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

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

HEISCO

48 th ANNUAL REPORT 2023

HEISCO 50 YEARS ANNIVERSARY

50 YEARS OF EXCELLENCE

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ISO 9001:2015 BUREAU VERITAS Certification

IMCA

HEISCO

بسم الله الرحمن الرحيم

Kuwait Shareholding Company (Public)
Incorporated in Kuwait under
An 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
Fax : 2483 0291
website : www.heisco.com
email : heisco@heisco.com

His Highness The Amir of Kuwait
Sheikh Meshal Al-Ahmed Al-Jaber Al-Sabah

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BOARD OF DIRECTORS

MARZOUQ NASSER MOHAMMED AL-KHARAFI
Chairman

BADR NASSER MOHAMMED AL-KHARAFI
Vice Chairman

ADNAN MUSAED KHALIFAH AL-KHARAFI
Board of Directors - Independent

HUSSEIN MORAD YOUSIF BEHBEHANI
Board of Directors

GHAZI AHMED AL ROUMI
Board of Directors

BOARD OF DIRECTORS REPORT FOR 2023

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.

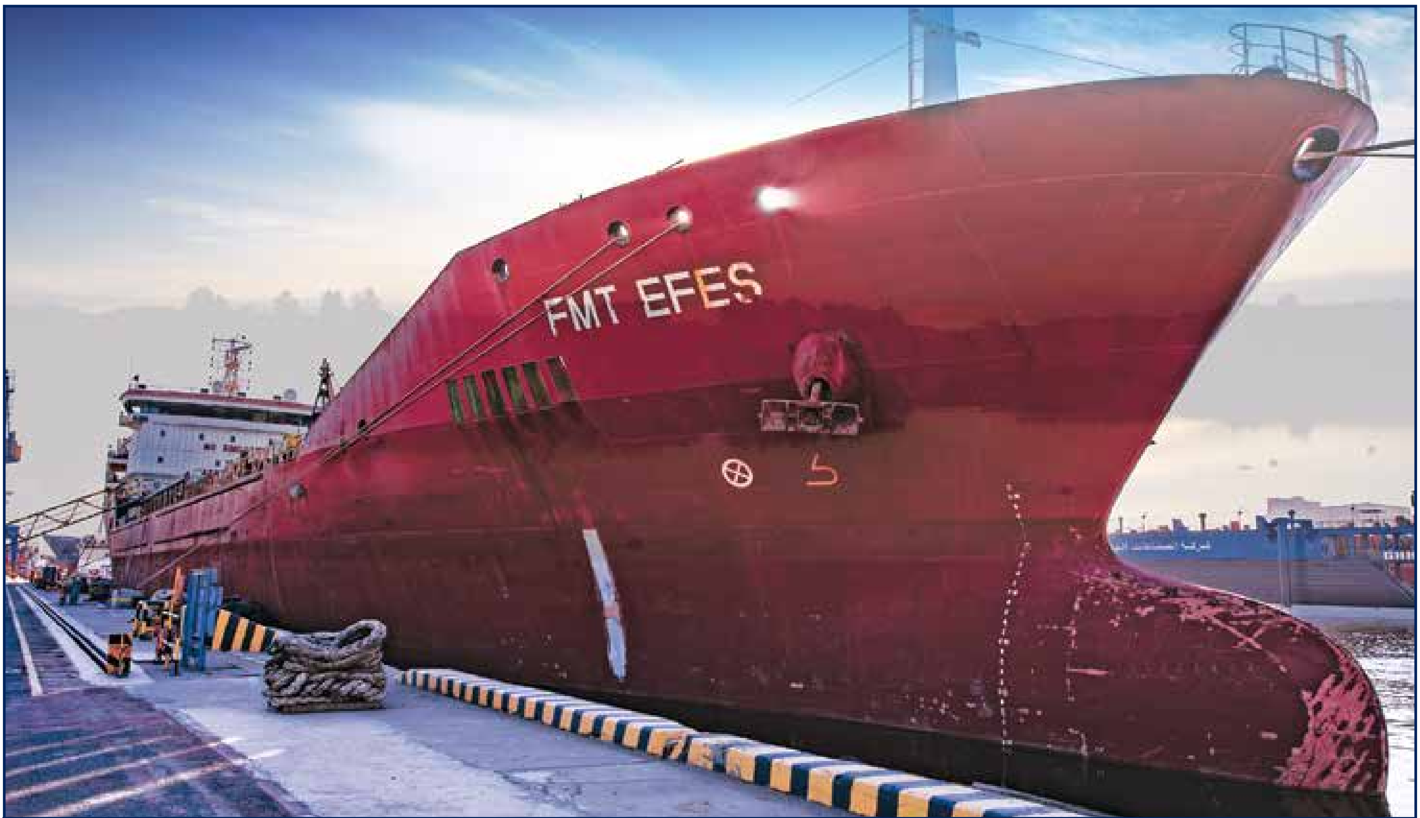
The Board of Directors is pleased to submit the 48th Annual Report which sets out the activities and performance of the Company during the Year 2023, which also contains the main indicators of the consolidated Financial Statements of Heavy Engineering Industries & Shipbuilding Company K.S.C (Public) 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 31/12/2023.

SHIPYARD OPERATIONS:

Projects Completed During the Year 2023:-

1. Dry-Docking and Repairs of various vessels 17 Nos. for Kuwait Oil Company.
2. Dry-Docking and Repairs of various vessels 2 Nos. for Kuwait Coast Guard,Ministry of Interior.
3. Dry-Docking and Repairs of various vessels 10 Nos. for Kuwait Coast Guard, Ministry of Interior.
4. Dry-Docking and Repairs of various vessels 20 Nos. for Kuwait Navy Force,Ministry of Defence.
5. Dry-Docking and Repairs of various Fire Fighting Vessels 8 Nos. for Kuwait Fire Force.
6. Dry-Docking & Afloat Repairs of various vessels (i.e. Barges, Tugs, Crew Boats, Dipper Dredger & Jack-up Barge) 13 Nos. for M/s Gulf Dredging and General Contracting Company, Kuwait.
7. Dry-Docking and General Repairs of various vessels i.e. Barges, Tugs and Crew Boats of 6 Nos. for M/s Hyundai Engineering & Construction Co. & Hyundai Engineering & Steel Industries, Kuwait.
8. Dry-Docking and Repairs of several Pleasure Boats, Yachts 9 Nos. for various Clients.

Preservation Works of Various Vessels at the Repair Bays



Alongside Repairs of Various Vessels for Local and International Clients

9. Underwater Diving Assistance for Stop Log Installation at Doha West Power Station for M/s Al-Dhow Engineering General Trading & Contracting Company,Kuwait, for the Ministry of Electricity & Water and Renewable Energy.

