

ANNUAL REVIEW 2015





Dar al-Athar al-Islamiyyah, one of Kuwait's leading cultural organizations, was created to manage activities related to The al-Sabah Collection. The collection includes one of the world's finest assemblages of arts from the Islamic world. The collection consists of over 30,000 priceless objects, including manuscripts, scientific instruments, carpets, fabrics, jewelry, ceramics, ivory, metalwork and glass from countries such as Spain, India, China and Iran.

This year, the annual reports of KIPCO Group companies each feature a key ancient carpet from The al-Sabah Collection. The images used within the reports reflect KIPCO's commitment to protecting and promoting Kuwait's heritage, while helping to build the nation's future.

The item pictured here (LNS 26 R) is a Medallion Ushak carpet made out of wool. It was made in Western Anatolia during the early 16th century CE. The image is reproduced with the kind permission of The al-Sabah Collection, Dar al-Athar al-Islamiyyah.





H.H. Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah
Amir of the State of Kuwait



H.H. Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
Crown Prince of the State of Kuwait



This year, the annual reports of KIPCO Group companies each feature a key ancient carpet from Dar al-Athar al-Islamiyyah - one of the world's finest collections of Islamic art. These images are reproduced with the kind permission of The al-Sabah Collection, Dar al-Athar al-Islamiyyah.

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Executive Summary

Executive Summary 2015

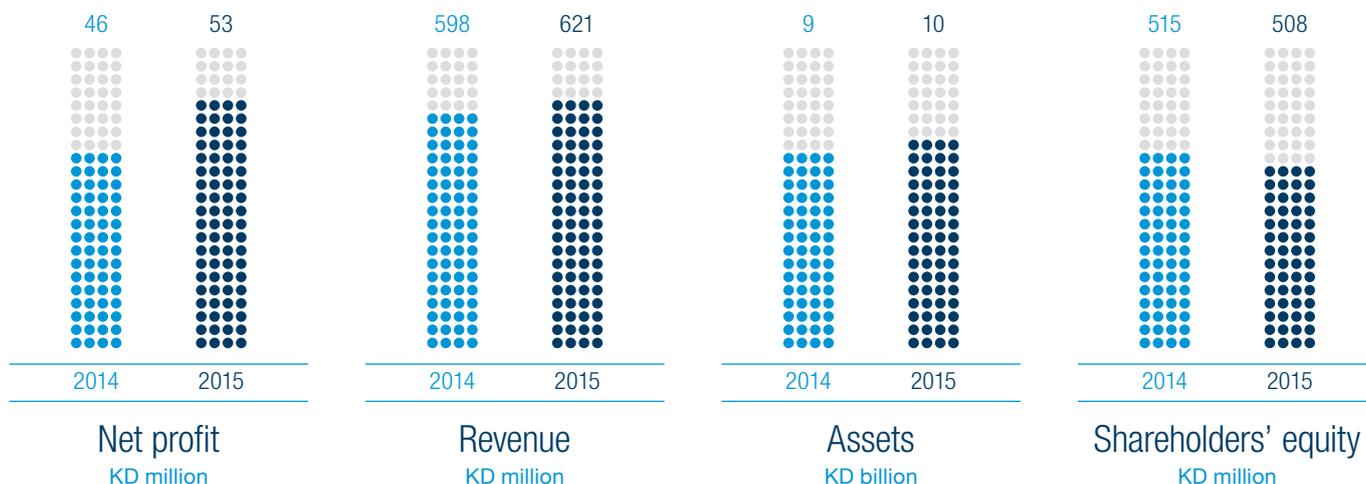
KIPCO:

The KIPCO Group is one of the largest holding companies in the Middle East and North Africa, with consolidated assets of US\$ 32 billion⁽¹⁾. The Group has significant ownership interests in a portfolio of more than 60 companies operating across 24 countries. The Group's main business sectors are financial services, media, manufacturing and real estate. Through its core companies, subsidiaries and affiliates, KIPCO also has interests in the education and healthcare sectors.

KIPCO's financial service interests include holdings in commercial banks, asset management, investment banking and insurance companies. The Group's core operations in this sector include Burgan Bank, United Gulf Bank and Gulf Insurance Group. In the media sector, the Group holds a majority of OSN, the leading pay-TV operator in the region.

2015 financial results summary:

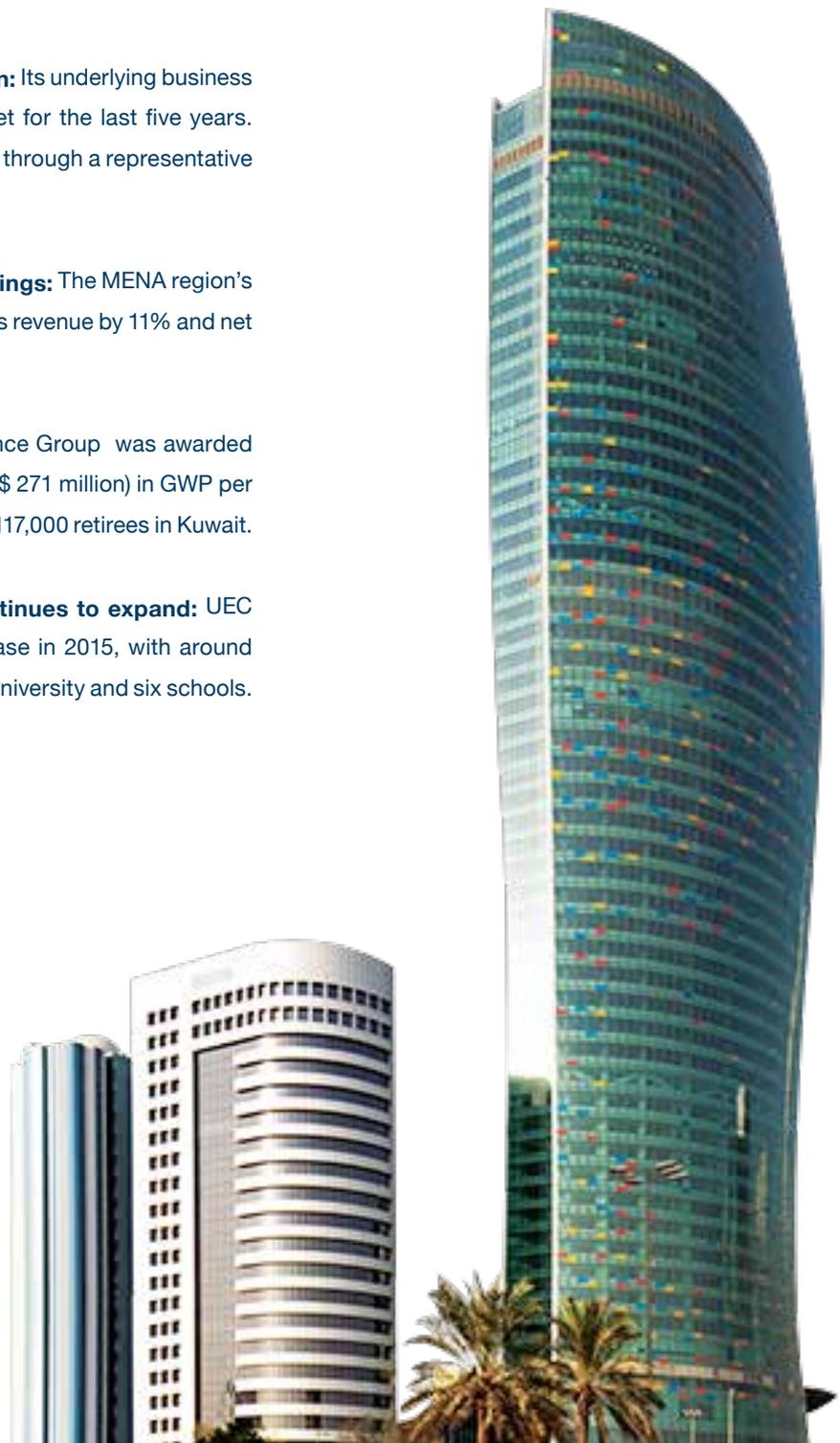
KIPCO reported a profit of KD 53.03 million (US\$ 175 million) for 2015 - its twenty-fourth consecutive year of profitability. The company's total revenue from continuing operations in 2015, amounting to KD 621 million (US\$ 2.1 billion), represents a 4% increase on the KD 598 million (US\$ 2 billion) reported in 2014. KIPCO's consolidated assets also increased in 2015 to KD 9.6 billion (US\$ 32 billion) from KD 9.3 billion (US\$ 31 billion) in 2014.



(1) Figures in KD have been converted into US\$ at the exchange rate of US\$:KD=1:0.3035.

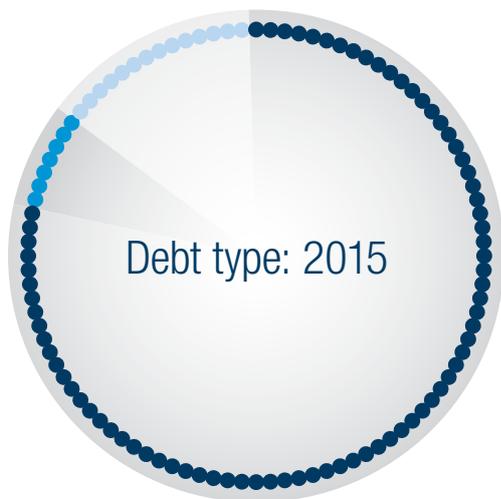
Key achievements in 2015:

- **Daiya project:** KIPCO announced plans for the development of a mixed-use commercial and residential real estate project, to be built in Daiya. The project, valued at approximately US\$ 2.5 billion, will have a built up area of 380,000 sq.m when completed.
- **KIPCO Group purchases JKB:** KIPCO has completed the purchase by the Group of a 51% stake in Jordan Kuwait Bank from Burgan Bank.
- **Burgan Bank hits its targets again:** Its underlying business performance has beaten the market for the last five years. The bank also expanded to the UAE through a representative office.
- **OSN increases revenue and earnings:** The MENA region's leading pay-TV network increased its revenue by 11% and net profit by 6.2%.
- **GIG awarded tender:** Gulf Insurance Group was awarded a tender worth KD 82.48 million (US\$ 271 million) in GWP per year, to provide insurance for some 117,000 retirees in Kuwait.
- **United Education Company continues to expand:** UEC continued to expand its student base in 2015, with around 16,000 students now enrolled in its university and six schools.



Financial Highlights: KIPCO Parent

Debt profile (KD million)



KIPCO credit ratings

Rating agency	Short-term rating	Long-term rating	Outlook
Standard & Poor's	A3	BBB-	Stable
Moody's	Prime 3	Baa3	Stable
Capital Standards	Bond rating BBB+	National rating A+kw	Outlook Stable

