tank with pump and associated piping in Washery unit at Mina Ahmadi Refinery for Kuwait National Petroleum Company.

20. Annual Maintenance of the Mechanical Equipment at Shuaiba South Power Station for Ministry of Electricity & Water and Renewable Energy.

21. Replacement of Amine, Regenerator Tower, Reboiler Shells and associated piping with upgraded metallurgy in Amine Regenerator Unit in Mina Abdullah Refinery for Kuwait National Petroleum Company.

22. Development and upgrading of steam Boilers, Thermal Units Control System and Auxiliary System at Doha West Power and Water Distillation Station as a consortium partner for Ministry of Electricity & Water and Renewable Energy.

23. Upgradation of Gas and Condensate Network at East Kuwait Area–I for Kuwait Oil Company.

Demolition and inkind replacement of Low Sulphur Fuel Oil (LSFO) Storage Tank at MAA refinery for KNPC

GULF DREDGING & GENERAL CONTRACTING CO. K.S.C (Closed)
(Subsidiary)

Kuwait Naval Base Marine Construction and Repair Project for US Army Corps of Engineers

ONSHORE & OFFSHORE OPERATIONS:

Projects Completed During the Year 2024:-

1. Shuaiba Oil Pier Repair & Strengthening Works for Kuwait National Petroleum Company.
2. Temporary Jetty Dismantle & Revetment Works (NRP-PKG # 5 - Az Zour) with the main contractor for Kuwait Integrated Petroleum Industries Co.

Projects Ongoing During the Year 2024:-

1. Kuwait Naval Base (KNB) Marine Construction and Repair Project for US Army Corps of Engineers.
2. Marine Maintenance Works at Mina Al-Ahmadi Refinery for Kuwait National Petroleum Company.

Marine Maintenance Works at Mina Al-Ahmadi Refinery for Kuwait National Petroleum Company

Maintenance and Replacement of Corroded Parts of the Seawater Intake Gates at Al-Sabiya Power Station for Ministry of Electricity & Water and Renewable Energy

3. Rehabilitation of Berths from 1 to 7 at Shuwaikh Port for Kuwait Ports Authority.

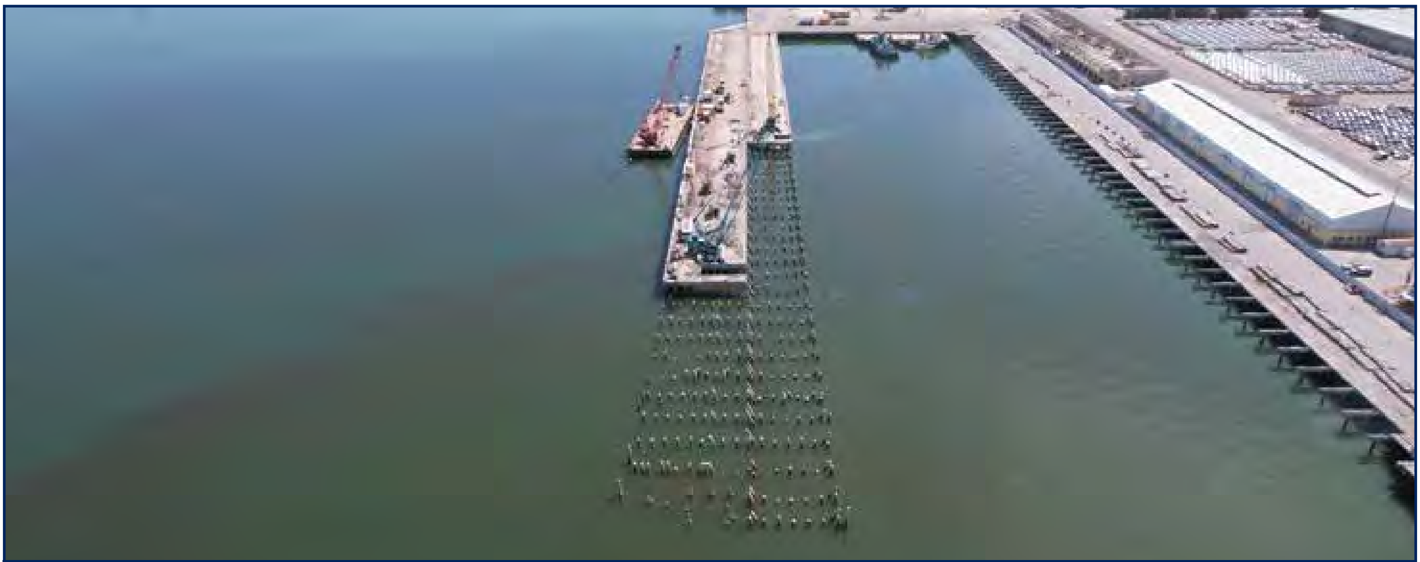
4. Operation & Maintenance support Services for KOC Offshore Facilities.

5. Maintenance and Replacement of Corroded Parts of the Seawater Intake Gates at Al-Sabiya Power Station and Distillation Plant for Ministry of Electricity & Water and Renewable Energy.

Projects Awarded During the Year 2024:-

1. Procurement, Supply and Transportation of Rocks for Rehabilitation of Berths from 1 to 7 at Shuwaikh Port with the Main Contractor for Kuwait Ports Authority.

2. Procurement and Construction of Upgradation / Modernization of Gatehouses at Mina Al-Ahmadi and Mina Abdullah Refineries for Kuwait National Petroleum Company.



Rehabilitation of Berths from 1 to 7 at Shuwaikh Port for Kuwait Ports Authority

HEISCO for Technical Specialized Manpower Supply Co. W.L.L
(Subsidiary)

Projects Ongoing During the Year 2024:-

1. Fire and Rescue Specialized Services for Kuwait Integrated Petroleum Industries Company.

FINANCIAL HIGHLIGHTS

- Revenue increased from KD 146.878 million in 2023 to KD 163.147 million in 2024, reflecting an increase of 11.08 %.
- Gross Profit increased from KD 11.633 million in 2023 to KD 15.408 million in 2024.
- General and administrative expenses increased from KD 4,072,156 in 2023 to KD 4,672,645 in 2024.
- Net Profit increased from KD 7,110,052 in the year 2023 to KD 9,073,464 in 2024.
- Earnings per share increased from 39.45 fils in 2023 to 50.34 fils in 2024.

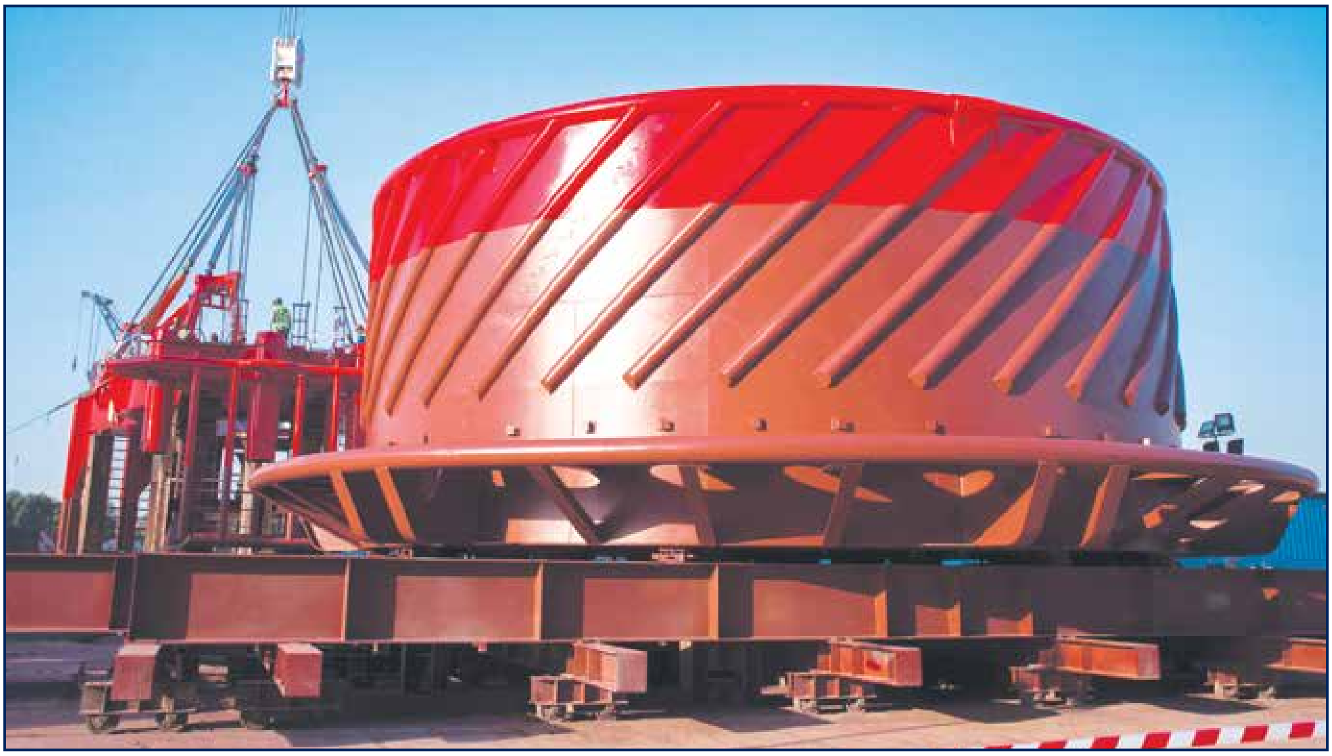
In conclusion, the Board of Directors expresses its deep appreciation and thanks to His Highness the Amir Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah and His Highness the Crown Prince, Sheikh Sabah Khaled Al-Hamad Al-Sabah, and His Highness the Prime Minister, Sheikh Ahmed Abdullah Al-Ahmad Al-Sabah, and all ministries, government institutions, banks, private companies, and entities that have collaborated with the company throughout the year 2024.

In particular, we express our thanks and appreciation to all the personnel of the Company and wish them continued progress and success.

BOARD OF DIRECTORS

HEISCO

Heavy Engineering Industries and Shipbuilding Company K.S.C. (Public) and its Subsidiaries



CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

31 DECEMBER 2024

Deloitte.

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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 2024, 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 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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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
Revenue recognition The Group recognized revenue of KD 163 million during the year ended 31 December 2024. 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.	Our audit work related to contract revenue, included the following procedures: • Obtaining an understanding of the revenue business process flow and performed walkthroughs to understand the key processes and identify the key controls; • 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;

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (Continued)

Key audit matter	How our audit addressed the key audit matter
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. Refer to notes 2.13 and 17 for more information relating to this matter.	• 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; • Reperforming the mathematical accuracy of the calculations used to determine revenue recognised under the percentage of completion method; • Reconciling the list of the actual cost for the current year to the total cost of project under the percentage of completion; • Performing test of details for the actual costs related to the contracts; • Assessing whether the revenue recognition criteria adopted by the Group is appropriate and is in accordance with the Group's accounting policy and the requirements of IFRS Accounting Standards; • Assessing transactions recorded as part of revenue which we deemed to be anomalous, unusual or irregular; and • Assessing the Group's disclosure relating to revenue in the consolidated financial statements against the requirements of IFRS Accounting Standards.

Other Information

Management is responsible for the other information. Other information consists of the information included in the Group's 2024 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 connesction 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.

Deloitte.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (Continued)

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 IFRS Accounting Standards as issued by the IASB, 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.

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.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

Deloitte.