10. Dry-Docking and Periodic Overhaul of various vessels 2 Nos. for M/s Al-Khafji Joint Operations, KSA.

11. Dry-Docking and General Repair Works of various vessels i.e Ocean Going Tug Boat M.V. “Challenger” and Tug Boat M.V. “Response” for M/s Jawharat Al Khaleej Shipping, UAE.

12. Dry-Docking and General Repair Work of vessels Catamaran “Umm al Khair” and Ro-Ro Ferry “Obu al Khair” for IKARUS United Marine Services, Kuwait.

13. Dry-Docking and General Repair Work of M.T. “FMT EFES” for M/s SIA FMT Shipmanagement, Latvia.

14. General Repair Works of various vessels 7 Nos. for KOC vessels for M/s Grandweld Shipyard, UAE.

15. Dry-Docking and General Services of M.V. “Almostakshif” for M/s Kuwait Institute for Scientific Research,Kuwait.

16. Supply of Marine Fleet Staff for Kuwait Oil Company towards Operation, maintenance and general upkeep of Kuwait Oil Company Marine Fleet.

17. Maintenance, Installation & Supply of Spare Parts for Vessel “Beeah-1” for Environment Public Authority (EPA), Kuwait.

18. Supply of Wartsila Special Tools for Kuwait Oil Company.

Projects Ongoing During the Year 2023:-

1. Dry-Docking and Repairs of Various Vessels for Kuwait Oil Company.
2. Dry-Docking and Repairs of Various Vessels for Kuwait Fire Force.
3. Repair and Maintenance of the supporting Equipment on Navy Force Boats (Kuwait Navy), for Ministry of Defence, Kuwait (4 Years Contract).
4. Dry-Docking, Installation of new Systems and Equipment of private Yacht named Magellan, Kuwait.
5. Underwater Strainer Cleaning for Marine Maintenance Services at MAA Refinery for HEISCO Oil & Gas Operations for KNPC.
6. 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.


Underwater Propeller Polishing

7. Dry-docking and Repairs Block Agreement for KOTC Nakilat Service Boats for M/s Kuwait Oil Tanker Company, Kuwait.

8. 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).

9. Provision of Offshore Support Services for Marine Operations (For 5 years) for M/s Kuwait Oil Company, Kuwait.

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

11. Maintenance, Repair, Installation and Supply of Spare Parts for Maritime Patrol Boats, for M/s Kuwait Coast Guard, Ministry of Interior.

12. Dry-Docking and Periodic Overhaul of various vessels 2 Nos. for M/s Al-Khafji Joint Operations, KSA.

13. General Repair Works for New Generators Cooling System Sea Tubes for M/s Grandweld Shipyard, UAE.

Projects Awarded During the Year 2023:-

1. Rehabilitation of Marine Unit Trailing Suction Hopper Dredger "Tahreer", for M/s General Company for Ports of Iraq, Iraq.

2. Provision of Marine Fleet Staff for Marine Operations, (for 5 years) 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 M/s Kuwait Coast Guard (Ministry of Interior).

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

6. Dry-Docking and Periodic Overhaul of Vessels, Contract No. HQ755TM22 for M/s Al-Khafji Joint Operations, KSA.

7. Dry-Docking and General Services of M.V. "Almostakshif" for M/s Kuwait Institute for Scientific Research,Kuwait.

8. Additional Funding and 6 months extension of Contract No. 2020/2019/33 for Dry-Docking and Repairs of Various vessels for M/s Kuwait Fire Force.

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

10. Dry-Docking and General Repair Works of various vessels i.e Ocean Going Tug Boat M.V. "Challenger" and Tug Boat M.V. "Response" for M/s Jawharat Al Khaleej Shipping, UAE.

11. Dry-Docking and General Repair Work of M.T. "FMT EFES" for M/s SIA FMT Shipmanagement, Latvia.

12. Underwater Diving Assistance for Stop Log Installation at Doha West Power Station for M/s Al-Dhow Engineering General Trading & Contracting Company,Kuwait.

13. Dry-Docking and General Repair Work of vessels Catamaran "Umm al Khair" and Ro-Ro Ferry "Obu al Khair" for IKARUS United Marine Services, Kuwait.

Repair and Maintenance of Various Vessels at the Floating Dock

HEISCO Shipyard showcased its Built-up Stand at the Seatrade Maritime & Logistics Middle East Exhibition which took place from 16-18 May 2023 at the World Trade Center in Dubai

Agreements & Other Achievements during the Year 2023:

1. New Representative Agreements/ Service Agreement with Local and International Companies.
2. Renewal/ Amendments of Representative Agreements with Local and International Companies.
3. Membership Renewal of International Marine Contractors Association (IMCA).
4. HEISCO's Shipyard renewal of registration with the US Federal Government's in the System for Award Management (SAM).
5. New Non-Disclosure Agreement/ Pre-Bid Agreement/ Memorandum of Understanding with Local and International Companies for the existing/ upcoming potential projects.
6. Renewal/ Amendments of Non-Disclosure Agreement/ Teaming Agreement/ Memorandum of Understanding with Local and International Companies for the existing/ upcoming potential projects.
7. Marketing Campaign carried out by publishing HEISCO Shipyard advertisements in various local/ international magazines, handbooks and websites. Also, updating the company website regularly.
8. HEISCO Shipyard successfully participated as an exhibitor in the Seatrade Maritime & Logistics Middle East Exhibition held on 16-18 May 2023 at World Trade Centre, Dubai (UAE).
9. HEISCO Shipyard will participate for the upcoming 31st SMM (Shipbuilding, Machinery and Marine Technology) Exhibition, the world's leading International Maritime Industry Trade Fair that will be at Hamburg, Germany on 03-06 September 2024.
10. HEISCO Shipyard reserved stand space for the upcoming SMLME (Seatrade Maritime & Logistics Middle East) Exhibition that will take place at the Dubai World Trade Centre, UAE on 6-8 May 2025.