Financial statement highlights

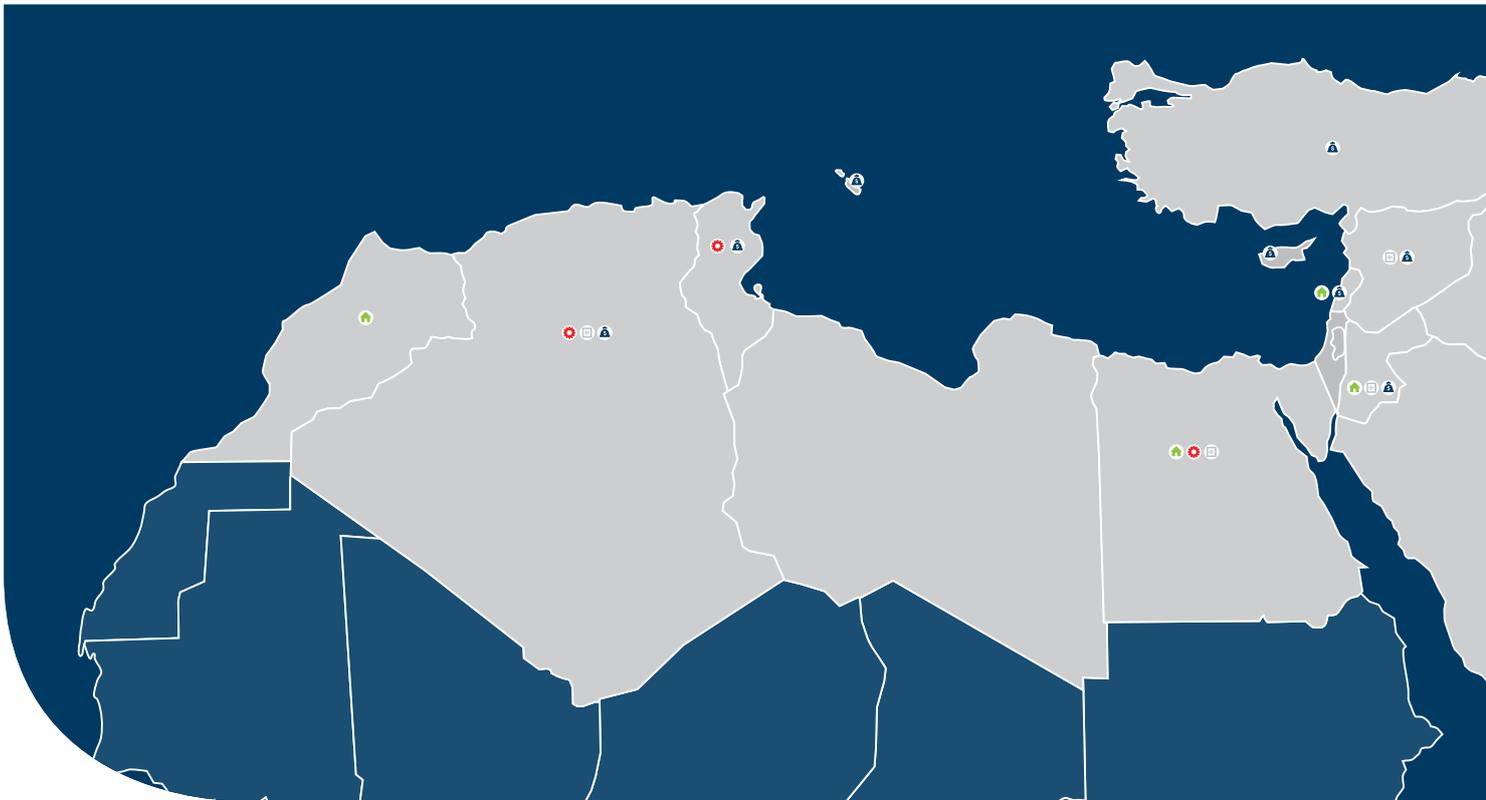
	2013	2014	2015
Consolidated balance sheet KD million			
Cash in hand & at banks	1,373.5	1,515.7	1,590.4
Treasury bills & bonds	583.6	629.8	679.9
Investment in associates	377.0	393.3	423.6
Investment in a media joint venture	144.1	162.7	170.7
Investment properties	362.6	386.7	423.5
Other investments	494.3	479.5	582.4
Other assets (inc. goodwill & intangibles)	5,302.4	5,760.5	5,719.3
Total assets	8,637.5	9,328.2	9,589.9
Debt	7,176.0	7,701.9	7,989.5
Other liabilities	347.4	351.8	340.2
Shareholders' equity	560.4	515.1	508.0
Perpetual capital securities	-	144	144
Non-controlling interest	553.7	615.4	608.1
Consolidated income statement KD million			
Interest income	266.3	309.4	311.2
Investment income	40.5	43.8	30.7
Fees & commission income	53.7	59.8	50.6
Share of results of associates	13.7	34.5	29.2
Share of results of a media joint venture	6.3	10.9	12.1
Hospitality & real estate income	45.9	57.6	66.5
Other revenues	87.7	81.9	121.0
Total revenues from continuing operations	514.1	597.9	621.3
Total expenses	445.2	494.1	497.7
Profit from discontinued operations	40.0	-	-
Taxation	15.8	16.4	16.3
Non-controlling interest	53.1	41.3	54.3
Net profit	40.1	46.1	53.0
Earnings Per Share Fils⁽¹⁾	27.9	33.0	34.1
Dividend Per Share Fils⁽²⁾	20.0	25.0	25.0⁽³⁾

(1) Historic EPS data have been adjusted due to issuance of bonus shares for 2013.

(2) In addition, the company has also declared 5% stock dividend for 2013.

(3) Proposed.