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

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 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 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 2024 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 2025

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

Consolidated Statement of Financial Position as at 31 December 2024

	Note	Kuwaiti Dinars 2024	2023
ASSETS			
Non-current assets			
Right–of-use-assets		1,295,654	1,898,896
Property, plant and equipment	5	77,072,929	72,400,692
Investment securities	6	1,605,511	1,735,595
Trade and other receivables	9	1,426,922	1,414,684
		81,401,016	77,449,867
Current assets			
Inventories	7	15,474,550	13,743,236
Contract assets	8	54,988,521	54,428,110
Trade and other receivables	9	49,114,728	33,356,024
Cash and bank balances	10	3,632,829	4,866,381
		123,210,628	106,393,751
Total assets		204,611,644	183,843,618
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	11,739,170	10,780,757
Foreign currency translation reserve	12	628	-
Investments revaluation reserve		458,718	588,802
Retained earnings		36,396,872	33,689,023
		77,565,629	74,028,823
Non-controlling interests		5,375	3,607
Total equity		77,571,004	74,032,430
Non-current liabilities			
Post employment benefits	13	18,507,406	19,752,216
Lease liabilities		337,601	914,301
Due to banks	14	1,904,163	964,163
Trade and other payables	16	1,102,106	1,865,843
		21,851,276	23,496,523
Current liabilities			
Lease liabilities		858,364	858,206
Contract liabilities	15	1,844,099	266,335
Due to banks	14	39,044,075	24,410,872
Trade and other payables	16	63,442,826	60,779,252
		105,189,364	86,314,665
Total liabilities		127,040,640	109,811,188
Total equity and liabilities		204,611,644	183,843,618

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 2024

		Kuwaiti Dinars	
	Note	**2024**	**2023**
Revenue	17	163,147,421	146,877,866
Cost of revenue	18	(147,739,026)	(135,245,073)
Gross profit		15,408,395	11,632,793
Other income		976,442	1,055,737
General and administrative expenses	19	(4,672,645)	(4,072,156)
Investment income	20	117,771	117,570
Expected credit loss on financial assets		(304,136)	630,141
Finance cost	21	(1,864,670)	(1,834,664)
Foreign exchange (loss)/gain		(77,026)	58,787
Profit before contribution to taxes and Board of Directors' remuneration		9,584,131	7,588,208
Board of Directors' remuneration		(115,000)	(115,000)
Contribution to Kuwait Foundation for Advancement of Sciences		(91,440)	(65,128)
National Labour Support tax		(216,042)	(212,562)
Zakat		(86,417)	(85,025)
Net profit for the year		9,075,232	7,110,493
Attributable to:			
Shareholders of the Parent Company		9,073,464	7,110,052
Non-controlling interests		1,768	441
		9,075,232	7,110,493
Basic and diluted earnings per share (fils)	22	50.34	39.45

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 2024

	Kuwaiti Dinars	
	2024	**2023**
Net profit for the year	9,075,232	7,110,493
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences on translating foreign operations	628	-
	628	-
Items that will not be reclassified subsequently to profit or loss:		
Changes in fair value of investment securities	(130,084)	(191,703)
	(130,084)	(191,703)
Other comprehensive loss for the year	(129,456)	(191,703)
Total comprehensive income for the year	8,945,776	6,918,790
Attributable to:		
Shareholders of the Parent Company	8,944,008	6,918,349
Non-controlling interests	1,768	441
	8,945,776	6,918,790

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 Changes in Equity - Year ended 31 December 2024

	Kuwaiti Dinars							
	Equity attributable to the Parent Company's Shareholders						Non-controlling interests	Total
	Share capital	Statutory reserve	General reserve	Foreign currency translation reserve	Investments revaluation reserve	Retained earnings		
Balance at 31 December 2023	18,024,152	10,946,089	10,780,757	-	588,802	33,689,023	3,607	74,032,430
Profit for the year	-	-	-	-	-	9,073,464	1,768	9,075,232
Other comprehensive loss for the year	-	-	-	628	(130,084)	-	-	(129,456)
Dividend – 2023 (note 11)	-	-	-	-	-	(5,407,202)	-	(5,407,202)
Transfer to reserves	-	-	958,413	-	-	(958,413)	-	-
Balance at 31 December 2024	18,024,152	10,946,089	11,739,170	628	458,718	36,396,872	5,375	77,571,004
Balance at 31 December 2022	18,024,152	10,946,089	10,021,936	-	780,505	30,942,622	3,166	70,718,470
Profit for the year	-	-	-	-	-	7,110,052	441	7,110,493
Other comprehensive income for the year	-	-	-	-	(191,703)	-	-	(191,703)
Dividend – 2022 (note 11)	-	-	-	-	-	(3,604,830)	-	(3,604,830)
Transfer to reserves	-	-	758,821	-	-	(758,821)	-	-
Balance at 31 December 2023	18,024,152	10,946,089	10,780,757	-	588,802	33,689,023	3,607	74,032,430

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 Cash Flows - Year ended 31 December 2024

	Note	Kuwaiti Dinars 2024	2023
Operating activities			
Profit before contribution to taxes and Board of Directors' remuneration		9,584,131	7,588,208
Adjustments for:			
Depreciation on right-of-use assets		603,242	719,030
Depreciation	5	4,808,372	4,284,066
Investment income	20	(117,771)	(117,570)
Charge/(reversal) on Expected credit loss on financial assets		304,136	(630,141)
Provision/(reversal) for slow moving inventory		30,151	(3,883)
Finance costs		1,864,670	1,834,664
Gain on disposal of property, plant and equipment		(874,403)	(897,204)
Provision for post employment benefits	13	4,899,366	3,958,323
Operating profit before changes in working capital		21,101,894	16,735,493
Inventories		(1,761,465)	(2,946,439)
Contract assets		(625,163)	(4,667,495)
Trade and other receivables		(16,010,326)	9,953,626
Trade and other payables		1,610,815	12,193,691
Contract liabilities		1,577,764	59,295
Post employment benefits paid	13	(6,144,176)	(2,409,596)
Board of Directors' remuneration paid		(115,000)	(85,000)
Payment of Kuwait Foundation for Advancement of Sciences		(65,128)	(52,872)
Payment of National Labour Support tax		(212,562)	(202,941)
Payment of Zakat		(85,025)	(71,233)
Net cash generated (used in)/ from operating activities		(728,372)	28,506,529
Investing activities			
Purchase of property, plant and equipment	5	(9,704,565)	(13,312,792)
Proceeds on disposal of property, plant and equipment		1,098,359	1,403,759
Dividends received from investments	20	119,814	119,814
Increase/(decrease) in deposits with banks	10	110,830	(189,830)
Net cash used in investing activities		(8,375,562)	(11,979,049)
Financing activities			
Repayment of due to a Company		-	(2,114,698)
Proceeds from due to banks		17,768,786	2,500,000
Repayment of due to banks		(2,195,583)	(11,893,596)
Finance cost paid		(1,586,023)	(1,581,116)
Dividends paid		(5,349,681)	(3,601,959)
Repayment of lease liabilities		(656,287)	(919,728)
Net cash from/(used in) financing activities		7,981,212	(17,611,097)
Net decrease in cash and cash equivalents		(1,122,722)	(1,083,617)
Cash and cash equivalents at the beginning of the year		4,475,842	5,559,459
Cash and cash equivalents at the end of the year	10	3,353,120	4,475,842

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

Notes to the Consolidated Financial Statements - 31 December 2024

1. Incorporation and activities

Heavy Engineering Industries and Shipbuilding Company K.S.C.P. ("the Parent Company") is a shareholding company registered in Kuwait and was incorporated in the year 1974. The main activities of the Parent Company are as follows:

- Construction and repair of ships;
- Carrying out all types of marine works, industrial works and installation works, and maintenance of the industrial equipment related to ships, waterways, ports, marine works and similar, complementary or associated industrial contracting works and tendering for the same with international companies; trading in equipment, spare parts, and industrial consumables;
- Acting as an agent for the trading agencies of such equipment, spare parts, and industrial consumables; industrial inspection works and radiation services related to the objectives of the Parent Company;
- Carrying out the maintenance and repair works, and different public services of transport lines, oil and gas tankers, refineries, factories, and annexes associated therewith which are related to such sector;
- Carrying out the basic and periodic maintenance and providing the different public services related to the projects and stations of electrical power generation and distribution as well as projects of water sources, and water and electricity establishments safety;
- Supply, installation, and maintenance of safety equipment and security systems; provision, installation, and maintenance of establishments, equipment, machinery, and all devices used in the fields of electricity, water, and oil whether fixed or mobile and acting as mediators for all other operations required by different companies such as various works, interests, and objectives in all the main oil fields of the oil sector;
- Supply of specialized technical manpower required for the works related to the sector of electricity, water, oil, and environment surrounding such sites and acting as mediators for all other operations required by different companies such as various works, interests, and objectives in all the fields of electricity and water;
- Contribution or participation in the establishments, equipment, machinery, and all devices used in the field of electricity and water either to its own account or in partnership with countries, clients, and similar companies;
- Carrying out the contracting works of laying and installation of pipes of all types and fine cutting works through using plasma, water, etc.;
- Carrying out the contracting works of sandblasting, paint and fixed & mobile scaffolds, in addition to welding contracting for the company objectives;
- Representation of mechanical engineering companies and the international & regional consultations companies of all specializations ; the mechanical, electrical, and construction contracting of all types and contracting of steel works, steel buildings and tanks works of all types, shapes, or usages as well as the maintenance works thereof;
- Carrying out galvanization works and referring to expertise related to the company objectives, whether from Kuwait or abroad;
- Acquiring movables and real estate necessary for executing the activities within the permitted limits under the law;
- Owning intellectual property rights, including patents, trademarks or industrial forms, franchise rights and other moral rights and its utilization and leasing to the subsidiaries or others whether in Kuwait or abroad;
- Lending to the subsidiaries and guarantee the same at others.

The Parent Company shall be entitled to carry out the above-mentioned works as principal or by proxy. The Parent Company may have an interest or participate in any form with the entities, which carry out similar works or which may assist it in achieving its objectives in the state of Kuwait or abroad. The Parent Company may buy or merge such entities.

The Parent Company's registered office is P. O. Box 21998, Safat 13080, Kuwait.

The consolidated financial statements include the Parent Company's financial statements and the financial statements of its branch in Kingdom of Saudi Arabia and the following three subsidiaries together referred to as "the Group".

Company Name	Country	2024	2023
		Percentage of holding	
Gulf Dredging and General Contracting Company K.C.S.C.	Kuwait	99.96%	99.96%
HEISCO for Technical Specialized Manpower Supply Company W.L.L.	Kuwait	100%	100%
HEISCO Engineering India Private Limited	India	99.9%	-

The residual interest in Gulf Dredging and General Contracting Company K.C.S.C. is a non-controlling ownership. During the year, the Subsidiary Company participated in a joint operation with Hyundai Engineering & Construction Co., Ltd (collectively referred to as "the Joint Operations") for Rehabilitation Of Berth 1 to 7, Shuwaikh Port, Kuwait.

The Parent Company's direct shareholding in HEISCO for Technical Specialized Manpower Supply Company W.L.L. is 80% and the residual interest is held through Gulf Dredging and General Contracting Company K.C.S.C.

The subsidiaries are mainly engaged in dredging and marine and civil construction activities and providing services related to manpower supply.

During the year, the Parent Company invested in 99.9% of the share capital of newly established HEISCO Engineering India Private Limited. HEISCO Engineering India Private Limited is engaged in Engineering and procurement contractors, technical, financial and management consultants, carry on turnkey contracts, to construct, build, operate and transfer infrastructure facilities and to provide all services in relation to the Engineering and design work for the projects undertaken.

The number of personnel employed by the Group as of 31 December 2024 is 13,558 (2023: 12,269).

The consolidated financial statements for the year ended 31 December 2024 were authorised for issue by the Board of Directors ("the Board") on 5 March 2025 and are subject to the approval of shareholders at the annual general meeting.

2. Basis of preparation and material accounting policy information

2.1 Basis of preparation

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). These consolidated financial statements have been prepared using historical cost basis except for investments in securities.

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect amounts reported in these consolidated financial statements, as actual results could differ from those estimates. It also requires management to exercise its judgment in the process of applying the Group accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in Note 4.

These consolidated financial statements have been presented in Kuwaiti Dinars ("KD").

2.2 New and revised accounting standards

2.2.1 Effective for the current year

Following standard, interpretation or amendment are effective from the current year and are adopted by the Group, however, these does not have any impact on the consolidated financial statements of the year unless otherwise stated below:

- *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements*

  The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

- *Amendments to IAS 1 Classification of Liabilities as Current or Non-current*

  The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

  The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- *Amendments to IAS 1 Non-current Liabilities with Covenants*

  The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

- *Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback*

  The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

  A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

2.2.2 Standards issued but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability	The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements	IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share. IFRS 18 introduces new requirements to: • present specified categories and defined subtotals in the statement of profit or loss • provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements • improve aggregation and disaggregation.	1 January 2027

Standard, interpretation, amendments	Description	Effective date
IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it. An entity is only permitted to apply IFRS 19 if, at the end of the reporting period: • it is a subsidiary (this includes an intermediate parent) • it does not have public accountability, and • its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.	1 January 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

2.3 Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Group undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities and expenses.

When the Group transacts with a joint operation in which a Group is a joint operator (such as sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transaction are recognised in the Group's financial statements only to the extent of other parties' interest in the joint operation.

When the Group transacts with a joint operation in which a Company is a joint operator (such as purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

2.4 Financial Instruments

Recognition and derecognition

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the consolidated statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. A financial liability is derecognized when the Group's obligation specified in the contract is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability.