OIL & GAS OPERATIONS:

Projects Completed During the Year 2023:-

Structural, Mechanical, Piping, Electrical and Instrumentation Works for Sulphur Area at Az-Zour Refinery project - EPC Package 2&3

1. Annual maintenance works for mechanical equipment at Az-zour South Power Station for the Ministry of Electricity & Water and Renewable Energy.
2. General Support Services for LSP process for Joint Operations at Wafra area.
3. Construction of 11 kV elevated ESP area substations 4 and 5 in South and East Kuwait area for Kuwait Oil Company.
4. Structural, Mechanical, Piping, Electrical and Instrumentation Works for Sulphur Area at Az-zour Refinery project (EPC Package 2&3) with main contractor for Kuwait Integrated Petroleum Industries Company.
5. Mechanical, Electrical, Instrumentation and Telecom Works for Az-zour Refinery project (EPC Package 4) with the main contractor for Kuwait Integrated Petroleum Industries Company.
6. Building Works for New Gathering Centre GC-32 with the main contractor for Kuwait Oil Company.
7. Replacement of Remote PLC I/O Modules of Berth 5 & 6 Loading Arms in New Oil Pier (NOP) at MAA Refinery for Kuwait National Petroleum Company.
8. Installation of Flowlines for Producer Wells in UMM NIQA for Kuwait Oil Company.
9. Construction of Flowlines and Associated Works in West Kuwait Areas for Kuwait Oil Company.
10. Maintenance Support Service for Export Facilities for Kuwait Oil Company.
11. Maintenance Support Services for Oil Movement and Measurement Facilities for Kuwait Oil Company.
12. Fabrication and supply of Storage Tanks for Jurassic Production Facility (JPF-4), North Kuwait with the main contractor for Kuwait Oil Company.
13. Additional 14” Mogas IRT Line from Mina Al-Ahmadi to Shuaiba and additional Inter-Connection 12” & 14” lines at tankage area (TK-272 & 254) in Mina Al-Ahmadi for Kuwait National Petroleum Company.
14. Turn Around – 2023: Mechanical Works related to Sea Cooling Water Network Rehabilitation Project for EQUATE Petrochemical Company.
15. Fabrication and Supply of Pressure Vessels & Skid Packages for Jurassic Production Facility JPF 4 & 5 (Oil Train Package) and JPF4 (EWTP Package) Project at North Kuwait with the main contractor for Kuwait Oil Company.
16. Design, Engineering, Procurement, Fabrication and Supply of Fuel Gas Scrubber (Catalyst Vessel) for Renovation of Ahmadi Domestic & Southeast Ahmadi Domestic Fuel Gas Manifolds Project with the main contractor for Kuwait Oil Company.
17. Replacement of Top Section in CDU Column (V-040-001) in Unit #40 at Mina Al-Ahmadi Refinery with the main contractor for Kuwait National Petroleum Company.
18. Fabrication and Supply of Heat Exchanger (Propane Sub Cooler) for Ethylene Unit for Equate Petrochemical Company.

Projects Ongoing During the Year 2023:-

Construction of Flowlines and Associated Works in West Kuwait Area 2

1. Resident contract for mechanical and structural works for EQUATE Petrochemical Company.
2. Workshop Support Services for Kuwait Oil Company.
3. Mechanical Maintenance services at Mina Abdullah Refinery for Kuwait National Petroleum Company.
4. Secondment Manpower Supply Services for Kuwait National Petroleum Company.
5. Decoking of various heaters by pigging method in KNPC refineries for Kuwait National Petroleum Company.
6. Professional Manpower Supply Services (PMSS) for Al-Khafji Joint Operations.
7. Revamp of boiler no. 1-6 of unit no.29 at Mina Al-Ahmadi refinery with the main contractor for Kuwait National Petroleum Company.
8. South Kuwait Excavation, Transportation and Remediation (SKETR) Project - Zone 2 Area for Kuwait Oil Company.
9. Calibration and Comprehensive Maintenance of Metering Systems at CNT Areas for Kuwait Oil Company.
10. Rehabilitation of Plate and shell & Tube Type Heat Exchangers for North and West Kuwait Areas for Kuwait Oil Company.
11. Construction of Flowlines and Associated Works in West Kuwait Area 2 for Kuwait Oil Company.
12. 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.
13. 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.
14. 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.
15. 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.
16. Annual Maintenance Works for Electrical Equipment at Az-Zour South Power Generation and Water Distillation Station for Ministry of Electricity & Water and Renewable Energy.
17. Annual Maintenance Works for Electrical Equipment at Doha West Power Generation and Water Distillation Station for Ministry of Electricity & Water and Renewable Energy.
18. Rehabilitation of Plate, Shell and Tube Type Heat Exchangers in South and East Kuwait Areas for Kuwait Oil Company.
19. Mechanical Manpower Supply for EQUATE Petrochemical Company.
20. 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.

Projects Awarded During the Year 2023:-

Operations and Maintenance of Bulk Chemicals Facilities, Operational Laboratories and Effluent Water Disposal Plants

1. Maintenance Resident Mechanical Construction Services for EQUATE Petrochemical Company.
2. 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.
3. Quality Control Services in KNPC Refineries (Group A) for Kuwait National Petroleum Company.
4. 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.
5. Maintenance Services for Storage Tanks in KOC facilities for Kuwait Oil Company.
6. Mechanical Maintenance Services at Mina Abdullah Refinery for Kuwait National Petroleum Company.

7. Supply of internal vessels and Foam Breaker Pack for Joint Operation Wafra

8. Aromatics Turn Around 2024 - Area 1 & 3 Mechanical Lumpsum for EQUATE Petrochemical Company.

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

10. Water Facilities Upgradation for Kuwait Oil Company.

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

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

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

14. Pipeline Construction works for Supply of Nitrogen by Pipeline to KNPC Refineries with the main contractor for Kuwait National Petroleum Company.

15. 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.

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

Provision of Valve Maintenance and Services for Joint Operations

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

Construction, Completion and Maintenance of 160 New Houses in South Ahmadi Area

ONSHORE & OFFSHORE OPERATIONS:

Projects Completed During the Year 2023:-

1. Construction, completion and maintenance of 160 New Houses in South Ahmadi area for Kuwait Oil Company.
2. Rehabilitation of Wave Deflector Sea Wall at Shuaiba Oil Pier for Kuwait National Petroleum Company.
3. Maintenance Dredging of Seawater Intake Channel at Subiya Power & Water Distillation Station for Ministry of Electricity and Water & Renewable Energy.
4. Cleaning of Navigational Channel, Dock and Berths at Shuwaikh Port for Kuwait Port Authority.

Marine Maintenance Works at MAA Refinery

Design and Construction of Seaside Facilities – Ras Al-Ard Logistic Station

Projects Ongoing During the Year 2023:-

1. Kuwait Naval Base (KNB) Marine Construction and Repair Project for US Army Corps of Engineers.
2. Shuaiba Oil Pier Repair & Strengthening Works for Kuwait National Petroleum Company.
3. Marine Maintenance Works at MAA Refinery for Kuwait National Petroleum Company.
4. Rehabilitation of Berths from 1 to 7 at Shuwaikh Port for Kuwait Ports Authority.
5. Operation & Maintenance support Services for KOC Offshore Facilities

Maintenance Dredging of Seawater Intake Channel at Subiya Power & Water Distillation Station

Cleaning of Navigational Channel, Dock and Berths at Shuwaikh Port

Projects Awarded During the Year 2023:-

1. Temporary Jetty Dismantle & Revetment Works (NRP-PKG # 5 - Al Zour) with the main contractor for Kuwait Integrated Petroleum Industries Co.
2. 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.