KIPCO Group by Geography & Sector



● Kuwait	64%
● Rest of GCC	4%
● Rest of MENA	25%
● Europe	7%
● North America	0%



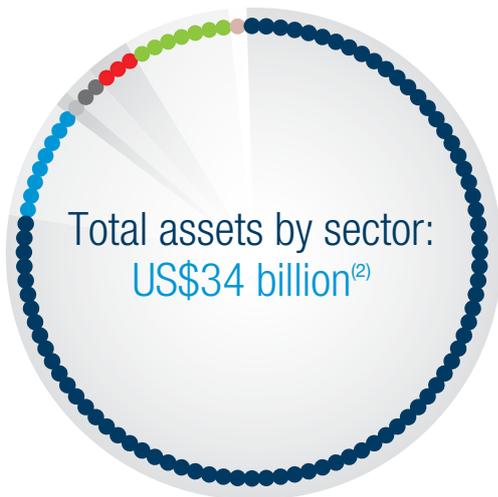
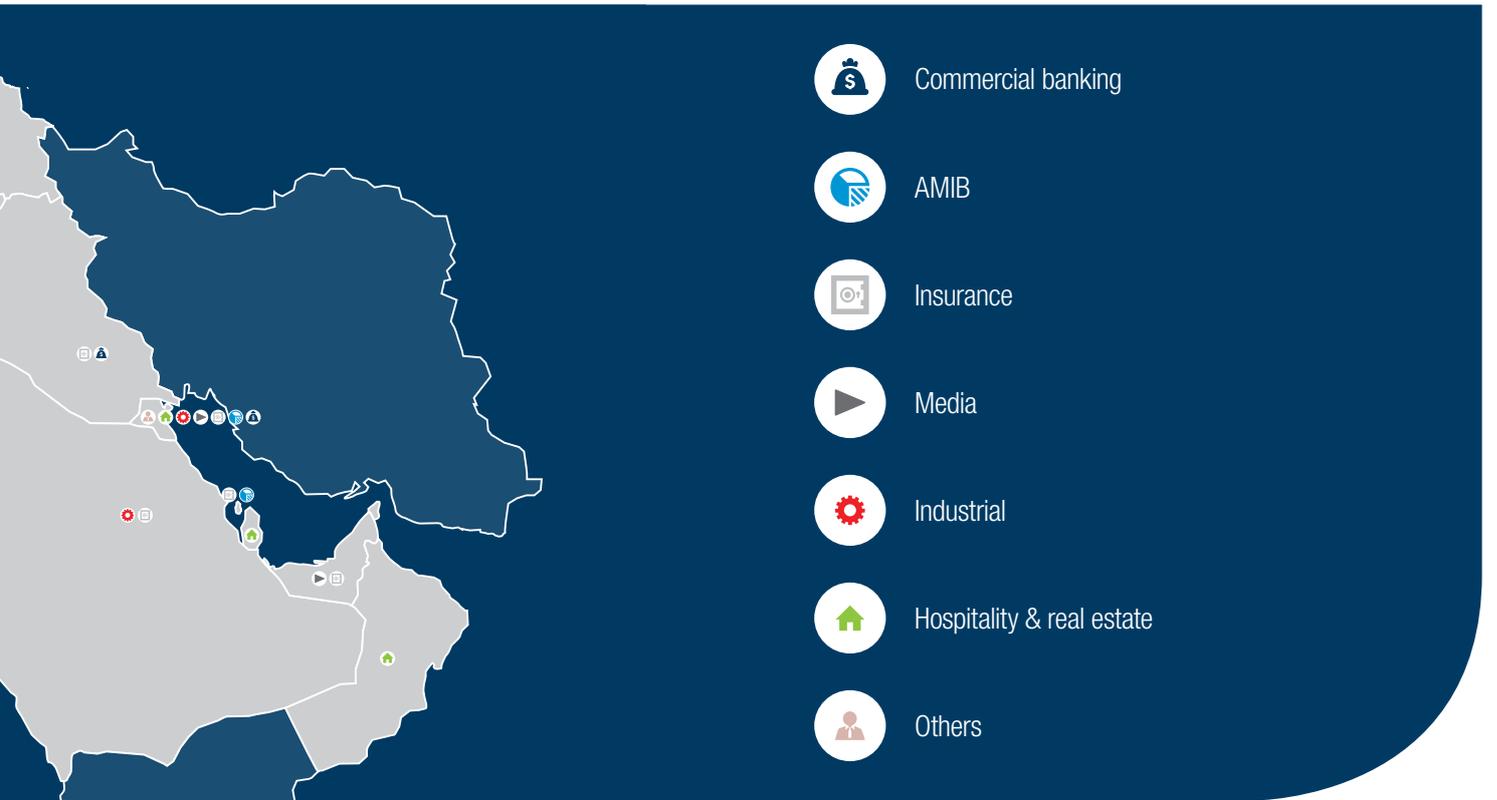
● Kuwait	56%
● Rest of GCC	3%
● Rest of MENA	23%
● Europe	17%
● North America	1%

(1) Represents non-current assets by geography as per note 28 of financial statements 2015.

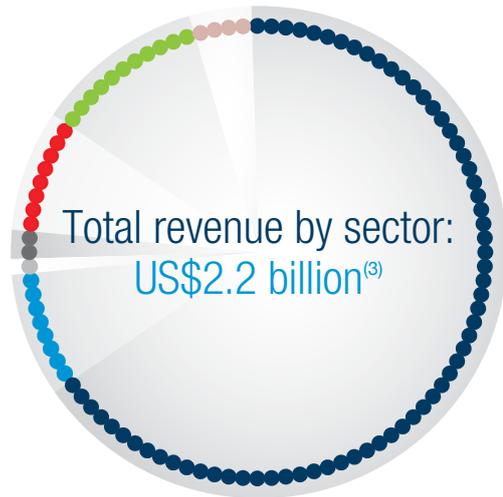
(2) Sector percentages have been calculated before inter-company eliminations.

(3) Sector percentages have been calculated before inter-company eliminations.

(4) AMIB: Asset management and investment banking.