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified as at fair value through profit or loss. Transaction costs on financial assets classified as at fair value through profit or loss are recognised in the consolidated statement of comprehensive income.

Classification and measurement of financial assets and financial liabilities

Financial Assets

The Group determines classification and measurement category of financial assets based on a combination of the entity's business model for managing the assets and the instrument's contractual cash flow characteristics except equity instruments and derivatives.

The business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Contractual cash flow assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and to sell the financial instrument, the Group assesses whether the financial instrument's cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of 'interest' within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and interest margin. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

The Group reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Financial assets are classified into following categories under IFRS 9:

- Amortised cost (AC)
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value Through Profit and Loss (FVTPL)

Amortised cost (AC)

The Group classifies financial assets at AC if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial assets classified at AC are subsequently measured at amortised cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains/losses and impairment are recognised in the consolidated statement of comprehensive income. Any gain or loss on derecognition is recognised in the consolidated statement of comprehensive income.

Fair Value through Other Comprehensive Income (FVOCI)

Debt instruments at FVOCI

The Group classifies debt instruments at FVOCI if it meets both of the following conditions:-

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instrument classified as FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in Other Comprehensive Income ("OCI"). Interest income and foreign exchange gains and losses are recognised in consolidated statement of comprehensive income. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to consolidated statement of comprehensive income.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as at FVOCI if they meet the definition of Equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Equity instruments at FVOCI are subsequently measured at their fair value. Changes in fair values including foreign exchange gains and losses are recognised in OCI. Dividends are recognised in consolidated statement of comprehensive income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. On derecognition, cumulative gains or losses are reclassified from OCI to retained earnings in the consolidated statement of changes in equity.

Fair Value Through Profit and Loss (FVTPL)

Financial assets whose business model is to acquire and sell, or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are classified as FVTPL.

In addition to the above, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified as FVTPL are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the consolidated statement of comprehensive income. Interest income and dividends are recognised in the consolidated statement of comprehensive income according to the terms of the contract, or when the right to payment has been established.

Financial liabilities

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from Group's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in OCI with no subsequent reclassification to the consolidated statement of comprehensive income.

Impairment of financial assets

The Group applied the simplified approach and measure the loss allowance for receivable at an amount equal to lifetime ECL. The expected credit losses on receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivable are over two years past due.

The Group applies the general approach to providing for expected credit losses prescribed by IFRS 9, for financial instruments in Cash and bank balances. The Group uses external rating agency credit grades for assessing credit risk on these financial assets and these published grades are continuously monitored and updated.

2.5 Consolidation

The Group consolidates the financial statements of the Group and subsidiaries (i.e. investees that it controls) and investees controlled by its subsidiaries.

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights and potential voting rights.

The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Non-controlling interest in an acquire is stated at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Group's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position and profit or loss. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest audited financial statements of subsidiaries. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets are eliminated in full.

When the Group loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests. Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of income.

2.6 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any.

Property, plant and equipment are depreciated using either the straight-line or unit-of-production method. The significant classes of depreciable plant and equipment and their estimated useful life are as follows:

Building	12 to 56 years
Dock and lift	Units of production
Plant, Machinery and Equipment	Units of production
Other assets	2 to 33 years

Property, plant and equipment are depreciated when they are substantially complete and available for their intended use, over their estimated useful lives.

Property, plant and equipment include assets under construction which are depreciated using units of production basis when it is ready to use and completed. Land, which was determined to have an indefinite life, is not depreciated.

Management reviews the estimated useful lives, residual values and depreciation methods of plant and equipment at the end of each reporting period, and when events and circumstances indicate that such a review should be made. Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. All other expenditure are recognised in profit or loss as the expense is incurred.

Property, plant and equipment are reviewed periodically for impairment. If there is an indication that the carrying value of an asset is greater than its recoverable amount, the asset is written down to its recoverable amount and the resultant impairment loss is taken to profit or loss

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are recognised in consolidated statement of Income.

2.7 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each item to its present location and condition, determined on a weighted average cost basis. Net realizable value is the selling price less cost to sell.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, current account with banks and time deposits with banks with maturities not exceeding three months from acquisition date.

2.9 Post employment benefits

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at termination of employment. The defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees at the consolidated statement of financial position date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

2.10 Accounting for Leases

The Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the Contract. The Group recognizes a right of use asset and a corresponding lease liability on the date on which the lessor makes the asset available for use by the Group (the commencement date).

On that date, the Group measures the right of use at cost, which comprises of:

- the amount of the initial measurement of the lease liability.
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognised as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with leases of short term leases and low-value assets are recognized on a straight-line basis as an expense in statement of income.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Subsequent Measurement

After the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis over the shorter of the asset's useful life and the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss identified in the statement of income. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss.

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.
- Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to statement income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Sale and leaseback

The Group enters into sale and leaseback transactions whereby it sells certain assets to a third-party and immediately leases them back. Where sale proceeds received are judged to reflect the fair value, any gain or loss arising on disposal is recognised in the statement of income, to the extent that it relates to the rights that have been transferred. Gains and losses that relate to the rights that have been retained are included in the carrying amount of the right of use asset recognised at commencement of the lease. Where sale proceeds received are not at the fair value, any below market terms are recognised as a prepayment of lease payments, and above market terms are recognised as additional financing provided by the lessor.

The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

2.11 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle that obligation. Provisions are reviewed at each consolidated statement of financial position date and adjusted to reflect the best current estimate of the obligation.

2.12 Foreign currencies

The functional currency of the Group is Kuwaiti Dinar.

a. Translation of foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and monetary liabilities in foreign currencies (other than monetary items that form part of the net investment in a foreign operation) are translated into functional currency at rates of exchange prevailing at the reporting date. Any gains or losses are taken to the consolidated statement of income. Exchange differences arising on monetary items that form part of the net investment in a foreign operation are determined using closing rates and recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of, the cumulative amount in foreign currency translation reserve relating to that foreign operation is recognised in the consolidated statement of income. Goodwill, intangible assets and any fair value adjustments to the carrying value of assets and liabilities are recorded at the functional currency of the foreign operation and are translated to the presentation currency at the rate of exchange prevailing at the reporting date. All resulting exchange differences are recognised in other comprehensive income and accumulated in foreign currency translation reserve within equity.

Translation gains or losses on non-monetary items are recognised in other comprehensive income when nonmonetary items are measured at fair value through other comprehensive income. Translation gains or losses on non-monetary items measured at fair value through profit or loss are recognised in consolidated statement of income.

b. Translation of financial statements of foreign entities

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated to presentation currency as follows:

The assets and liabilities are translated at rates of exchange ruling at the reporting date. Income and expense items are translated at average exchange rates for the year. All resulting exchange differences are recognised in other comprehensive income and accumulated in foreign currency translation reserve within equity and duly recognized in the consolidated statement of income on disposal of the foreign operation.

2.13 Revenue recognition

Revenue from contracts shall be recognized through the project duration which is input method. The stage of completion is measured based on the total costs incurred as proportion of the estimated cost. When the outcome of the contract cannot be estimated reliably, revenue is recognised only to the extent of expenses that are incurred are recoverable. The Group considers that this method is an appropriate measure of the progress towards complete satisfaction of these performance obligations. Variation orders and claims are recognised upon acceptance by customers as well as when the Group has enforceable right. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group invoices customers based on performance-related milestones. When a particular milestone is reached, the Group sends the customer, a relevant statement of work signed by a third party assessor and an invoice for the related milestone payment for which the Group have previously recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date, then the Group recognises a contract liability for the difference.

The Group does not consider significant financing component in construction contracts with customers as the period between the recognition of revenue and the milestone payment is always less than one year.

Revenue from sales transactions are recorded when goods are delivered.

Dividend income is recognised when the right to receive payment is established.

2.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are capitalised.

2.15 Kuwait Foundation for the Advancement of Sciences (KFAS)

The Group calculates the contribution to KFAS at 1% of profit for the year, in accordance with the calculation as per ministerial decision 287/2016, which states that the Board of Directors' remuneration and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

2.16 Zakat

Contribution to Zakat is calculated at 1% of the profit of the Group computed in accordance with Law No. 46 of 2006 and the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

2.17 National labor support tax ("NLST")

The Group calculates the NLST in accordance with Law No. 19 of 2000 and the Ministry of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year.

2.18 Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenues and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

3. Financial risk management

3.1 Financial risk factors

The Group's use of financial instruments exposes it to a variety of financial risks such as credit risk, market risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. Risk management is carried out by the finance department of the Group under policies approved by the Board. The Board approves policies for overall risk management and for specific areas such as credit risk; market risk comprising of foreign csurrency risk and interest rate risk; and liquidity risk. The finance department identifies and evaluates financial risks in close co-operation with the Group's operating units.

The significant financial risks that the Group is exposed to are discussed below:

(A) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur financial loss. The financial assets of the Group exposed to credit risk are contract assets, trade and other receivables and balances with banks.

The Group transacts business with customers with financial stability and high credit worthiness. The Group's cash balances are placed with financial institutions with high credit rating.

The table below shows the gross exposure to credit risk on the consolidated statement of financial position date without taking into account collateral or other credit mitigants:

	Kuwaiti Dinars	
	2024	**2023**
Contract assets	55,211,315	54,586,152
Trade and other receivables	47,905,894	31,143,500
Balances with banks and deposits	3,401,348	4,787,193
	106,518,557	90,516,845

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

No interest is charged on the overdue trade and billing receivables.

The table below shows the credit risk exposure by credit quality of financial assets by grade.

			Kuwaiti Dinars		
31 December 2024	**Rated**	**12-month or Lifetime ECL**	**Gross carrying amount**	**Impairment allowance**	**Net carrying amount**
Contract assets	Not Rated	Lifetime ECL – Simplified approach	55,211,315	(222,794)	54,988,521
Trade and other receivables	Not Rated	Lifetime ECL – Simplified approach	47,905,894	(2,277,805)	45,628,089
Balances with banks and deposits	Rated	12 months ECL	3,401,348	-	3,401,348
			106,518,557	(2,500,599)	104,017,958

			Kuwaiti Dinars		
31 December 2023	**Rated**	**12-month or Lifetime ECL**	**Gross carrying amount**	**Impairment allowance**	**Net carrying amount**
Contract assets	Not Rated	Lifetime ECL – Simplified approach	54,586,152	(158,042)	54,428,110
Trade and other receivables	Not Rated	Lifetime ECL – Simplified approach	31,143,500	(2,038,421)	29,105,079
Balances with banks and deposits	Rated	12 months ECL	4,787,193	-	4,787,193
			90,516,845	(2,196,463)	88,320,382

All the above financial assets are classified as “financial assets at AC”. ECL for ‘Bank balances’ are individually assessed and ‘Trade and other receivables’ and ‘Contract assets’ are collectively assessed.

(B) Market risk

Market risk comprises of foreign currency risk, interest rate risk and equity price risk arises due to movements in foreign currency rates, interest rates and market prices of assets respectively.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk arising from transacting business with certain customers in US Dollar, Euro and other foreign currencies.

The Group ensures that the net exposure is kept to acceptable levels and the management is monitoring the foreign currency exchange rates on a regular basis to identify any changes that may affect the Group’s operations.

Following are the net financial assets/ (liabilities) in foreign currency as of the date of the consolidated financial statements:

	Kuwaiti Dinars	
	2024	**2023**
US Dollars	4,434,441	10,595,878
Saudi Riyals	1,612,215	1,040,565
Euros	433,420	250,730
Other currencies	5,335	(124,038)
	6,485,411	11,763,135

If as at 31 December 2024, Kuwaiti Dinars had weakened against the major currencies by 5% with all other variables held constant the net impact on the profit, as of 31 December 2024, is shown below:

	Kuwaiti Dinars	
	2024	**2023**
US Dollars	221,722	529,794
Saudi Riyals	80,611	52,028
Euros	21,671	12,537
Other currencies	267	(6,202)
	324,271	588,157

A 5% strengthening of the Kuwaiti Dinars against the above currencies would have had the equal but the opposite effect on profit for the year.

The impact on foreign currency risk on equity is not material.

(ii) Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices caused by factors specific to the instrument or its issuer or factors affecting all instruments traded in the market.

The Group's quoted equity investment is quoted on the Kuwait Stock Exchange. At 31 December 2024, if equity prices had increased by 5%, the equity of the Group would have been higher by KD 80,276 (2023: KD 86,780).

Alternatively, a 5% decrease in the equity prices would have had the equal but the opposite effect on the Group's equity.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk arising from borrowings carrying variable interest rates as it exposes the Group to cash flow interest rate risk.