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

Projects Ongoing During the Year 2023:-

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

FINANCIAL HIGHLIGHTS

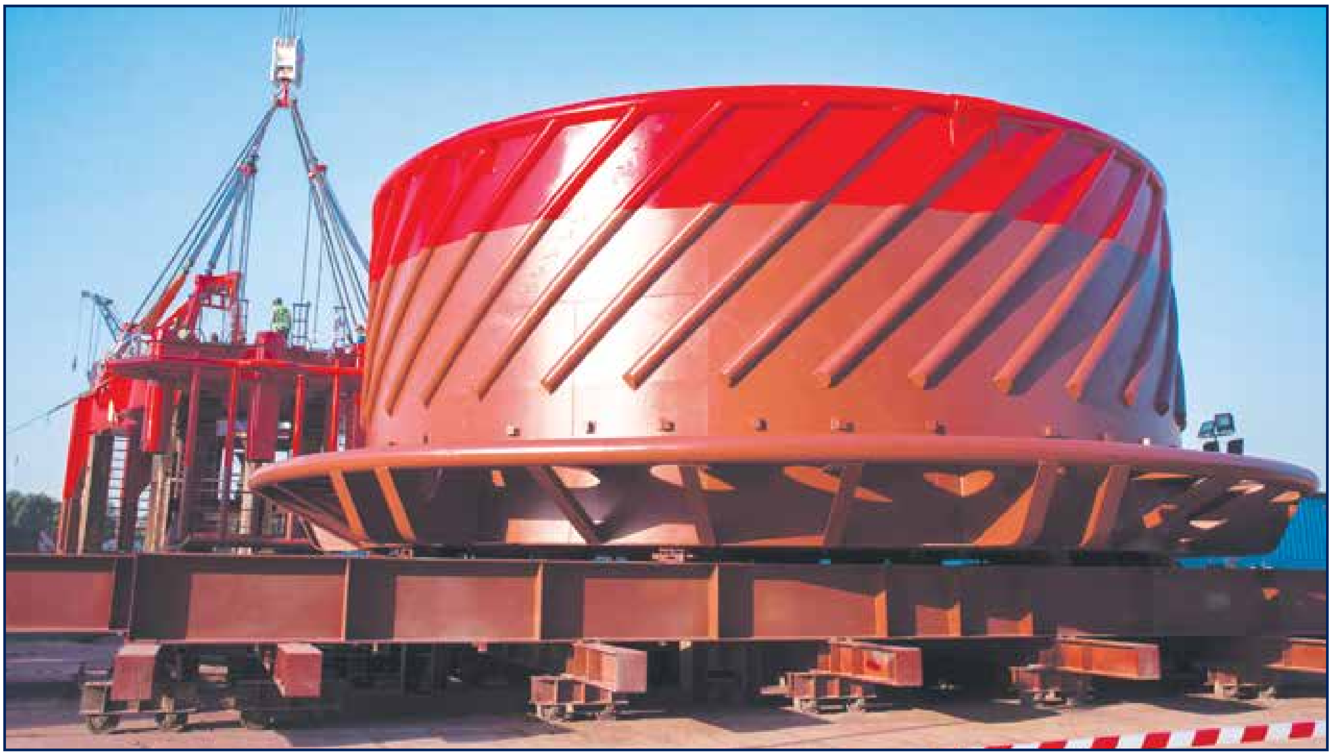
- Revenue increased from KD 123.704 Million in 2022 to KD 146.878 Million in 2023, reflecting an increase of (18.73)%.
- Gross Profit increased from KD 9.664 Million in 2022 to KD 11.633 Million in 2023.
- General and administrative expenses increased from KD 3,588,192 in 2022 to KD 4,072,156 in 2023.
- Net Profit increased from KD 5,627,213 in the year 2022 to KD 7,110,052 in 2023.
- Earnings per share increased from 31.22 fils in 2022 to 39.45 fils in 2023.

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 and all Ministries and Official Departments of the State and to all Companies, Establishments, Institutions and Banks which have cooperated with the Company during the year 2023.

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

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



CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

31 DECEMBER 2023

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 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including of material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The construction industry is characterized by contract risk with significant judgements involved in the assessment of both current and future contract financial performance. 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: • 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; and • Assessment of the Group's disclosure relating to revenue in the consolidated financial statements against the requirements of IFRSs.

Other Information

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (Continued)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists, related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (Continued)

Report on Other Legal and Regulatory Requirements

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

We further report that, during the course of our audit, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

Bader A. Al-Wazzan
License No. 62A
Deloitte & Touche - Al-Wazzan & Co.

Kuwait
5 March 2024

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

Consolidated Statement of Financial Position as at 31 December 2023

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

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

Marzouq Nasser Mohammed Al-Kharafi
Chairman

Samir Sami Hermez
Chief Executive Officer

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

Consolidated Statement of Income - Year ended 31 December 2023

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

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

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

Consolidated Statement of Comprehensive Income - Year ended 31 December 2023

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

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

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

Consolidated Statement of Changes in Equity - Year ended 31 December 2023

	Kuwaiti Dinars						
	Equity attributable to the Parent Company's Shareholders					Non-controlling interests	Total
	Share capital	Statutory reserve	General reserve	Investments revaluation reserve	Retained earnings		
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 loss 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
Balance at 31 December 2021	18,024,152	10,946,089	9,416,983	890,048	29,525,192	2,854	68,805,318
Profit for the year	-	-	-	-	5,627,213	312	5,627,525
Other comprehensive income for the year	-	-	-	(109,543)	-	-	(109,543)
Dividend – 2021 (note 11)	-	-	-	-	(3,604,830)	-	(3,604,830)
Transfer to reserves	-	-	604,953	-	(604,953)	-	-
Balance at 31 December 2022	18,024,152	10,946,089	10,021,936	780,505	30,942,622	3,166	70,718,470