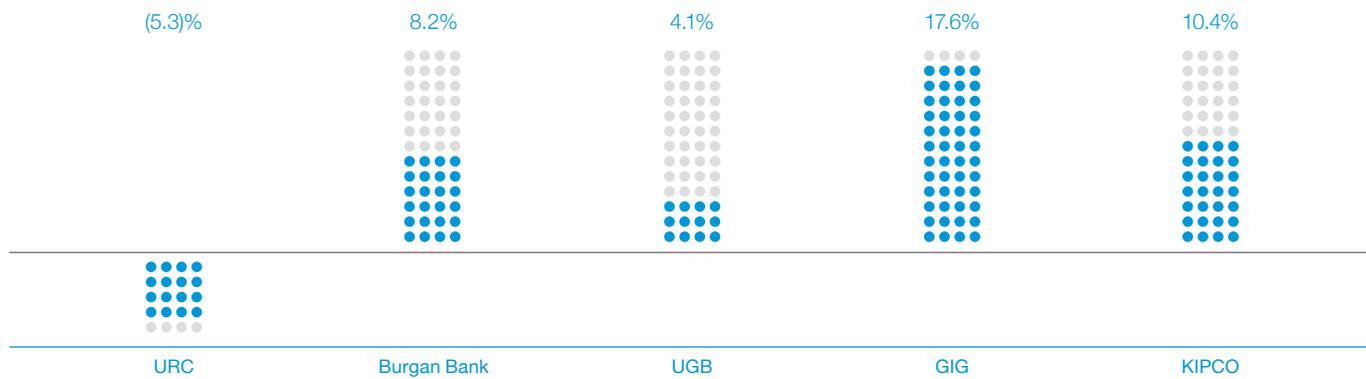
● Commercial banking	79%
● AMIB ⁽⁴⁾	7%
● Insurance	1%
● Media	2%
● Industrial	3%
● Hospitality & real estate	7%
● Others	1%



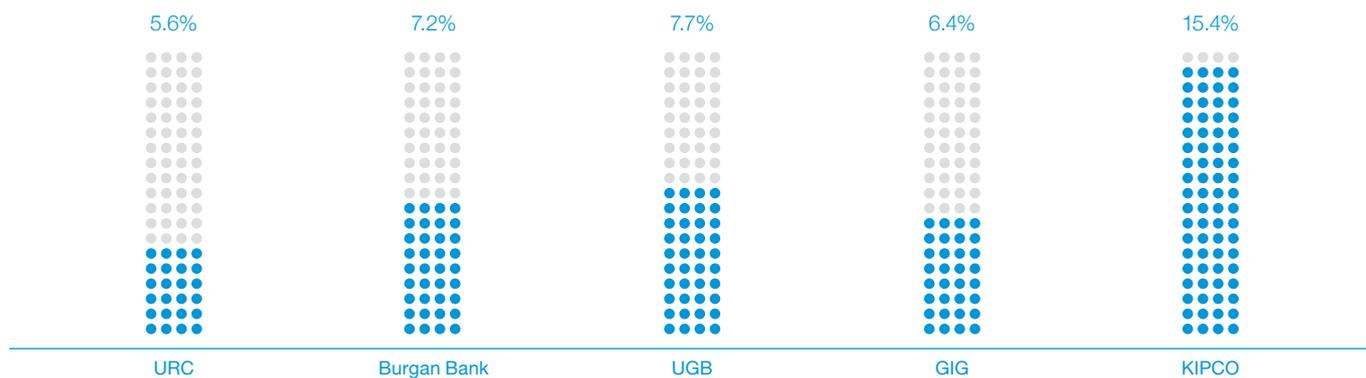
● Commercial banking	66%
● AMIB ⁽⁴⁾	8%
● Insurance	1%
● Media	2%
● Industrial	8%
● Hospitality & real estate	11%
● Others	4%

Performance measures

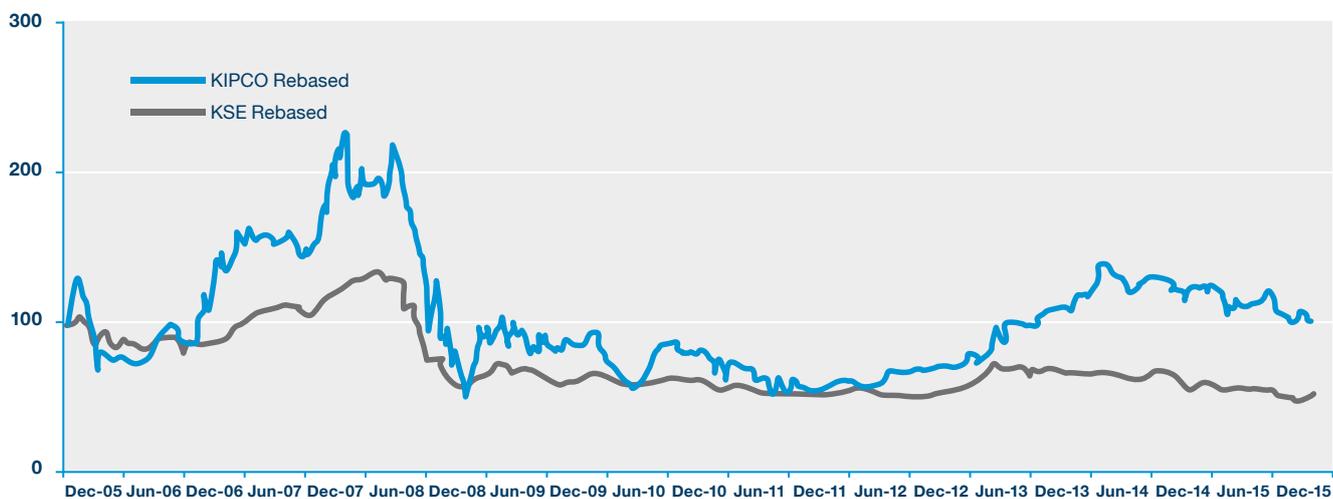
Total shareholder's return⁽¹⁾: 2005-2015⁽²⁾