If as on 31 December 2024, the interest rates had increased by 50 basis points the net profit would have been lower by KD 170,023 (2023: KD 135,004). Alternatively, a 50 basis points decrease in the interest rates would have had the equal but the opposite effect on the Group's net profits.

(C) Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its funding requirements. Prudent liquidity risk management implies maintaining sufficient cash and making available funding through an adequate amount of committed credit facilities. To manage this risk, the Group periodically assesses the financial viability of its customers and ensures that adequate funding facilities are available from its lenders.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The balances disclosed in the table are the contractual undiscounted cash flows.

Balances due within twelve months equal their carrying amounts balances as the impact of discounting is not significant.

	Kuwaiti Dinars			
	Less than 1 year	Between 1 and 2 years	Between 2 and 7 years	Total
At 31 December 2024				
Lease liability	944,994	208,500	104,250	1,257,744
Bank overdrafts	27,450,714	-	-	27,450,714
Term loans	1,671,395	376,909	-	2,048,304
Advance against promissory notes	1,559,399	-	-	1,559,399
Wakala payable	6,805,200	505,200	2,694,400	10,004,800
Trade and other payables	63,442,826	1,102,106	-	64,544,932
Commitments	14,472,849	-	-	14,472,849
	116,347,377	2,192,715	2,798,650	121,338,742

	Kuwaiti Dinars			
	Less than 1 year	Between 1 and 2 years	Between 2 and 7 years	Total
At 31 December 2023				
Lease liability	927,595	927,595	-	1,855,190
Bank overdrafts	12,805,473	-	-	12,805,473
Term loans	1,098,750	633,000	384,192	2,115,942
Advance against promissory notes	2,222,982	-	-	2,222,982
Wakala payable	9,482,500	-	-	9,482,500
Trade and other payables	60,779,252	1,761,256	110,034	62,650,542
Commitments	14,151,664	-	-	14,151,664
	101,468,216	3,321,851	494,226	105,284,293

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the costs of capital. In order to maintain or adjust the capital structure, the Group monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debts calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt.

The gearing ratio as at 31 December 2024 and 2023 were as follows:

	Kuwaiti Dinars	
	2024	**2023**
Total borrowings	40,948,238	25,375,035
Less: cash and bank balances	(3,632,829)	(4,866,381)
Net debt	37,315,409	20,508,654
Total equity	77,686,004	74,032,430
Total capital	115,001,413	94,541,084
Gearing ratio	**32.45%**	**21.69%**

Under the laws of Kuwait, the Parent Company appropriates 10% of its net profit to a statutory reserve till it reaches 50% of the share capital, with restrictions on distribution. This reserve can be utilized only for the distribution of a maximum dividend of up to 5% in years when retained earnings are inadequate for this purpose. The Parent Company also appropriates 10% to general reserve.

3.3 Fair value of financial instruments

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. Fair values are obtained from current bid prices, discounted cash flow models and other models as appropriate. At December 31, the fair values of financial instruments approximate their carrying amounts.

Determination of fair value and fair value hierarchy:

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1 : Quoted (unadjusted) prices in active market for the same instrument;

Level 2 : Quoted prices in active market for similar instruments or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3 : Valuation techniques for which any significant input is not based on observable market data.

The following table presents the Group's assets and liabilities that are measured at fair value as of 31 December.

	Kuwaiti Dinars			
2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities:				
Local quoted security	1,605,511	-	-	1,605,511
	1,605,511	-	-	1,605,511
2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities:				
Local quoted security	1,735,595	-	-	1,735,595
	1,735,595	-	-	1,735,595

4. Critical accounting judgments and key sources of estimation uncertainty

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Judgements in determining the timing of satisfaction of performance obligations

he Group generally recognise revenue over time as it performs continuous transfer of control of good/services to the customers. Because customers simultaneously receives and consumes the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of transfer of each performance obligation. In determining the method for measuring progress for these POs, we have considered the nature of these goods and services as well as the nature of its performance.

Contract variations and claims

Contract variations are recognised as revenue only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management constrains revenue from variations and claims based on prior experience, application of contract terms and the relationship with the customers when making their judgement. At the reporting date, management has recorded unapproved variations and claims to the extent they will not result in significant reversal of revenue in subsequent period. This assessment is done based on the past history of approved variation orders and claims and the probability of expected outcome from current on-going discussions with the customers.

Significant increase in credit risk

As explained in note 2, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Contingent liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Impairment of property, plant and equipment

The Group reviews the property, plant and equipment to determine whether an impairment loss should be recognised. An estimate is set by the management in terms of amount and timing of expected cash flows as well as the discount rates used when calculating the value in use.

Revenue recognition

Construction contract revenue is measured over the life of the project according to the percentage of completion method. The Group's management are required to exercise judgement in their assessment of the work performed, variation order; the completeness and accuracy of forecast costs to complete. The actual results of contracts can vary substantially. These estimates often need to be adjusted based on future events and when the results of items that were judged uncertain.

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5. Property, plant and equipment

	Kuwaiti Dinars							
	Land	Building	Dock and lift	Plant, Machinery and Equipment	Vehicles and mobile equipment	Other Assets	Assets under construction	Total
Cost								
As at 31 December 2022	5,454,818	23,049,568	23,718,364	34,462,928	58,552,531	7,533,402	4,572,151	157,343,762
Additions	-	108,904	3,625,083	4,262,406	1,404,775	244,156	3,667,468	13,312,792
Disposals	-	(75,837)	(34,806)	(1,522,744)	(1,312,016)	(209,328)	-	(3,154,731)
Transfers	-	-	7,655,782	-	-		(7,655,782)	-
As at 31 December 2023	5,454,818	23,082,635	34,964,423	37,202,590	58,645,290	7,568,230	583,837	167,501,823
Additions	-	263,832	37,730	2,868,263	3,265,479	674,346	2,594,915	9,704,565
Disposals	-	(185,802)	(239,558)	(851,202)	(3,564,992)	(381,424)	-	(5,222,978)
Transfers	-	170,703	1,069,376	14,969	-	2,413	(1,257,461)	-
As at 31 December 2024	5,454,818	23,331,368	35,831,971	39,234,620	58,345,777	7,863,565	1,921,291	171,983,410
Depreciation								
As at 31 December 2022	-	12,360,443	14,195,179	20,287,215	40,201,105	6,421,300	-	93,465,242
Charge for the year	-	605,749	636,687	1,013,905	1,222,724	805,001	-	4,284,066
Disposal	-	(60,382)	(33,866)	(1,041,932)	(1,304,075)	(207,922)	-	(2,648,177)
As at 31 December 2023	-	12,905,810	14,798,000	20,259,188	40,119,754	7,018,379	-	95,101,131
Charge for the year	-	669,070	785,181	1,603,959	1,339,818	410,344	-	4,808,372
Disposal	-	(176,169)	(230,420)	(833,728)	(3,387,880)	(370,825)	-	(4,999,022)
As at 31 December 2024	-	13,398,711	15,352,761	21,029,419	38,071,692	7,057,898	-	94,910,481
Net book value								
As at 31 December 2024	5,454,818	9,932,657	20,479,210	18,205,201	20,274,085	805,667	1,921,291	77,072,929
As at 31 December 2023	5,454,818	10,176,825	20,166,423	16,943,402	18,525,536	549,851	583,837	72,400,692

Land includes freehold land and leasehold land amounting to KD 3,539,818 (2023: KD 3,539,818) and KD 1,915,000 (2023: KD 1,915,000) respectively. Capital work in progress mainly represents costs incurred for building and docks and lifts which completion is expected in the subsequent year.

The depreciation charge has been allocated in the consolidated statement of income as follows:

	Kuwaiti Dinars	
	2024	**2023**
Cost of sales	4,763,245	4,238,537
General and administrative expenses	45,127	45,529
	4,808,372	4,284,066

The Group's legal case against the order of Kuwait Port Authority "KPA" to terminate the lease contract for the property in Shuwaikh port, and to vacate the property was decided against the Group by the Court of Appeal on 14 December 2010. The Group filed an appeal in the Court of Cassation against this order, which was accepted by the Court and suspended the execution of the order of the Court of Appeal.

In light of the decision No. 843 of the Council of Ministers issued on 10 June 2013, the Group has concluded an agreement with the Kuwait Ports Authority, for the exploitation of our industrial plot located in Shuwaikh port with a new tariff for 10 years starting from 31 October 2021. The Group has paid all dues to KPA for the period from 1 January 2021 till 31 March 2025.

6. Investment securities

	Kuwaiti Dinars	
	2024	**2023**
Investment at FVOCI (Quoted)	1,605,511	1,735,595

Investment securities are denominated in Kuwaiti Dinars.

7. Inventories

	Kuwaiti Dinars	
	2024	**2023**
Materials	13,769,919	10,161,807
Goods in transit	1,782,073	3,628,720
Provision for obsolete and slow moving items	(77,442)	(47,291)
	15,474,550	13,743,236

This includes materials at sites and at the warehouse to be utilized in the projects. The cost of inventories recognised as an expense during the year in respect of continuing operations was KD 36,804,675 as at 31 December 2024 (2023: KD 32,900,824).

8. Contract assets

	Kuwaiti Dinars	
	2024	**2023**
Contract costs incurred	554,924,054	570,353,650
Recognised profits less expected losses	186,082,656	163,673,653
Less: Provision for expected credit losses	(222,794)	(158,042)
	740,783,916	733,869,261
Progress billings	(685,795,395)	(679,441,151)
	54,988,521	54,428,110

This represents unbilled portion of amounts due from customers for contract work in progress.

Contract assets are denominated in the following currencies:

	Kuwaiti Dinars	
	2024	**2023**
Kuwaiti dinars	47,903,593	44,130,032
US dollars	1,718,243	8,959,313
Saudi Riyals	4,816,657	-
Euros	550,028	1,330,815
Other currencies	-	7,950
	54,988,521	54,428,110

The following table details the risk profile of contract assets based on the Group's provision risk matrix.

	31 December 2024			**31 December 2023**		
Ageing buckets	**Estimated total gross carrying amount at default**	**Expected credit loss rate**	**Lifetime ECL**	**Estimated total gross carrying amount at default**	**Expected credit loss rate**	**Lifetime ECL**
	KD	**%**	**KD**	**KD**	**%**	**KD**
Not due	55,211,315	0.40%	222,794	54,586,152	0.29%	158,042
	55,211,315		222,794	54,586,152		158,042

9. Trade and other receivables

	Kuwaiti Dinars	
	2024	**2023**
Current		
Trade receivables	40,159,617	20,603,368
Less: Provision for expected credit losses	(1,295,572)	(1,191,558)
	38,864,045	19,411,810
Contract retentions	5,793,150	8,575,054
Other receivables	522,994	184,184
Less: Provision for expected credit losses	(979,022)	(480,653)
	5,337,122	8,278,585
Advances to sub-contractors and suppliers	2,825,127	3,132,832
Prepayments	2,088,434	2,532,797
	49,114,728	33,356,024
Non-current		
Contract retentions	1,430,133	1,780,894
Less: Provision for expected credit losses	(3,211)	(366,210)
	1,426,922	1,414,684
	50,541,650	34,770,708

The Group measures the loss allowance for impairment for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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The following table details the risk profile of trade receivables based on the Group's provision risk matrix. The Group classifies customers into different categories based on their credit risk characteristics and the days past due. Accordingly, the threshold for recognising the credit impairment will vary from past dues of 90 days to 365 days, depending on the category of the customer.

	31 December 2024			31 December 2023		
Ageing buckets	**Estimated total gross carrying amount at default**	**Expected credit loss rate**	**Lifetime ECL**	**Estimated total gross carrying amount at default**	**Expected credit loss rate**	**Lifetime ECL**
	KD	**%**	**KD**	**KD**	**%**	**KD**
< 60 days	32,184,158	0.14%	43,494	14,774,408	0.12%	17,607
61 - 120 days	1,398,590	0.34%	4,710	1,834,338	0.90%	16,491
121 - 180 days	1,765,289	1.74%	30,704	702,949	1.65%	11,588
> 180 days	4,811,580	25.29%	1,216,664	3,291,673	34.81%	1,145,872
	40,159,617		1,295,572	20,603,368		1,191,558

The carrying value of trade receivables approximates its fair value.

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9. Movement of the Group's provision for ECL is as follows:

	Kuwaiti Dinars	
	2024	**2023**
As at 1 January	2,038,421	2,671,486
ECL charge/(reversal) for the year	232,962	(633,065)
As at 31 December	2,271,383	2,038,421

The carrying amount of the Group's trade and other receivable are denominated in the following currencies represented in equivalent Kuwaiti Dinars.