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 2023

		Kuwaiti Dinars	
	Note	**2023**	**2022**
Operating activities			
Profit before contribution to taxes and Board of Directors' remuneration		7,588,208	6,049,532
Adjustments for:			
Depreciation	5	4,284,066	4,370,064
Depreciation on right-of-use assets		719,030	99,354
Investment income	20	(117,570)	(110,363)
(Reversal)/charge on Expected credit loss on financial assets		(630,141)	47,433
Provision for slow moving inventory		(3,883)	(5,135)
Finance costs		1,834,664	1,160,732
Gain on disposal of property, plant and equipment		(897,204)	(826,866)
Provision for post employment benefits	13	3,958,323	3,710,993
Operating profit before changes in working capital		16,735,493	14,495,744
Inventories		(2,946,439)	(481,581)
Contract assets		(4,667,495)	118,198
Trade and other receivables		9,953,626	(1,138,701)
Trade and other payables		12,193,691	1,902,507
Contract liabilities		59,295	(8,123)
Post employment benefits paid	13	(2,409,596)	(1,572,118)
Board of Directors' remuneration paid		(85,000)	(85,000)
Payment of Kuwait Foundation for Advancement of Sciences		(52,872)	(65,240)
Payment of National Labour Support tax		(202,941)	(181,287)
Payment of Zakat		(71,233)	(72,515)
Net cash generated from operating activities		28,506,529	12,911,884
Investing activities			
Purchase of property, plant and equipment	5	(13,312,792)	(11,604,115)
Proceeds on disposal of property, plant and equipment		1,403,759	1,235,943
Dividends received from investments	20	119,814	112,968
Increase in deposits with banks	10	(189,830)	-
Net cash used in investing activities		(11,979,049)	(10,255,204)
Financing activities			
Repayment of due to a Company		(2,114,698)	(723,407)
Proceeds from due to banks		2,500,000	6,408,945
Repayment of due to banks		(11,893,596)	(2,910,944)
Finance cost paid		(1,581,116)	(918,534)
Dividends paid		(3,601,959)	(3,599,640)
Repayment of lease liabilities		(919,728)	(61,438)
Net cash used in financing activities		(17,611,097)	(1,805,018)
Net (decrease)/increase in cash and cash equivalents		(1,083,617)	851,662
Cash and cash equivalents at the beginning of the year		5,559,459	4,707,797
Cash and cash equivalents at the end of the year	10	4,475,842	5,559,459

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 2023

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.

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

Notes to the Consolidated Financial Statements - 31 December 2023

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	2023	2022
		Percentage of holding	
Gulf Dredging and General Contracting Company K.C.S.C.	Kuwait	99.96%	99.96%
Kuwait International Company for Environmental Service and Industrial Inspection W.L.L.	Kuwait	-	100%
HEISCO for Technical Specialized Manpower Supply Company W.L.L.	Kuwait	100%	100%

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 Kuwait International Company for Environmental Service and Industrial Inspection W.L.L. and 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.

During the year, Kuwait International Company for Environmental Service and Industrial Inspection W.L.L. was dissolved based on the request no. 999158 submitted on 20 November 2022 and was liquated with effect from 11 April 2023.

The subsidiaries are mainly engaged in dredging and marine and civil construction activities and in providing services related to industrial inspection of materials, quality control and environment and providing services related to manpower supply.

The number of personnel employed by the Group as of 31 December 2023 is 12,269 (2022: 11,060).

The consolidated financial statements for the year ended 31 December 2023 were authorised for issue by the Board of Directors ("the Board") on 5 March 2024 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 Application of new and revised International Financial Reporting Standards (IFRS)

2.2.1 Changes in accounting policies and disclosures

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

- IFRS 17, 'Insurance contracts' – This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

- Amendments to IAS 1 and IFRS Practice statement 2 – Disclosure of accounting policies – The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material' accounting policy information. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

- Amendments to IAS 8 - The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

- Amendment to IAS 12 - International tax reform - pillar two model rules - These amendments give companies temporary exception from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. Following the amendments, an entity is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

Heavy Engineering Industries and Shipbuilding Company K.S.C.P.
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Notes to the Consolidated Financial Statements - 31 December 2023

2.2.2 IFRSs issued but not yet mandatorily 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
Amendment to IAS 1 – Current and Non-current liabilities	Classification of liabilities as current or non-current: 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.	1 January 2024
Non-current liabilities with covenants	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 noncurrent).	
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IFRS 16 – Leases on sale and leaseback	The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 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. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.	1 January 2024

Heavy Engineering Industries and Shipbuilding Company K.S.C.P.
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Notes to the Consolidated Financial Statements - 31 December 2023

Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025 (early adoption is available)

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.

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Notes to the Consolidated Financial Statements - 31 December 2023

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
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.

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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. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to Kuwait Dinar at the rate of exchange ruling at the consolidated statement of financial position date. All differences are taken to the consolidated statement of income.

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.

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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	
	2023	**2022**
Contract assets	54,586,152	49,918,657
Trade and other receivables	31,143,500	43,970,947
Balances with banks and deposits	4,787,193	5,555,017
	90,516,845	99,444,621

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.

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

			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

			Kuwaiti Dinars		
31 December 2022	**Rated**	**12-month or Lifetime ECL**	**Gross carrying amount**	**Impairment allowance**	**Net carrying amount**
Contract assets	Not Rated	Lifetime ECL – Simplified approach	49,918,657	(155,118)	49,763,539
Trade and other receivables	Not Rated	Lifetime ECL – Simplified approach	43,970,947	(2,671,486)	41,299,461
Balances with banks and deposits	Rated	12 months ECL	5,555,017	-	5,555,017
			99,444,621	(2,826,604)	96,618,017

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	
	2023	**2022**
US Dollars	10,595,878	5,007,915
Euros	250,730	(1,462,414)
Saudi Riyals	1,040,565	-
Other currencies	(124,038)	(385,780)
	11,763,135	3,159,721

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If as at 31 December 2023, 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 2023, is shown below:

	Kuwaiti Dinars	
	2023	**2022**
US Dollars	529,794	250,396
Euros	12,537	(73,121)
Saudi Riyals	52,028	-
Other currencies	(6,202)	(19,289)
	588,157	157,986

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 2023, if equity prices had increased by 5%, the equity of the Group would have been higher by KD 86,780 (2022: KD 96,365).

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 2023, the interest rates had increased by 50 basis points the net profit would have been lower by KD 135,004 (2022: KD 151,917). 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 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

	Kuwaiti Dinars			
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 7 years**	**Total**
At 31 December 2022				
Lease liability	109,557	40,057	240,341	389,955
Due to a company	1,446,814	723,407	-	2,170,221
Bank overdrafts	20,240,155	-	-	20,240,155
Term loans	2,581,470	1,083,375	997,909	4,662,754
Advance against promissory notes	3,506,313	-	-	3,506,313
Wakala payable	6,693,750	-	-	6,693,750
Trade and other payables	47,777,318	1,889,445	544,735	50,211,498
Commitments	8,111,133	-	-	8,111,133
	90,466,510	3,736,284	1,782,985	95,985,779

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 2023 and 2022 were as follows:

	Kuwaiti Dinars	
	2023	**2022**
Total borrowings	25,375,035	36,883,329
Less: cash and bank balances	(4,866,381)	(5,760,168)
Net debt	20,508,654	31,123,161
Total equity	74,032,430	70,718,470
Total capital	94,541,084	101,841,631
Gearing ratio	**21.69%**	**30.56%**

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.

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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			
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
2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities:				
Local quoted security	1,927,298	-	-	1,927,298
	1,927,298	-	-	1,927,298

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.