Growth in book value⁽³⁾: 2005-2015



KIPCO vs Kuwait Stock Exchange Index (KSE): 2005-2015



Source: KSE (Unadjusted prices)

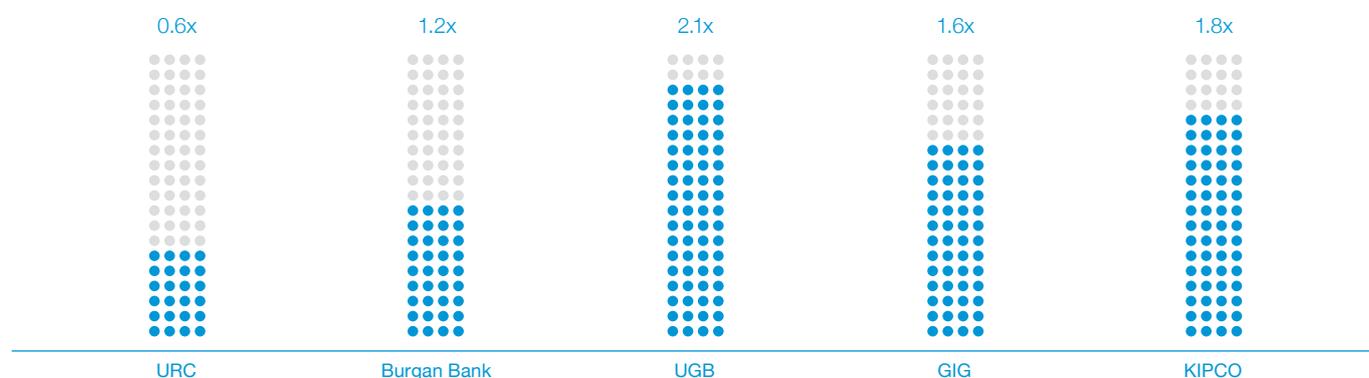
(1) Compounded annual growth rate.

(2) Represents shareholders returns including dividends, bonus issue adjustment for rights issues and other corporate actions during the holding period.

(3) Book value growth calculated by considering no dividends paid and adjustments for other corporate actions.

Valuation metrics

Price to book ratio 2015⁽¹⁾



Net asset value

The net asset value table below is based upon a 'sum of the parts' valuation. Two scenarios are shown: Base Case and With Control Premium. Under the Base Case scenario, KIPCO's quoted investments are calculated at the prevailing year-end price. The With Control Premium scenario assumes the prevailing year-end price for quoted stocks raised by 50%. This is shown for illustrative purposes because, historically, when KIPCO has sold assets, it has achieved a higher or similar level of premium pricing. In both scenarios, OSN's value is based upon KIPCO's 60.5% stake of the company's appraised value (US\$ 1.5 billion enterprise value) when the Showtime and Orbit merger took place in August 2009⁽²⁾.

	Base case				With control premium			
	2014		2015		2014		2015	
	KD mn	Per share (Fils)	KD mn	Per share (Fils)	KD mn	Per share (Fils)	KD mn	Per share (Fils)
United Gulf Bank	216	149	186	128	324	224	278	192
Burgan Bank	395	273	310	214	593	409	464	321
Gulf Insurance Group	44	30	54	38	65	45	82	56
United Industries Co.	107	74	85	59	107	74	85	59
United Real Estate Co.	44	30	43	30	66	45	64	44
OSN	277	191	277	191	277	191	277	191
Net other assets	(93)	(64)	(59)	(41)	(93)	(64)	(59)	(41)
Total assets	989	683	895	618	1,339	924	1,191	822
Net debt	290	200	267	185	290	200	267	185
Net asset value	700	483	627	433	1,049	724	924	638

(1) As at 31 December, 2015.

(2) See note 22 of KIPCO's 2009 financial statements.

KIPCO Group Companies

KIPCO Group: Financial Services



Mr Eduardo Eguren
Group Chief Executive Officer
Burgan Bank



KIPCO consolidated holding 2015: 65%

www.burgan.com Tel +965 2298 8000

Established in 1977, Burgan Bank is the youngest commercial bank and second largest by assets in Kuwait, with a significant focus on the corporate and financial institutions sectors, as well as having a growing retail and private bank customer base. Burgan Bank has majority owned subsidiaries in the MENAT region, supported by one of the largest regional branch networks.

The bank has continuously improved its performance over the years through an expanded revenue structure, diversified funding sources, and a strong capital base. The adoption of state-of-the-art services and technology has positioned it as a trendsetter in the domestic market and within the MENA region.

Burgan Bank's brand has been created on a foundation of real values – of trust, commitment, excellence and progression. 'People come first' is the foundation on which its products and services are developed.

The bank was re-certified with the prestigious ISO 9001:2008, making it the first bank in the GCC, and the only bank in Kuwait to receive such accreditation for the third consecutive year. The bank also has to its credit the distinction of being the only bank in Kuwait to have won the JP Morgan Chase Quality Recognition Award for 12 consecutive years.