	Kuwaiti Dinars	
	2024	**2023**
Kuwaiti dinars	42,664,773	30,188,135
US dollars	2,515,781	2,843,400
Saudi Riyals	4,480,252	1,583,085
Euros	837,879	106,592
Other currencies	42,965	49,496
	50,541,650	34,770,708

10. Cash and bank balances

	Kuwaiti Dinars	
	2024	**2023**
Cash on hand	231,481	79,188
Balances with banks	3,121,639	4,396,654
Cash and cash equivalents in the statement of cash flows	3,353,120	4,475,842
Deposits with banks whose original maturity period exceeds three months from the date of acquisition	279,709	390,539
Cash and bank balances	3,632,829	4,866,381

The carrying amount of cash and bank balances approximates its fair value. Expected credit loss on bank balances is not material.

Deposits with banks are held as margin money deposits against letter of guarantee facilities from local commercial banks.

The carrying amount of the Group's cash and bank balances are denominated in the following currencies represented in equivalent Kuwaiti Dinars.

	Kuwaiti Dinars	
	2024	**2023**
Kuwaiti dinars	2,990,706	3,985,153
US dollars	395,912	319,953
Saudi Riyals	102,007	339,318
Euros	43,167	138,541
Other currencies	101,037	83,416
	3,632,829	4,866,381

11. Share capital

The authorized share capital of the Parent Company as at 31 December 2024 is KD 22,000,000 comprising of 220,000,000 shares of 100 fils each. (31 December 2023: KD 22,000,000 comprising of 220,000,000 shares of 100 fils each). The issued and fully paid up share capital of the Parent Company as at 31 December 2024 is KD 18,024,152 comprising of 180,241,517 shares of 100 fils each (31 December 2023: KD 18,024,152 comprising of 180,241,517 shares of 100 fils each) paid in cash.

Dividend

The Annual General Assembly meeting held on 18 April 2024 approved the distribution of cash dividend of 30 fils per share amounting to KD 5,407,202 to the registered shareholders as on 15 May 2024 for the year ended 31 December 2023 (KD 3,604,830 for the year ended 31 December 2022).

Proposed dividend

The Board of Directors, subject to the approval of the shareholders, have recommended cash dividend of 35 fils per share to the registered shareholders as of the date of the Annual General Assembly Meeting. The consolidated financial statements have not been adjusted to reflect this as they are subject to the approval of the shareholders in the Annual General Assembly Meeting.

12. Reserves

a) Statutory reserve

In accordance with the Companies Law No. 1 of 2016 and the Parent Company's Articles of Association, as amended, 10% of the net profit for the year has been transferred to statutory reserve. The Board of Directors may resolve to discontinue such transfers when the reserve exceeds 50% of the paid up share capital of the Parent Company. The statutory reserve can be utilized only for distribution of a maximum dividend of up to 5% in years when the retained earnings are inadequate for this purpose. The Annual General Assembly meeting held on 14 April 2022 approved to discontinue the transfer to the statutory reserve as it exceeds 50% of the paid-up share capital of the Parent Company.

b) General reserve

In accordance with the Parent Company's Articles of Association, as amended, 10% of the profit for the year before deductions may be transferred to general reserve. The Parent company may resolve to discontinue such annual transfers by resolution of the shareholders' upon a recommendation by the Board. The Board has proposed the transfer of 10% of the net profit to general reserve for the year 2023 (2022: 10%).

c) Foreign currency translation reserve

Foreign currency translation reserve mainly represents foreign exchange translation arising from Branch in Kingdom of Saudi Arabia and HEISCO Engineering India Private Limited.

13. Post employment benefits

The Group provides for an end of service benefit for its employees based on employment contracts and the Kuwait Labour Law.

Movements in the post employment benefits are as follows:

	Kuwaiti Dinars	
	2024	**2023**
As at 1 January	19,752,216	18,203,489
Provision during the year	4,899,366	3,958,323
Paid during the year	(6,144,176)	(2,409,596)
As at 31 December	18,507,406	19,752,216

14. Due to banks

	Kuwaiti Dinars	
	2024	**2023**
Current		
Term loans	1,598,000	1,050,000
Advance against promissory notes	1,559,399	2,222,982
Wakala payable	9,980,000	9,000,000
Bank overdrafts	25,906,676	12,137,890
	39,044,075	24,410,872
Non-current		
Term loans	364,163	964,163
Wakala payable	1,540,000	-
	1,904,163	964,163
Total due to banks	40,948,238	25,375,035

Term loans

Term loans represent Kuwait Dinar facilities amounting to 1,962,163 as at 31 December 2024 (31 December 2023: KD 2,014,163) from local banks. The effective rate of interest of these term loans as at 31 December 2024 is 4.67% (31 December 2023: 5.41%) per annum.

Advance against promissory notes

Advance against promissory notes represents Kuwaiti Dinar facilities from local commercial banks. The effective interest rates on these facilities as at 31 December 2024 was 5.50% (31 December 2023: 5.50%) per annum.

Bank overdrafts

Bank overdrafts are denominated in Kuwaiti Dinars. The effective rate of interest as at 31 December 2024 is 5.96% per annum (2023: 6.21%). The fair values of term loans, advance against promissory notes and bank overdrafts equal their carrying amounts as they bear interest rates which, approximate the current rates in the market.

Wakala payables

Wakala payables represent Kuwaiti Dinar credit facilities granted by a local Islamic bank. Wakala payable amounting to KD 11,520,000 (31 December 2023: KD 9,000,000) represents working capital facilities granted by a local Islamic bank. The effective cost of wakala payables as of 31 December 2024 was 5.01% to 5.25% (31 December 2023: 5.01% to 5.14%) per annum.

The fair value of wakala payables equals its carrying amount as they bear costs which, approximate the current rates in the market.

15. Contract liabilities

This represents billing to customers in excess of revenue recognised to the date according to the completion method.

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16. Trade and other payables

	Kuwaiti Dinars	
	2024	**2023**
Current		
Advances from customers	23,901,920	24,763,318
Subcontractor payables	11,718,867	10,642,902
Trade payables	9,251,698	6,498,067
Due to employees	6,877,124	6,878,518
Retention payables	2,887,568	3,029,883
Dividend payables	542,854	485,333
Kuwait Foundation for Advancement of Sciences payable	51,823	65,128
National Labour Support tax payable	216,042	212,562
Zakat payable	35,504	85,025
Other payables and accruals	7,959,426	8,118,516
	63,442,826	60,779,252
Non-current		
Retention payables	993,161	1,321,108
Trade payables	108,945	544,735
	1,102,106	1,865,843
Total	64,544,932	62,645,095

The carrying amount of account payables approximately equal their fair value.

The carrying amount of the Group's trade and other payables are denominated in the following currencies represented in equivalent Kuwaiti Dinars:

	Kuwaiti Dinars	
	2024	**2023**
Kuwaiti dinars	56,359,596	58,646,351
US dollars	195,495	1,526,788
Saudi Riyals	6,853,521	881,838
Euros	997,653	1,325,218
Other currencies	138,667	264,900
	64,544,932	62,645,095

17. Revenue

	Kuwaiti Dinars	
	2024	**2023**
Industrial, oil and gas	126,316,229	120,041,654
Shipyard	8,374,511	9,430,189
Offshore	28,456,681	17,406,023
	163,147,421	146,877,866

The total revenue disaggregated into three major operating divisions as disclosed in note 24 are Industrial, oil and gas; Shipyard and Offshore. Revenue is recognised point over time except for revenue from trading amounting to KD 3,547,683 (2023: KD 3,772,130) included in Industrial, oil and gas. Revenue from trading is recognised point in time.

The transaction price allocated to not yet fulfilled performance obligations (backlog) at 31 December 2024 are KD 603,067,940 (2023: KD 456,421,968).

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18. Cost of revenue

	Kuwaiti Dinars	
	2024	**2023**
Materials	36,804,675	32,900,824
Manpower cost	74,367,478	70,291,752
Subcontracting expenses	15,757,293	14,521,939
Equipment hire	7,839,587	5,731,707
Lease rent	2,543,864	2,322,780
Insurance and maintenance	1,909,675	1,801,111
Depreciation	4,763,245	4,238,537
Bank charges	1,235,558	1,096,159
Others	2,517,651	2,340,264
	147,739,026	135,245,073

19. General and administrative expenses

	Kuwaiti Dinars	
	2024	**2023**
Staff costs	4,104,218	3,556,409
Rent	304,889	290,236
Depreciation	45,127	45,529
Others	218,411	179,982
	4,672,645	4,072,156

20. Investment income

	Kuwaiti Dinars	
	2024	**2023**
Cash dividends received	119,814	119,814
Management fees paid	(2,043)	(2,244)
	117,771	117,570

21. Finance cost

	Kuwaiti Dinars	
	2024	**2023**
Due to bank	1,785,240	1,694,421
Others	79,430	140,243
	1,864,670	1,834,664

22. Earnings per share

Earnings per share represent net profit for the year divided by the weighted average number of ordinary shares outstanding during the year as follows:

	Kuwaiti Dinars	
	2024	**2023**
Net profit for the year	9,073,464	7,110,052
Weighted average number of outstanding ordinary shares during the year	180,241,517	180,241,517
Basic and diluted earnings per share (fils)	50.34	39.45

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23. Related party transactions

The Group has entered into transactions with related parties on terms approved by management. Transactions and balances with related parties (in addition to those disclosed in other notes) are as follows:

	Kuwaiti Dinars	
	2024	**2023**
Related Party Transactions:		
Cost of revenue	263,237	322,025
General and administrative expenses	-	49,992
Finance cost	-	407,190
Key management compensation		
Salaries and other short term employee benefits	188,592	186,785
Post employment benefits	16,253	17,558
Other benefits	495,663	429,924
	963,745	1,413,474
Related Party Balances:		
Cash and bank balances	-	140,000
Trade and other payables	28,487	33,561
Due to banks	-	7,481,335
Post employment benefits payable	194,612	178,356
Other benefits payable	49,893	35,042
Letters of guarantees	-	16,198,965
Letters of credit	-	3,576,917
	272,992	27,644,176

On 5 March 2025, the Board of Directors proposed BOD remunerations amounting to KD 115,000 for year 2024 (KD 115,000 for year 2023). This proposal is subject to the approval of the shareholders of the Parent Company in the ordinary general assembly.

24. Business segments

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 "Operating Segments". IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the "Executive management" who are the Chief Operating decision-makers in order to allocate resources to the segment and to assess its performance. The Group CEO is identified as a chief operating decision maker for the Group.

The management of the Group assessed the Group into three key business units; Industrial, Oil & Gas, Shipyard and offshore. These businesses are the basis on which the Group reports its primary segment information to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. The Industrial, Oil & Gas primarily engages in the industrial and oil & gas construction, electrical and mechanical works, maintenance, and labour supply all other work intended to be performed for, and/or for clients in the industries of oil and gas. The Shipyard segment is related to the maintenance and engineering activities to ships and offshore segment is involved dredging activities. The above segments are the basis on which the Group reports its segment information. Transactions between segments are conducted at estimated market rates on an arm's length basis and eliminated on consolidation

24. Business segments (Continued)

All operations are conducted within Kuwait. Financial information about business segments is presented below:

	Kuwaiti Dinars 000's							
	Industrial, Oil & Gas		Shipyard		Offshore		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Segment revenue	126,316	120,042	8,375	9,430	28,456	17,406	163,147	146,878
Segment gross profit/(loss)	10,329	10,448	(214)	100	5,293	1,024	15,408	11,572
Unallocated income							1,094	1,861
Unallocated expenses							(7,427)	(6,323)
Profit for the year							9,075	7,110
Assets								
Property, plant and equipment	45,505	42,645	14,640	14,032	8,375	6,895	68,520	63,572
Unallocated property, plant and equipment							8,552	8,829
							77,072	72,401
Other assets	94,427	80,518	8,293	8,307	19,515	15,877	122,235	104,702
Unallocated other assets							5,304	6,741
							127,539	111,443
Total assets							204,611	183,844
Liabilities	62,572	59,143	5,268	5,723	10,560	11,436	78,400	76,302
Unallocated liabilities							48,641	33,509
Total liabilities							127,041	109,811
Capital expenditure	6,997	2,252	405	7,214	2,018	3,482	9,420	12,948
Unallocated capital expenditure							285	365
							9,705	13,313
Depreciation	3,110	2,896	873	702	531	440	4,514	4,038
Unallocated depreciation							294	246
							4,808	4,284

25. Annual general meeting

The Annual General Assembly meeting held on 18 April 2024 approved the consolidated financial statements for the year ended 31 December 2023 in addition to the followings:

- Distribution of cash dividend of 30 fils per share amounting to KD 5,407,202 (2022: cash dividend of 20 fils per share amounting to KD 3,604,830) to the eligible shareholders on 15 May 2024.
- Board of Director's remuneration amounted to KD 115,000.