5. Property, plant and equipment

	Kuwaiti Dinars							
	Land	Building	Dock and lift	Machinery and Equipment	Vehicles and mobile equipment	Other Assets	Assets under construction	Total
Cost								
As at 31 December 2021	5,454,818	24,392,269	16,962,075	35,873,482	50,810,541	15,496,104	53,701	149,042,990
Additions	-	8,817	6,230,739	433,162	58,247	353,785	4,519,365	11,604,115
Disposals	-	(108,462)	-	(492,139)	(2,197,717)	(504,110)	(915)	(3,303,343)
As at 31 December 2022	5,454,818	24,292,624	23,192,814	35,814,505	48,671,071	15,345,779	4,572,151	157,343,762
Additions	-	108,904	3,123,170	3,736,593	1,338,732	1,337,924	3,667,469	13,312,792
Disposals	-	(75,837)	(9,716)	(2,248,454)	(531,661)	(289,062)	-	(3,154,730)
Transfers	-	-	7,655,782	-	-		(7,655,782)	-
As at 31 December 2023	5,454,818	24,325,691	33,962,050	37,302,644	49,478,142	16,394,641	583,838	167,501,824
Depreciation								
As at 31 December 2021	-	13,056,242	13,301,256	21,236,156	31,984,173	12,411,616	-	91,989,443
Charge for the year	-	618,892	438,308	955,665	1,471,559	885,640	-	4,370,064
Disposal	-	(98,767)	-	(382,357)	(1,935,882)	(477,260)	-	(2,894,266)
As at 31 December 2022	-	13,576,367	13,739,564	21,809,464	31,519,850	12,819,996	-	93,465,241
Charge for the year	-	605,749	609,918	940,302	1,212,587	915,510	-	4,284,066
Disposal	-	(60,382)	(8,776)	(1,762,167)	(531,141)	(285,709)	-	(2,648,175)
As at 31 December 2023	-	14,121,734	14,340,706	20,987,599	32,201,296	13,449,797	-	95,101,132
Net book value								
As at 31 December 2023	5,454,818	10,203,957	19,621,344	16,315,045	17,276,846	2,944,844	583,838	72,400,692
As at 31 December 2022	5,454,818	10,716,257	9,453,250	14,005,041	17,151,221	2,525,783	4,572,151	63,878,521

Land includes freehold land and leasehold land amounting to KD 3,539,818 (2022: KD 3,539,818) and KD 1,915,000 (2022: 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.

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

	Kuwaiti Dinars	
	2023	**2022**
Cost of sales	4,238,537	4,329,207
General and administrative expenses	45,529	40,857
	4,284,066	4,370,064

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 2024.

6. Investment securities

	Kuwaiti Dinars	
	2023	**2022**
Investment at FVOCI (Quoted)	1,735,595	1,927,298

Investment securities are denominated in Kuwaiti Dinars.

7. Inventories

	Kuwaiti Dinars	
	2023	**2022**
Materials	10,161,807	10,766,482
Goods in transit	3,628,720	77,606
Provision for obsolete and slow moving items	(47,291)	(51,174)
	13,743,236	10,792,914

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 32,900,824 as at 31 December 2023 (2022: KD 26,532,552).

8. Contract assets

	Kuwaiti Dinars	
	2023	**2022**
Contract costs incurred	570,353,650	692,046,547
Recognised profits less expected losses	163,673,653	217,695,209
Less: Provision for expected credit losses	(158,042)	(155,118)
	733,869,261	909,586,638
Progress billings	(679,441,151)	(859,823,099)
	54,428,110	49,763,539

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

Contract assets are denominated in the following currencies:

	Kuwaiti Dinars	
	2023	**2022**
Kuwaiti dinars	44,130,032	44,945,523
US dollars	8,959,313	4,340,668
Euros	1,330,815	477,348
Other currencies	7,950	-
	54,428,110	49,763,539

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

	31 December 2023			**31 December 2022**		
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	54,586,152	0.29%	158,042	49,918,657	0.31%	155,118
	54,586,152		158,042	49,918,657		155,118

9. Trade and other receivables

	Kuwaiti Dinars	
	2023	**2022**
Current		
Trade receivables	20,603,368	27,133,290
Less: Provision for expected credit losses	(1,191,558)	(1,943,676)
	19,411,810	25,189,614
Contract retentions	8,575,054	12,632,048
Other receivables	184,184	213,339
Less: Provision for expected credit losses	(480,653)	(469,775)
	8,278,585	12,375,612
Advances to sub-contractors and suppliers	3,132,832	1,639,553
Prepayments	2,532,797	1,152,255
	33,356,024	40,357,034
Non-current		
Contract retentions	1,780,894	3,992,270
Less: Provision for expected credit losses	(366,210)	(258,035)
	1,414,684	3,734,235
	34,770,708	44,091,269

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.

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.

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	31 December 2023			31 December 2022		
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	14,774,408	0.12%	17,607	14,128,308	0.16%	22,348
61 - 120 days	1,834,338	0.90%	16,491	911,050	0.84%	7,651
121 - 180 days	702,949	1.65%	11,588	1,031,696	1.69%	17,443
> 180 days	3,291,673	34.81%	1,145,872	11,062,236	17.14%	1,896,234
	20,603,368		1,191,558	27,133,290		1,943,676

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	
	2023	**2022**
As at 1 January	2,671,486	2,695,654
ECL reversal for the year	(633,065)	(24,168)
As at 31 December	2,038,421	2,671,486

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

	Kuwaiti Dinars	
	2023	**2022**
Kuwaiti dinars	30,188,135	41,267,798
US dollars	2,843,400	2,797,550
Euros	106,592	10,103
Saudi Riyals	1,583,085	-
Other currencies	49,496	15,818
	34,770,708	44,091,269

10. Cash and bank balances

	Kuwaiti Dinars	
	2023	**2022**
Cash on hand	79,188	205,151
Balances with banks	4,396,654	5,354,308
Cash and cash equivalents in the statement of cash flows	4,475,842	5,559,459
Deposits with banks whose original maturity period exceeds three months from the date of acquisition	390,539	200,709
Cash and bank balances	4,866,381	5,760,168

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.

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	Kuwaiti Dinars	
	2023	**2022**
Kuwaiti dinars	3,985,153	4,780,054
US dollars	319,953	479,598
Euros	138,541	283,694
Saudi Riyals	339,318	-
Other currencies	83,416	216,822
	4,866,381	5,760,168

11. Share capital

The authorized share capital of the Parent Company as at 31 December 2023 is KD 22,000,000 comprising of 220,000,000 shares of 100 fils each. (31 December 2022: 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 2023 is KD 18,024,152 comprising of 180,241,517 shares of 100 fils each (31 December 2022: 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 1 May 2023 approved the distribution of cash dividend of 20 fils per share amounting to KD 3,604,830 to the registered shareholders as on 11 June 2023 for the year ended 31 December 2022 (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 30 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%).