Business highlights

- Underlying business performance continues to beat market for the last five years
- Expansion to UAE through Burgan Corporate Bank & Private Bank – representative offices in DIFC
- All subsidiaries are profitable and growing market share
- Asset quality continues to improve thanks to continuous reduction of non-performing assets
- Effective and innovative capital optimization management to adjust to Basel III

Financial highlights

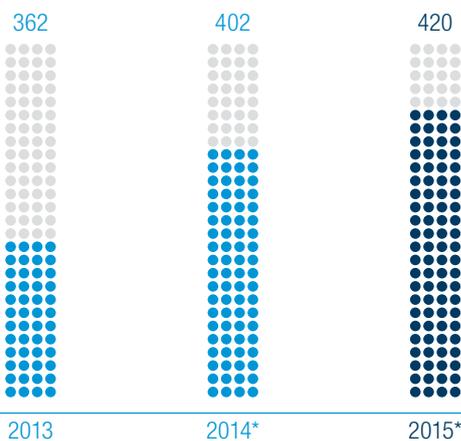
- Operating income up 11%
- Operating Profit before provisions increased by 9%
- Capital adequacy ratio in excess of 15%

Business highlights of subsidiaries

- Burgan Bank Turkey enters profitability despite market volatility
- Gulf Bank Algeria continues to be profitable and grow market share despite the drop in oil prices

Outlook for 2016

- Increasing the bank's capacity to further grow and continue focusing on execution to deliver above market average returns.



Total Revenue
KD million

* Revenue from continued and discontinued operations

KIPCO Group: Financial Services



H.E. Abdel Karim Kabariti
Chairman
Jordan Kuwait Bank



Subsidiary of Burgan Bank until end of 2015

www.jkb.com Tel +962 6 5629400

Jordan Kuwait Bank (JKB), a Jordanian public shareholding company, was founded in 1976 and has successfully evolved into a major player in the Hashemite's banking system. JKB was the first example of improving and expanding economic and business relations between Jordan and Kuwait and one of the few successful Jordanian enterprises established with inter-Arab interests. The bank currently operates a domestic network of 56 branches distributed throughout Jordan, in addition to two branches in Palestine and a branch in Cyprus. JKB wholly owns Ejara Leasing Company and holds a controlling share of more than 50% in the United Financial Investments Co. (Jordan) and a 10% stake in Gulf Bank Algeria (Algeria). The bank's paid-up capital was gradually increased from JD 5 million in 1976 to JD 100 million (US\$ 141m) in 2008.

JKB is regarded as a trendsetter in terms of growth ratios, performance measures and financial indicators within the local banking sector. It is one of the top-rated banks in Jordan, awarded a (BBB) rating by Capital Intelligence.

In its endeavor to realize the bank's overall vision to be Jordan's first 'Universal Bank', JKB's management capitalizes on the strong business and ownership relations with KIPCO and its banking arm, Burgan Bank Group. It also capitalizes on the bank's capabilities to provide services that encompass commercial and investment banking, in addition to other business-related services (brokerage and insurance).

Business highlights

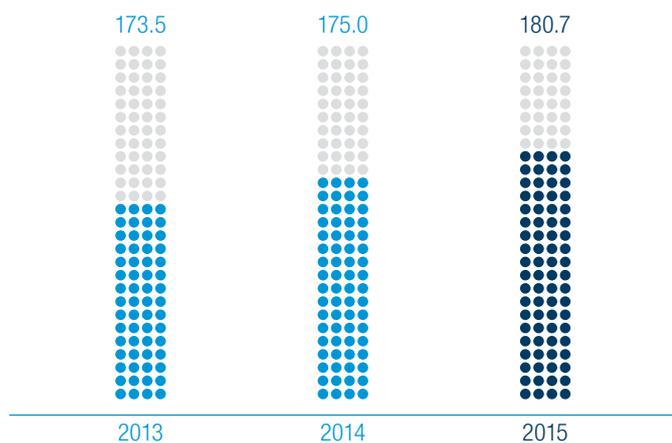
- Realigned customer segmentation within SME and Private Banking customers
- Launched the first Interactive Teller Machine (ITM) in Jordan
- Activated Cyprus Branch's role in its area of business and introduced new products for financing property purchase
- Revamped several branches and relocated others to more vital business areas
- Launch the 24x7 Contact Center

Financial highlights

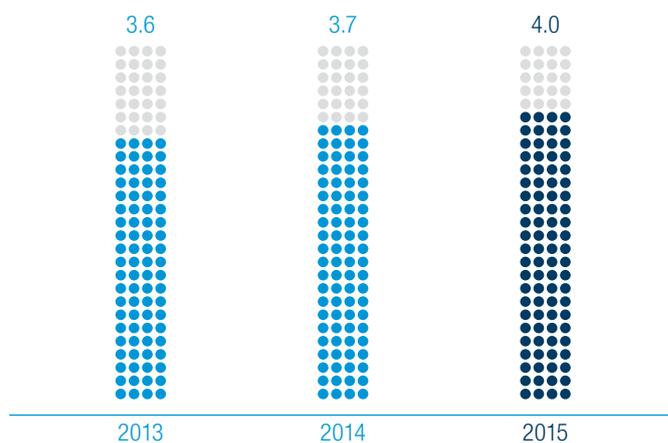
- Increased total assets by 8.1%
- Direct credit facilities reached US\$ 1,939.5 million; a 5.1% growth over last year
- Increased customer deposits & cash margins by 13.4% to US\$ 2,808.4 million
- Operating income reached US\$ 180.7 million compared to US\$ 175.0 million for 2014

Outlook for 2016

- Growth of assets while improving their quality
- Launch of JKB's mobile banking application
- Expand the branch and ATM network in Palestine and Jordan
- Open the Bank's hi-tech flagship branch in Abdali Mall
- Launch JKB's first mobile branch, Jawwal
- Revamp and enhance JKB's payment card offerings