26. Interest in the Joint operation

The financial statements include the following items that represent the Group's interest in the Joint operations.

	Kuwaiti Dinars	
	2024	**2023**
Assets		
Equipment	638	2,462
Contract assets	92,668	802,845
Trade and other receivables	3,181,755	629,148
Cash and bank balances	933,866	1,652,625
	4,208,927	3,087,080
Liabilities		
Trade and other payables	1,915,228	2,673,714
	1,915,228	2,673,714
Net assets	2,293,699	413,366
Net income for the year	1,880,333	413,366
Others		
Proportionate share in joint capital commitments	1,462,410	1,462,410

27. Contingent liabilities and commitments

	Kuwaiti Dinars	
	2024	**2023**
Contingent liabilities		
Letter of guarantees	112,408,330	94,178,344
Commitments		
Letter of credit	14,472,849	14,151,664

HEISCO AT A GLANCE

Oil & Gas Operations

HEISCO AT A GLANCE

HEISCO, formerly known as Kuwait Shipbuilding & Repairyard Co. (KSRC), was established in 1974, focusing on the shipping and maritime industry. In 2003, the company was officially renamed "Heavy Engineering Industries & Shipbuilding Co. K.S.C."

Heavy Engineering Industries & Shipbuilding Co. K.S.C. (Public), [HEISCO], is a leading Engineering, Procurement and Construction (EPC) contracting company in the State of Kuwait, catering to oil & gas, refineries, petrochemicals, power, distillation and desalination, shipbuilding, ship repair, dredging, and marine construction sectors. HEISCO delivers diversified services to the industry with civil, mechanical, electrical and instrumentation constructions, maintenance, fabrication, galvanizing, shipyard services and onshore & offshore operations.

HEISCO is a Kuwaiti Shareholding Company listed on the Premier Market of the Kuwait Stock Exchange. The "Premier Market" is the flagship of the Boursa Kuwait Markets, targeting companies with high market capitalization based on performance and trading activities throughout the year.

HEISCO's commitment to its clients is proven by its quality, health and safety, and environmental certifications. HEISCO's Quality Management System is ISO 9001:2015 certified, the Occupational Health & Safety Management System is ISO 45001:2018 certified, and the Environmental Management System is ISO 14001:2015 certified.

HEISCO has achieved a significant milestone in its strategic expansion by declaring a 75% stake acquisition in Gulf Sky Factory (GSF) in Saudi Arabia. Once the process is finalized, it will enhance its fabrication capabilities and broaden its operational footprint in the region.The company's dedication to meeting the highest industry standards is evident in securing approvals from Saudi Aramco, Saudi Electricity Company, SABIC, NEOM, Red Sea, and the National Water Company (NWC) in Saudi Arabia. Additionally, HEISCO has obtained approvals from Qatar Energy in the state of Qatar, and BAPCO in the Kingdom of Bahrain.

To strengthen company's engineering and design capabilities in support of its expanding business activities and to better serve clients across the region, HEISCO has established a subsidiary, HEISCO Engineering India Pvt. Ltd., headquartered in Chennai, Tamilnadu, India.

Fields of Activity:

- Shipyard Operations
- Oil & Gas Construction Operations
- Industrial Maintenance Operations
- Fabrication Operations
- Trading Operations
- Quality Control & Testing Services
- Testing & Calibration Lab
- Scaffolding Services
- Galvanizing Plant
- Onshore and Offshore Operations
- Technical Specialized Manpower Supply
- Design and Engineering Services

Subsidiaries:

- Gulf Dredging & General Contracting Co. K.S.C. (Closed).
- HEISCO for Technical Specialized Manpower Supply Co. W.L.L.
- HEISCO Engineering India Pvt. Ltd. (India).
- Gulf Sky Factory (Kingdom of Saudi Arabia).

Oil & Gas Construction

Oil & Gas Construction Operations was established in 1982 with a view to expanding and diversifying HEISCO's activities into the oil & gas, petrochemical, power, and water desalination sectors. The Company has strong industry experience and provides a wide range of services to regional and international clients with particular emphasis on expertise, experience, capabilities, and quality across all engineering and management functions.

Activities in brief:

Mechanical Operations

Flowlines

Flowlines

HEISCO executes its works from field survey and site investigation to the installation of flowlines and commissioning. It performs planning, procurement, supply of materials, supervision, fabrication, inspection, and testing for the flowlines and pipelines of carbon steels and RTP, the extension of headers/manifolds and construction of new remote manifolds with all associated civil works.

Pipelines

Flow Pipelines

HEISCO has an extensive experience in the Engineering, Procurement and Construction of pipeline projects in Kuwait, with safety as an important cornerstone. The Company is an expert in large-diameter and cross-country pipeline constructions and executed a number of such pipeline projects of various sizes and lengths in Kuwait.

The Company has successfully completed a subcontract for the Low Sulphur Fuel Oil (LSFO) project, having 200 km of pipeline with a diameter of 48" and 600 km of pipeline with a diameter of various sizes up to 56" for Kuwait Oil Company.

Similarly, HEISCO has also successfully completed a contract of Engineering, Procurement, Construction and Commissioning of Heavy Fuel Oil Pipelines having 120 km of 20" diameter pipelines in two parallel lines laid from Mina Ahmadi Refinery Pumping Station to Doha Power Station for the Ministry of Electricity & Water and Renewable Energy.

Plants

Plants Skids

HEISCO has strong capabilities to execute major plant construction projects. With highly qualified, experienced, and skilled manpower and a large fleet of construction equipment, HEISCO successfully carried out construction activities from concept to commissioning, committing to high-quality standards and efficiency. The Company has a thriving track record of working under extreme environmental conditions to execute projects focusing on employees' health and safety and environmental protection and offers multidisciplinary services. HEISCO's best-in-class execution practices, along with its proficiency, ensure on-time delivery within the estimated budget.

The services involve project management, construction management, site preparation, temporary facilities, civil construction works, piping and structural fabrication, mechanical construction works, electrical and instrumentation works, start-up, commissioning assistance, etc. HEISCO is classed as Category 1 for Mechanical works by the Central Agency for Public Tenders.

Civil Operations

Civil Works

Civil construction is crucial to a project's success. HEISCO offers years of extensive experience in civil construction and development. Its professional civil construction team along with dedicated technologies and equipment deals with the design, construction and maintenance of Industrial civil construction and infrastructure.

The civil work ranges from excavation, backfilling, soil remediation, and trenching to advanced soil stabilization techniques, road and asphalt works, construction of all kinds of buildings for control rooms, including the blast and earthquake resistant building, sub-stations, process and utility stations, construction of various types of foundations for static and rotary equipment, pipe rack and pipe supports and fabrication and installation of equipment platforms.

HEISCO is classed as Category 1 for Buildings works by the Central Agency for Public Tenders.

Electrical & Instrumentation Operations

Electrical & Instrumentation Operations

HEISCO is a distinguished leader in Electrical, Instrumentation, and Telecommunication services, delivering an extensive array of specialized solutions. Its commitment encompasses a broad spectrum of services, including engineering, construction, calibration, cathodic protection, wellhead automation and related Electrical and Instrumentation works, testing, pre-commissioning, commissioning, maintenance, etc., catering to critical sectors such as oil and gas construction, operation and maintenance, and marine and power projects, as a comprehensive EPC service provider. HEISCO's offerings are indispensable in ensuring seamless project execution and operational excellence.

The electrical and instrumentation division is led by a cadre of highly qualified professionals and boasts an unparalleled wealth of experience in overseeing substantial construction projects in various sectors. The team operates with precision and efficiency, harnessing the capabilities of HEISCO's state-of-the-art facilities, equipped with sophisticated instruments, cutting-edge equipment, and advanced tools.

HEISCO's comprehensive services cover the entire project lifecycle, spanning engineering and construction, calibration and testing, pre-commissioning, commissioning, maintenance, and Troubleshooting. It brings tailored solutions prioritizing safety and efficiency, focusing on industry-specific needs in construction support, operation and maintenance, oil and gas, and power projects. HEISCO is committed to delivering high-quality work with precision, supported by world-class facilities and sophisticated instruments. HEISCO's Electrical and Instrumentation Operation embodies a commitment to excellence, leveraging extensive expertise and cutting-edge facilities to deliver services that surpass industry standards across diverse projects and sectors.HEISCO is classed as Category 2 for Electrical works by the Central Agency for Public Tenders.

Tanks Operations

Tanks Operations

With decades of experience in manufacturing and successful installations of storage tanks, HEISCO is capable of accomplishing EPC works of large diameter tanks with complex process-internals and structures, including process designing of internals and their successful installation at project sites. Presently, HEISCO is the only Kuwaiti company approved by KPC-CPQ for EPC of mega storage tanks with a capacity exceeding 500,000 barrels.

HEISCO is the first Kuwaiti company that built the largest tank ever constructed by a local company in Kuwait. A storage tank of 64.8 meter in diameter and 19.5 meter in height has been constructed for the Lower Fars Heavy Oil Development Program Phase-1 project in South Tank Farm with the main contractor for Kuwait Oil Company.

The storage tank team is currently involved in the maintenance of largest storage tank of diameter of 91.8 at KOC facilities.

The Company has the complete in-house facilities for full turnkey projects from design, detailed engineering, procurement, and fabrication of tanks to site erection, installation of interconnecting pipework, electrical and instrumentation, painting, lining, and coating, including pre-commissioning and commissioning. The international standard codes followed are API 650, API 620, or equivalent standards with all associated standards of AWS A.I, ASME IX etc. and some specific standards such as Swedish Sa for surface preparation and SPCC specifications for painting, coating, or lining.

HEISCO successfully completed the erection of two aluminium domes weighing 133 tons each at the Sulphur Granulation and Conveying Unit (K-037) for Kuwait Integrated Petroleum Industries Company (KIPIC). The domes were installed on top of two tanks having a diameter of 86.5 meter each. We accomplished the task with the support of three man-lifts with a height of 58.4 meter. This work was the first of its kind in Kuwait.

Industrial Maintenance

Industrial Maintenance

HEISCO's Industrial Maintenance Operations (IMO) is recognized as one of the main providers of value-added services to prestigious clients such as KOC, KNPC, MEWRE, EQUATE, JO, KGOC, and PIC. The Industrial Maintenance team has vast experience, expertise, and proficiency in complete industrial services. IMO has carved out a distinct identity as a provider of technical support and solutions with the highest quality and safety standards in value proposition.

Maintenance Operations

Maintenance Operations

HEISCO's capabilities include of executing maintenance of oilfield upstream facilities, long-term refinery maintenance contracts in downstream industries, upgrade of the complete fuel system in power plants, machining and re-blading of 300 MW HIP & LP rotors, dynamic balancing, rewinding of power plant generators, nozzle blocks replacement, maintenance and troubleshooting of rotary equipment, static equipment, shell & tube and plate type heat exchangers, fin fan coolers, filters, compressors, repairing and reconditioning of all kinds of valves, overhauling of heavy-duty engines, reconditioning of engine components, repairing of heavy-duty radiators, rehabilitation of industrial boilers and special machining of critical components by using CNC machinery. In synergy with group partners, HEISCO has also executed marine maintenance projects.

The Company also undertakes complete plant shutdowns and unit shutdowns on a turnkey basis, steam and gas turbine power plant modernization and rehabilitation projects with internally renowned OEM's, Manufacturing ASME standard pressure vessels, separators, shell & tube heat exchangers, columns, and towers. Additionally, Industrial Maintenance Operations has also involved in the supply of professional, technical, and administrative manpower to KNPC, KIPIC, EQUATE and KJO. In an industry that demands a quick response, HEISCO's experienced team is available 24/7 and ensures safe, efficient, and quality services coupled with cost-effective measures.

Power Plant Operations


Power Plant Operations

With extensive experience in operation and maintenance of power plants and with a wide range of equipment, HEISCO executes complete onsite maintenance of power stations necessary to run a power plant in a safe, reliable, compliant, efficient and most economical manner.