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.

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Movements in the post employment benefits are as follows:

	Kuwaiti Dinars	
	2023	**2022**
As at 1 January	18,203,489	16,064,614
Provision during the year	3,958,323	3,710,993
Paid during the year	(2,409,596)	(1,572,118)
As at 31 December	19,752,216	18,203,489

14. Due to banks

	Kuwaiti Dinars	
	2023	**2022**
Current		
Term loans	1,050,000	2,508,000
Advance against promissory notes	2,222,982	3,506,313
Wakala payable	9,000,000	6,500,000
Bank overdrafts	12,137,890	20,240,155
	24,410,872	32,754,468
Non-current		
Term loans	964,163	2,014,163
	964,163	2,014,163
Total due to banks	25,375,035	34,768,631

Term loans

Term loans represent Kuwait Dinar facilities amounting to 2,014,163 as at 31 December 2023 (31 December 2022: KD 4,522,163) from local banks. The effective rate of interest of these term loans as at 31 December 2023 is 5.41% (31 December 2022: 3.15%) 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 2023 was 5.50% (31 December 2022: 4.25%) per annum.

Bank overdrafts

Bank overdrafts are denominated in Kuwaiti Dinars. The effective rate of interest as at 31 December 2023 is 6.21% per annum (2022: 4.43%). 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 9,000,000 (31 December 2022: KD 6,500,000) represents working capital facilities granted by a local Islamic bank. The effective cost of wakala payables as of 31 December 2023 was 5.01% to 5.14% (31 December 2022: 2.66% to 3.10%) 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	
	2023	**2022**
Current		
Advances from customers	24,763,318	8,252,197
Trade payables	6,498,067	10,734,031
Due to employees	6,878,518	6,275,862
Retention payables	3,029,883	2,602,529
Dividend payables	485,333	482,461
Kuwait Foundation for Advancement of Sciences payable	65,128	52,875
National Labour Support tax payable	212,562	202,951
Zakat payable	85,025	81,181
Other payables and accruals	18,761,418	19,093,231
	60,779,252	47,777,318
Non-current		
Retention payables	1,321,108	1,453,654
Trade payables	544,735	980,526
	1,865,843	2,434,180
Total	62,645,095	50,211,498

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	
	2023	**2022**
Kuwaiti dinars	58,646,351	44,749,618
US dollars	1,526,788	2,609,901
Euros	1,325,218	2,233,559
Saudi Riyals	881,838	-
Other currencies	264,900	618,420
	62,645,095	50,211,498

17. Revenue

	Kuwaiti Dinars	
	2023	**2022**
Industrial, oil and gas	120,041,654	103,114,719
Shipyard	9,430,189	9,500,520
Offshore	17,406,023	11,089,097
	146,877,866	123,704,336

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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 3,772,130 (2022: KD 3,646,125) 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 2023 are KD 456,421,968 (2022: KD 317,013,450).

18. Cost of revenue

	Kuwaiti Dinars	
	2023	**2022**
Materials	32,900,824	26,532,552
Manpower cost	70,291,752	62,493,157
Subcontracting expenses	14,521,939	10,437,891
Equipment hire	5,731,707	4,233,167
Lease rent	2,322,780	1,548,522
Insurance and maintenance	1,801,111	1,871,670
Depreciation	4,238,537	4,329,207
Bank charges	1,096,159	932,191
Others	2,340,264	1,662,028
	135,245,073	114,040,385

19. General and administrative expenses

	Kuwaiti Dinars	
	2023	**2022**
Staff costs	3,556,409	3,392,203
Rent	290,236	38,134
Depreciation	45,529	40,857
Others	179,982	116,998
	4,072,156	3,588,192

20. Investment income

	Kuwaiti Dinars	
	2023	**2022**
Cash dividends received	119,814	112,968
Management fees paid	(2,244)	(2,605)
	117,570	110,363

21. Finance cost

	Kuwaiti Dinars	
	2023	**2022**
Due to bank	1,694,421	1,031,210
Others	140,243	129,522
	1,834,664	1,160,732

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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	
	2023	**2022**
Net profit for the year	7,110,052	5,627,213
Weighted average number of outstanding ordinary shares during the year	180,241,517	180,241,517
Basic and diluted earnings per share (fils)	39.45	31.22

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	
	2023	**2022**
Related Party Transactions:		
Cost of revenue	322,025	343,634
General and administrative expenses	49,992	20,186
Finance cost	407,190	256,003
Key management compensation		
Salaries and other short term employee benefits	186,785	180,900
Post employment benefits	17,558	20,268
Other benefits	429,924	430,452
	1,413,474	1,251,443
Related Party Balances:		
Cash and bank balances	140,000	510,367
Trade and other payables	33,561	78,168
Due to banks	7,481,335	7,323,624
Post employment benefits payable	178,356	243,091
Other benefits payable	35,042	37,031
Letters of guarantees	16,198,965	13,143,867
Letters of credit	3,576,917	2,847,955
	27,644,176	24,184,103

On 5 March 2024, the Board of Directors proposed BOD remunerations amounting to KD 115,000 for year 2023 (KD 85,000 for year 2022). 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.

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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	
	2023	2022	2023	2022	2023	2022	2023	2022
Segment revenue	120,042	103,114	9,430	9,501	17,406	11,089	146,878	123,704
Segment gross profit	10,448	7,175	100	1,042	1,024	1,447	11,572	9,664
Unallocated income							1,861	1,182
Unallocated expenses							(6,323)	(5,219)
Profit for the year							7,110	5,627
Assets								
Property, plant and equipment	42,645	43,165	14,032	7,492	6,895	4,331	63,572	54,988
Unallocated property, plant and equipment							8,829	8,890
							72,401	63,878
Other assets	80,518	81,887	8,307	8,485	15,877	14,368	104,702	104,740
Unallocated other assets							6,741	7,973
							111,443	112,713
Total assets							183,844	176,591
Liabilities	59,143	42,302	5,723	5,958	11,436	12,272	76,302	60,532
Unallocated liabilities							33,509	45,341
Total liabilities							109,811	105,873
Capital expenditure	2,252	578	7,214	4,491	3,482	265	12,947	5,334
Unallocated capital expenditure							366	6,270
							13,313	11,604
Depreciation	2,896	3,192	702	584	440	423	4,037	4,199
Unallocated depreciation							247	171
							4,284	4,370

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25. Annual general meeting

The Annual General Assembly meeting held on 1 May 2023 approved the consolidated financial statements for the year ended 31 December 2022 in addition to the followings:

- Distribution of cash dividend of 20 fils per share amounting to KD 3,604,830 (2022: cash dividend of 20 fils per share amounting to KD 3,604,830) to the eligible shareholders on 11 June 2023.
- Board of Director's remuneration amounted to KD 85,000.