Services under Power Plant Operations are annual shutdown works for boilers, chemical cleaning operations, major overhauling of steam turbines, rehabilitation of steam turbines and gas turbines, boiler combustion efficiency improvements, mechanical, electrical, instrumentation and control systems, maintenance of water distillation units, re-carbonation plant, fuel oil pumping station, compressors, pumps, distillation and intake facilities, ID/FD/GR fans and blowers, maintenance and re-tubing of plate type and shell & tube type heat exchangers and fin fan coolers, condensers, oil and air coolers, etc.

HEISCO has a comprehensive in-house maintenance workshop facility equipped with the most modern machinery. A state-of-the-art heavy machinery workshop has been built to deal with heavy rotating machinery components such as turbine parts. The CNC vertical turning lathe and 5 Axis CNC horizontal boring machines installed in the workshop have the highest capacity of its kind in the Middle East region.

Fabrication Operations


Fabrication Operations

HEISCO is dedicated to expanding and enhancing the quality and efficiency of its existing business units by consistently upgrading the fabrication facilities to offer its clients enhanced services.

Highlights:

- The only Kuwaiti company approved as the manufacturer of indirect type Oil-fired Heaters
- We possess extensive design and engineering expertise, supported by advanced software tools such as BRICSCAD and GStarCAD for 2D Drafting, WRENCH (EDMS Package), Aveva E3D, STAAD-PRO, MAT 3D, HILTI - Profis Engineering, Tekla, ETAP, HAP, Intools, Nozzle Pro, AME Tank (unlimited), Caesar II, CADWorx Plant Professional Standard, CADWorx Plant and P&ID Professional

Standard, PIPENET (Standard & Spray/Sprinkler), DIALUX, Pipenet Transient Module, Compress, PV Elite & Codecalc, Gstar, TEKLA Structures-Steel, LANTEK Expert Cut II Plus, Cut Logic 1D, Peddinghaus Shop Data / Raptor - Peddinghaus Software, Iso-Builder Piping K7, RAMP Piping, Joint Check Piping, Pipe Cut, PipeLabelPrinter, and Spool Finder. Additionally, we are in the process of acquiring the latest versions of UNISIM, Linda Flow, ASPEN HYSYS, Pipe Sim, Olga, E3D Aveva, and BIM (Building Information Modeling) software to further enhance our capabilities.

- Independent in-house NDE and Material Testing Facility.

In addition to Quality Management System Certification of ISO 9001:2015, Environmental Management System Certification of ISO 14001:2015 and Occupational Health and Safety Management System Certification of ISO 45001:2018 standards, the workshops facilities are certified by the American Society of Mechanical Engineers (ASME) and the National Board of Boiler and Pressure Vessel Inspectors. HEISCO is authorized to put the U, U2, S, PP and NB R stamps to its products and the API Monograms for separators (API 12J-0016)

The Power Boilers/parts, Pressure Vessels/parts and Power piping are constructed in accordance with ASME Boiler and Pressure Vessel Code Section I, VIII Division 1/2 and ASME B31.1 respectively. Items meeting all the requirements of the ASME Boiler and Pressure Vessel construction Code are stamped with ASME Certification Mark and relevant ASME Certification Designators S / U / U2 / PP as applicable. Pressure retaining items that are repaired/altered/re-rated in accordance with National Board Inspection Code are marked with R Stamp.

The company offers an array of products such as specialized pressure vessels, industrial modular structures, process equipment including skid packages, separators, desalters, scraper traps/pig launchers and receivers, heaters, reactors, power boilers, column and towers, shell and tube heat exchangers, shop fabricated tanks, prefabricated pipe spools, etc. HEISCO is the first Kuwaiti company to have a fully automated piping spool fabrication system in Kuwait. It has dedicated facilities for the fabrication of large, prefabricated pipe spools for mega projects. With the recent strategic acquisition of Gulf Sky Factory (GSF) in Saudi Arabia, the fabrication capabilities significantly strengthened within the region.

Trading Operations

Trading Operations

HEISCO's dynamic sales & marketing team is responsible for promoting and marketing the products, equipment, and services of leading international companies to the local marine industry, oil & gas, power and water desalination sectors. HEISCO offers its customers an unrivalled service, technical competence and after-sales services.

Under the trading operations, HEISCO promotes a variety of industrial products and the interests of sponsorship for recognized international EPC contractors in Kuwait, including pre-commissioning services.

Some of the products promoted by HEISCO are Boiler and turbine spares, SMLS pipes (line pipes and flow pipes), casing and tubing, valves (ball, gate, globe and check), RTP pipes and fittings, steel abrasives (steel grits and shots), blasting and painting equipment, welding equipment and gas detection instruments, coating and NDT instruments, NDT inspection equipment for tanks, pipes and vessels, hot tapping, leak sealing, composite pipe repair and nozzle testing, wellhead Christmas tree, SSV and a complete range of drilling and wellhead equipment.

Quality Control & Testing Services

Quality Control and Testing

HEISCO's top management is committed to providing Quality Services to its customers. HEISCO has developed and implemented a robust Quality Management System to ensure the best business practices, meeting customer expectations. This system also strives to improve the effectiveness of the overall management of its various operations. The Quality Management System is certified to comply with ISO 9001:2015 standards.

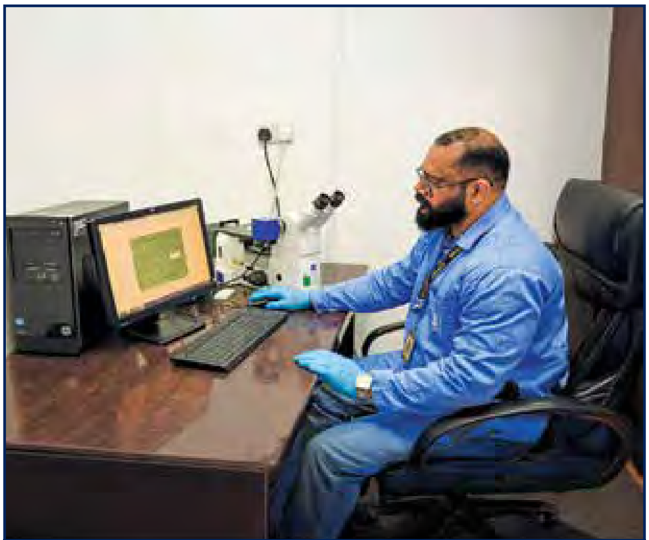
HEISCO has an independent QA&QC department that ensures the uncompromised quality of services to customers, meeting their expectations. The operations are supported by an exclusive QA&QC team guided by the Corporate QA&QC department. HEISCO holds certifications from international entities such as ASME and API, demonstrating the quality of its products.

The company is equipped to provide a wide array of Testing & Calibration Services with high accuracy, facilitated by its accredited Testing & Calibration Laboratory complying with ISO 17025 requirements. HEISCO also provides to Non-Destructive Testing (NDT), Heat Treatment, and Third-Party inspection services to its customers with high-quality standards.

Testing & Calibration Laboratory

HEISCO's Testing & Calibration Laboratory, initially established to provide in-house testing & calibration services, grew rapidly to cater its services to external customers for oil & gas, petrochemicals, infrastructure, electrical, power and water sectors. The laboratory has the capability to provide a wide range of competitive and comprehensive testing and calibration services for in-house, on-site and third party inspection for specialized instruments. It has a highly qualified and trained professional team to perform the Testing & Calibration services with high quality, accuracy, and reliability to various in-house projects/external customers.

The laboratory is ISO 9001:2015 certified and accredited for technical competence in the fields of calibration and mechanical testing in accordance with the international standard ISO/IEC 17025:2017 by the American Association for Laboratory Accreditation (A2LA).



Testing & Calibration Laboratory

Scaffolding Services

Scaffolding Services

HEISCO's Scaffolding Unit caters to the scaffolding requirements of a variety of projects. Our Scaffolding team is aware of the clients' expectations and confident how to achieve satisfaction, trust, and reliability of our customers in terms of quality, safety and time. We believe that safety is our highest commitment. We have a clean record and high rating in providing Scaffolding Services. Our scaffolding protects our people by providing the safest platform to work with both hands free.

Our scaffolding materials adhere to international standards and have been tested and certified by reputable third parties. To ensure safe transportation, we utilize specialized self-loading heavy trailers. All members of our scaffolding workforce are professionally trained and certified by approved third-party institutions. We have successfully installed 1,000,000 cubic meters of scaffolding structures across various projects in Kuwait and 85,000 cubic meters for KSA Aramco projects. Additionally, we maintain a standby inventory of 200,000 cubic meters of scaffolding materials at our warehouse.

Galvanizing Plant

HEISCO has a state-of-the-art Galvanization plant located in Shuaiba industrial area, Kuwait. The plant caters to the requirements of its various clients and customers for oil & gas, petrochemicals, infrastructure, electrical, power and water sectors. Furthermore, it is highly automated and has the lowest emissions of any hot-dip galvanizing plants in Kuwait.

Galvanization is one of the best forms of corrosion protection. It is the process of applying a protective zinc coating to steel or iron to prevent corrosion. HEISCO offers hot-dip galvanizing service to a wide variety of steel components, ensuring the best service and quality possible.

With the most modern equipment and environment-friendly technology, HEISCO is capable of galvanizing steel components on a large scale. The automated material handling and processing equipment, along with a remote-controlled dipping system, deliver a consistent coating for long-life protection against corrosion.

Galvanizing Plant

Repair and Maintenance of Various Vessels for Local & International Clients

SHIPYARD OPERATIONS:

Strategically located in Shuwaikh's deep water harbor, the Shipyard is optimally situated to execute ship repair, ship refurbishment, and new construction projects at competitive rates while maintaining the highest quality standards.

HEISCO's skilled and highly trained workforce possesses the versatility to operate effectively in both marine and industrial fields.

Equipped with cutting-edge technology and strong yard management team, HEISCO offers an utterly exceptional combination of expertise, ensuring excellent quality and delivery on time.

HEISCO takes pride in its extensive portfolio of clientele, encompassing major local, regional, and international entities. As an international ship repair and shipbuilding company, HEISCO is committed to becoming a frontrunner among Middle Eastern shipyards by utilizing the latest technological advancements.

Workshops are equipped with Machines and accessories such as:

- LAYHER Scaffolding Marine Materials
- Pneumatic Paint Agitator (Air Mixer)
- Misc. Types of Vapor Abrasive Blast Equipment
- GRACO Airless Paint Spray Machine
- High Pressure Water Pump (FALCH) Trail Jet 500 Bar
- High Pressure Water Pump (FALCH) Base Jet 500 Bar
- High Pressure Water Pump (FALCH) Trail Jet 2500 Bar
- High Pressure Water Jet Unit (FALCH) 30500-30-95 D 500 Bar
- Dehumidifier Drycool Duracase Air Conditioning and Humidity Control
- Vacuum Unit with Hopper Discharge 45KW, Brand: Delfin
- Big Clem Blasting Machine, Brand: CLEMCO, VOL: 3500L

- Tig Welding Machine
- Sub Arc Welding Machine
- Portable Plasma Cutting Machine
- Auto Bevel Cutting Machine
- Diesel Welding Generator
- Cable Tags Portable Embossing Machine
- Refrigerator System Analyzer
- Ajax Centre Lathe Machine 10m Length
- Shaft Straightness Machine 10000 Psi
- Laser Shaft Alignment Machine
- Machine Condition Advisor Machine
- Stick Plasma And Mig Welding Machines With Wire Feeder
- Steel-Grit Abrasive Closed Blasting Room
- Down-Draft Dry-Type Closed Paint Booth
- CNC Plasma / Oxy-Acetylene Plate Cutting Machine
- Electronic Power Frequency Converter 60Hz / 440V
- Oil Filtration & Flushing System
- SCHENCK Propeller & Rotor Balancing Machine (HM40U 3 Tons)
- Resistive Load Bank 1000Kw, 440V/3ph, 50/60Hz with handheld control

Floating Dock

- Carpentry Workshop equipped with Sliding Table Panel Saw, Band Saw, Table Saw. Multi Planer, Wood Turner Machine and Hydraulic Press Machine
- Trail Jet 125 2500-26-0-D (High Pressure Water Jet Unit 2500 Bar)
- Trail Jet 30 500-30-0-D (High Pressure Water Jet Unit 500 Bar)
- WIWA Mortal Pump Model # 60012 – For Deck Application of Non-skid
- Digital Laser Coupling Alignment Machine SKF Type
- Horizontal Boring Machine (Keearns) 1200mm Table Traveling up to 6 Tons Weight
- Knuth 3 Rolls Motorized Plate Rolling Machine
- Bakker Ridderkerk 300 Tons Double Column Press Hydraulic
- Airless Paint Spray Machine
- Bulk Abrasive Blasting Machine 120 Cu. ft.
- Diaphragm Pump Model S20 and S30 Metallic
- Ingersoll and Diaphragm Pump
- Pitchometer for Marine Propellers Range Angle 360°, Range Radius 750mm, Max. Dia 1400mm Height: 450mm

Shipyard Facilities:

- Syncrolift accommodates vessels up to 5,000 ton dwt.
- 7 Repair Bays, length from 90 to 130 meters, linked by a transfer system.
- 5 Cranes, 10 to 30 tons, cover the yard areas.
- 5 Berths, ranging from 90 meters to 230 meters with cranes.
- Floating dry dock, length 190 meters, width 32 meters, caters for vessels up to 35,000 ton dwt.

Aerial Overview of Shipyard

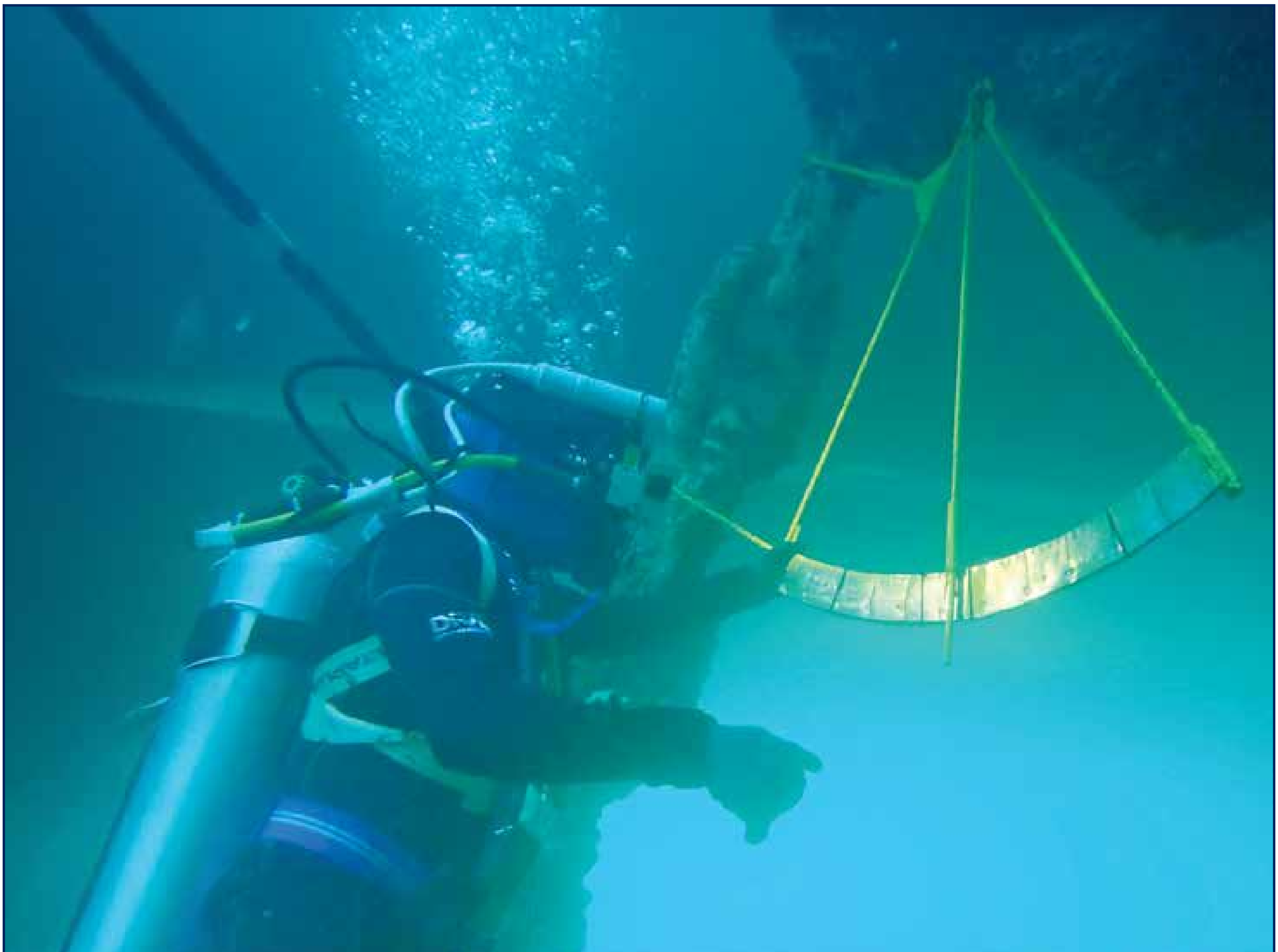
Shipyard Services:

The shipyard provides a wide range of services, including but not limited to:

- Afloat repairs.
- Modification and conversion of vessels.
- Shipbuilding of specialized vessels.
- Steel and Aluminum Construction.
- Repair, testing, calibration of equipment and machinery.
- Jet Propulsion, Repair / Overhauling.
- Diesel Engines Overhauls
- Ship Refurbishment.
- SPMs refurbishment & building.
- Agent for International Marine Equipment and Devices Vendors.

Underwater and Diving services following the International Marine Contractors Association (IMCA) standards. The services include but not limited to:

- Underwater inspection & survey.
- Underwater cleaning.
- Underwater permanent/temporary repairs.
- Underwater cutting/welding.
- Offshore and Professional Diving Services.
- CALM Buoys Operation and Maintenance.
- Fleet Crewing and Operations in Various Sectors.



Professional Diving Services - Chain Angle Measurement

GULF DREDGING & GENERAL CONTRACTING CO. K.S.C (Closed)

Gulf Dredging & General Contracting Company K.S.C (Closed) [Gulf Dredging] was formed in 1975 as a Joint Shareholding Company between the Government of Kuwait and Ballast Nedam Company of the Netherlands to cater to the growing requirement of dredging in and around Kuwait. Initially focusing on dredging with Backhoe Dredger and Allied equipment, the Company focused on the Capital Dredging Projects in Kuwait. Later in 1980, the Company diversified into other areas of Marine Construction.

After the privatization by the Government of Kuwait, Gulf Dredging became a subsidiary of the Heavy Engineering Industries & Shipbuilding Co. K.S.C (Public) – (HEISCO). In 1999, the Gulf Dredging Management established a civil construction division to carry out civil and infrastructure works and executed several complex projects. Since then, Gulf Dredging has been classified as a Class-I Civil Contractor by the Central Agency for Public Tenders (CAPT) of the State of Kuwait. As part of the business expansion strategy, Gulf Dredging established branches in Saudi Arabia and Iraq. The present paid-up capital of Gulf Dredging is KD 10,399,961.

Activities in Brief:

Offshore Operations:

- Dredging and Reclamation
- Construction of Ports, Harbors & Marinas
- Construction of Wharfs and Berths
- Breakwaters and Revetments
- Offshore Pipelines and Intake/Outfall Structures
- Offshore Cable Pulling Works
- Bathymetric, Hydrographic and Topographic Surveys
- Piling Works
- Marine Transportation of Bulk Cargo
- Various Maintenance Services

Work Barge for Marine Maintenance Works at Mina Al Ahmadi Refinery

Onshore Operations:

- Construction and Infrastructure Works
- Steel Structure Works
- Soil Treatment
- Dewatering
- Piling Works
- Value Engineering

Gulf Dredging has its presence in the following Countries:

- Kingdom of Saudi Arabia (Branch Office)
- Republic of Iraq (Branch Office)
- State of Qatar
- Sultanate of Oman

Certifications:

- Class-I in Civil Construction Works & Class-IV in Roads & Infrastructure works by Central Agency for Public Tenders (CAPT).
- Approved Civil & Marine Contractor with Kuwait Petroleum Corporation and its subsidiaries.
- Approved subcontractor for Seawater Intake and Outfall works by Ministry of Electricity and Water & Renewable Energy.
- Member of IMCA (International Marine Contractors Association)
- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018
- Registered with SAM (System for Award Management – Official US Government System)
- Registered with NEOM KSA
- KSA Brach is registered and approved by Saudi Aramco.
- KSA Branch is accredited to ISO 9001: 2015, ISO:45001:2018 & ISO 14001:2015 standards.

Hopper Trailing Dredger

Construction of Temporary Offloading Jetty at Ras Al Ardh Logistics Station

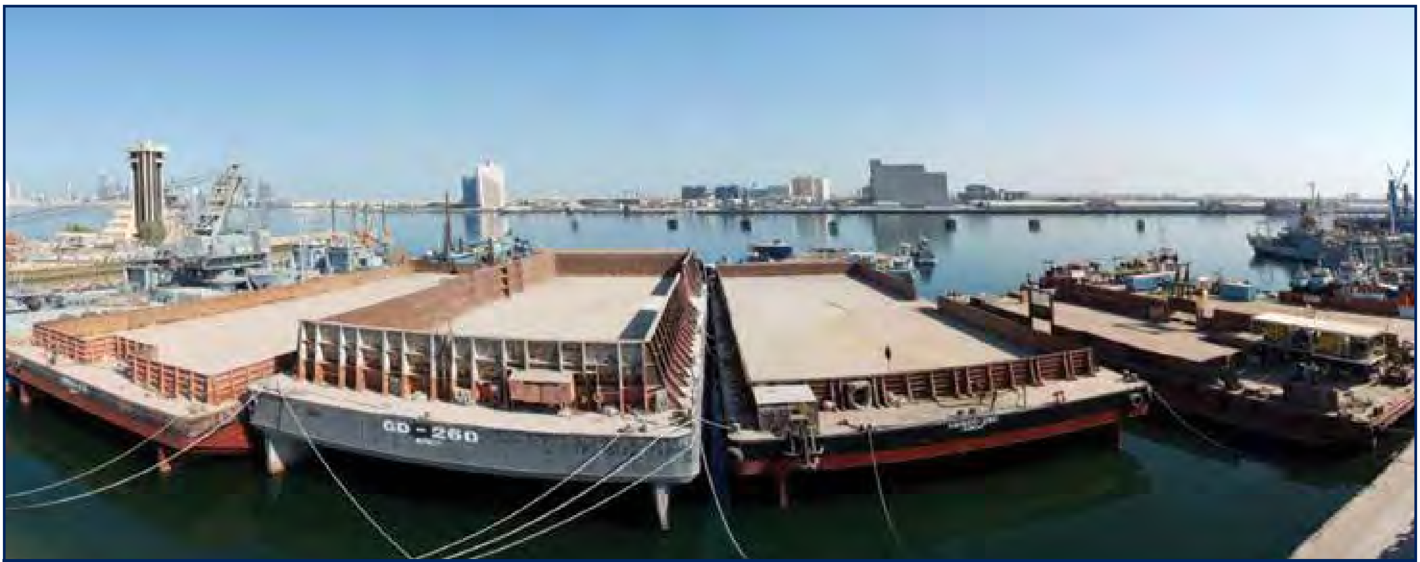
Resources

Offshore Equipment:

Gulf Dredging is well equipped with Offshore Equipment comprising of:

- Cutter Suction, Dipper and Trailor Suction Hoper Dredgers (TSHD)
- Tug Boats
- Work Boats
- Survey Boats
- Fuel Supply Boats
- Multicat Boat / 7 ton crane / fuel supply
- Jack-up Barge (Self Elevating Platform)
- Split Hopper Barges

Berthing Facilities at Shuwaikh Port



Various Barges for Bulk Cargo

- Cargo Barges (Flat Top) up to 14000 Mt
- Flat Top Barges (for Marine Construction)
- A Frame Barge for fuel supply and anchor handling
- Diving Barges
- Anchor Pontoons for Dredger Floating Pipelines
- Speed Boats

Onshore Equipment:

GD is well equipped with Land Equipment comprising of:

- Heavy Lifting Mobile & Crawler Cranes (Capacity from 50 ton to 280 tons)
- Earth Moving Equipment, Bulldozers, Wheel Loaders, Graders and Excavators
- Piling Rigs for Sheet, Concrete and Steel Tubular Piles with capacity to drive up to dia 2850 mm
- Auguring and Boring Equipment
- Dewatering Equipment

Cutter Suction Dredger

Heavy Equipment Yard

Logistics:

- Capable of Sea Bulk Cargo Transport using Barges with Capacity up to 14000 Mt.
- Capable of Land Transport using Fleet of Rock Body Trucks / Trailers.
- Loading and Offloading Facility at Shuwaikh Port.

Heavy Equipment Yard