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
	2023
Assets	
Equipment	2,462
Contract assets	802,845
Trade and other receivables	629,148
Cash and bank balances	1,652,625
	3,087,080
Liabilities	
Trade and other payables	2,673,714
	2,673,714
Net assets	413,366
Net income for the year	413,366
Others	
Proportionate share in joint capital commitments	1,462,410

On 5 October 2023, The Subsidiary Company "Gulf Dredging and General Contracting Company K.C.S.C." and "Hyundai Engineering & Construction Co., Ltd" (South Korea) signed a Memorandum of Understanding for KPA-13 – Rehabilitation of Berth 1 to 7 at Shuwaikh Port, Kuwait within a period of 36 months from the start of the scope of work on 30% and 70% share basis respectively. Under this Contract, Berth 1 to 7 will be rehabilitated and provide approximately 1,330 m berth length for general cargo (Berth 2 to 7) and bulk cargo (Berth 1). The proposed new berths require special berthing and mooring facilities to accommodate general cargo, container vessels and bulk carriers. The berths will be equipped with mobile cranes with a capacity of approximately 600 tons, reach stackers, and heavy trucks for handling and storage of incoming products from or to berthing vessels.

27. Contingent liabilities and commitments

	Kuwaiti Dinars	
	2023	**2022**
Contingent liabilities		
Letter of guarantees	94,178,344	83,026,362
Commitments		
Letter of credit	14,151,664	8,111,132
Capital commitments	-	2,884,896
	14,151,664	10,996,028

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.

In addition to the company's Iraq presence, HEISCO has a branch in Saudi Arabia with a branch office in Alkhobar The company's dedication to meeting the highest industry standards is evident in obtaining approval from Saudi Aramco. Moreover, HEISCO envisions establishing state-of-the-art manufacturing and service facilities in Saudi Arabia. As part of this vision, the company has acquired a 200,000 m2 area within Ras Al-Khair Industrial City.

HEISCO is honored to be recognized among the Oil & Gas Middle East's Top 25 EPC contractors in the Middle East for the year 2023, securing the 23rd position among multinational companies in the region. This accomplishment demonstrates our unwavering dedication to providing quality in all aspects of our operations.

Fields of Activity:

- Oil & Gas Construction Operations
- Shipyard Operations
- Industrial Maintenance Operations
- Fabrication Operations
- Trading Operations
- Quality Control & Testing Services
- Testing & Calibration Lab
- Scaffolding Services
- Galvanizing Plant
- Onshore and Offshore Operations (through Gulf Dredging & General Contracting Co. K.S.C. (Closed), a subsidiary company)
- Technical Specialized Manpower Supply (through Heisco for Technical Specialized Manpower Supply Co. W.L.L., a Subsidiary Company)

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.

Pipeline

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 long-distance 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.

Pipelines

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 the Doha Power Station for the Ministry of Electricity & Water and Renewable Energy.

Plants

Plants

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.

Civil Operations

Civil Operations

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 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.

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, testing, pre-commissioning, commissioning, maintenance, etc., catering to critical sectors such as oil and gas construction, operation and maintenance, and marine and power projects. HEISCO's offerings are indispensable in ensuring seamless project execution and operational excellence.

Electrical & Instrumentation Operations

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.

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. At present, HEISCO is the only Kuwaiti company to possess KOC approval for EPC of storage tanks up to the capacity of 500,000 bbls.

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 m in diameter and 19.5 m 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.

Tanks Operations

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 m each. We accomplished the task with the support of three man-lifts with a height of 58.4 m. 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, 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
- Design and engineering capabilities with advanced software including AME TANK V16.11.21, CAESAR-II 2020 V12.0, STAAD Pro (Connect Edition), MAT3D 2019 Premium (Foundation Design Suite), PIPENET Vision (Spray/Sprinkler and Standard) V1.11.0, BricsCAD Pro 2022, HILTI Profis Engineering, CADWorx Plant Pro 2022, CADWorx Plant Pro with P&ID 2021, NozzlePro V16.0, DIALUX V4.13, LANTEK Expert– 2014, Cut Logic 1D - V.4.5.0.466-2002-2011, Peddinghaus Shop data software-2013, Raptor software-2017, Iso-Builder Piping K7 V1.7.14.15054, RAMP Piping V1.0.0.2139, Joint Check Piping Version 1.0.0.0 (2020-11-11), Pipe Cut 1.0.0.165, Pipe Label Printer V 1.0.1.4, Spool Finder V10, COMPRESS,

Build 8400, PV ELITE Version26, TEKLA Structures 2021, CodeCalc V26, Wrench, ETAP, Aveva E3D V3.1.7, Pipenet Transient V1.11.0, and Smart Plant Intools, HAP V6.1, GStarCAD PRO 2024.

- 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.

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.

Trading Operations

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 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 extends its services to Non-Destructive Testing (NDT), Heat Treatment, and Third-Party inspection services to its customers with high-quality standards.

Testing & Calibration Laboratory

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).

Scaffolding Services

Scaffolding Services

HEISCO's Scaffolding Unit caters to the scaffolding requirements of a variety of projects and maintains a strong working relationship with our clients. Our Scaffolding team is aware of the clients' expectations and know-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 stand on and work with both hands free. Scaffolding is important where there is construction, maintenance and repair; there is no other way to reach different heights safely.

Galvanizing Plant

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.

Welding of T-Plate Stiffener Using Auto-flux Core Arc Welding Machine

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
- 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

Aerial Overview of Syncrolift & Jetties

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.

Floating Dock

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.

GULF DREDGING

Hopper Dredger - GD 3000

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 of 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 concentrated on the Capital Dredging Projects in Kuwait. Later in 1980, the Company diversified into other areas of Marine Construction.

After the privatization of the Government of the State of Kuwait, Gulf Dredging became a subsidiary of the Heavy Engineering Industries & Shipbuilding Co. K.S.C (Public) – (HEISCO). In 1999 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 started branches in Al Khafji, Kingdom of Saudi Arabia, in 2005 which is approved by Saudi ARAMCO, and the Republic of Iraq in 2019. The present paid-up capital of Gulf Dredging is KD 10,399,961.


Cutter Suction Dredger - GD 4000

Construction of Offloading Jetty at Ras Al - Ard Logistics Station

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

Heavy Equipment Barge for Marine Maintenance Works at Mina Al Ahmadi Refinery

Berthing Facilities at Shuwaikh Port, Kuwait

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

Various Barges for Bulk Cargo

Heavy Equipment Yard

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 National Petroleum Company.
- 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 Projects - KSA
- KSA Branch is registered and approved by Saudi ARAMCO.

Heavy Equipment Yard

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
- 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

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.