Operating Income
US\$ million



Total Assets
US\$ billion

KIPCO Group: Financial Services



Mr Khaled Saoud Al Hassan
 Group Chief Executive Officer
 Gulf Insurance Group

KIPCO consolidated holding 2015: 46%

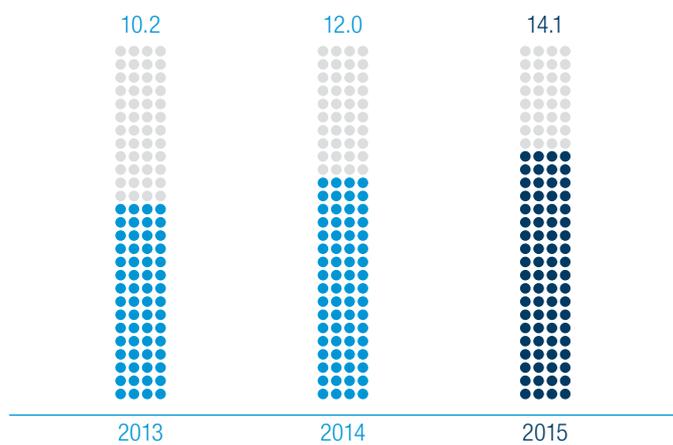
Gulf Insurance Group (GIG) was established in 1962. It is a public shareholding company listed on KSE and a consistent market leader in Kuwait in terms of premiums written, both in life and non-life insurance.

GIG is amongst the largest and most diversified insurance groups in the MENA region. The group is one of the leading private insurers by gross premium written, with a strong competitive market position in Kuwait, Jordan, Bahrain and Egypt. Furthermore, the Group has operations in Syria, Iraq, Lebanon, Saudi Arabia, Algeria and the UAE. GIG's revenue and earnings are geographically diversified.

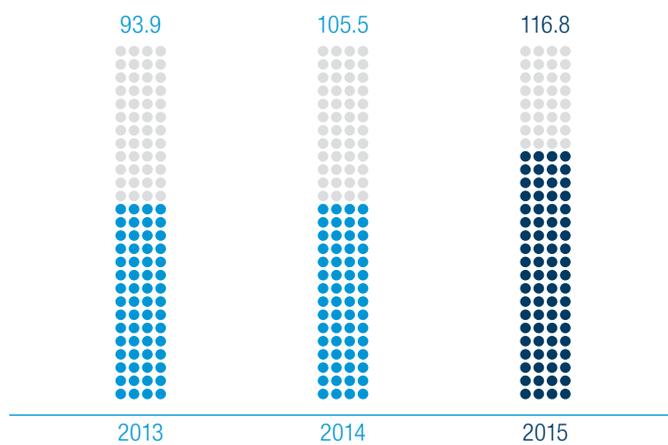
A.M. Best Europe - Rating Services Limited has affirmed its Financial Strength Rating on GIG at A- (Excellent) with Positive Outlook. Standard & Poor's has also assigned its Financial Strength Rating of

BBB+ with Stable Outlook for GIG, reflecting its status as an operating holding company of a substantial regional group. The ratings reflect GIG's strengthened risk-adjusted capitalization, its excellent regional business profile, robust track record of underwriting profitability and improved risk management.

Through its customer-centric approach, GIG offers a range of products and services involving various classes of insurance: motor, marine & aviation, property & casualty, engineering, and life & health at conventional and takaful (Islamic insurance based on Shariah principles) basis. GIG's products and services are designed and developed in collaboration with leading international insurance and reinsurance companies to meet individuals' and corporate customers' insurance requirements.



Net Profit
 KD million



Revenue
 KD million



www.gulfinsgroup.com Tel +965 180 20 80

Business highlights

- Maintained market leadership in Kuwait, Bahrain and Jordan in terms of GWP, and in Egypt in terms of underwriting surplus
- Maintained A- (Excellent) with positive outlook from A. M. BEST Europe - Rating Services Limited
- Standard & Poor's assigns GIG's Financial Strength at BBB+ with Stable Outlook
- Successfully expanded GIG's regional presence to Algeria by acquiring major shares of 'L'Algerienne Des Assurances' (2A) as a subsidiary and 'Algerian Gulf Life Insurance Company' (AGLIC) as an affiliate that started operations in 2015
- Awarded 'Insurance Brand of the Year' by World Branding Awards, London
- Named 'Super Brand 2015' Kuwait for fourth year

Financial highlights

- Increased net profit by 17% to KD 14 million
- Increased Gross Written Premiums by 7% to KD 185.9 million
- Increased total assets by 6.1% to KD 368.4 million

Business highlights of subsidiaries

Gulf Insurance & Reinsurance

- Financial Strength Rating of A- (Excellent) and issuer credit rating of A- with a Positive Outlook from A.M. Best Europe Rating Services Limited
- Financial Strength and Counterparty Credit ratings of A- with Stable Outlook by Standard & Poor's
- Awarded 'Best Life Insurance Company 2015 Kuwait' by World Finance, London

Bahrain Kuwait Insurance Company

- Maintained market leadership in terms of GWP and total profit
- Active presence in Kuwait and Bahrain
- The only Bahraini direct insurance company to enjoy A- rating (A.M.BEST)

Arab Misr Insurance Group

- Market leader in underwriting surplus and net profits
- Rated B++ with Stable Outlook by A. M. BEST
- Highest paid up capital in the Egyptian insurance private sector with EGP 175 million
- Awarded 'Best Non-Life Insurance Company Egypt 2015' by Global Banking & Finance Review Awards

Egyptian Life Takaful Company

- First company to maintain business with MedNet
- Received B+ rating with Stable Outlook from Standard & Poor's

Syrian Kuwaiti Insurance Company

- Maintained customer base through offering competitive technical rates and best services in claim compensation

KIPCO Group: Financial Services



Mr Hussain A. Lalani
Acting Chief Executive Officer
United Gulf Bank



بنك الخليج المتحد
United Gulf Bank B.S.C.

KIPCO consolidated holding 2015: 97%

www.ugbbah.com Tel +973 1753 3233

UGB is a leading asset management, merchant and investment banking group, with operations spanning the MENA region. From its home base in Bahrain, and through its regional network of subsidiaries and affiliates, the bank engages primarily in asset and fund management, merchant banking, private equity and corporate finance. Other financial business activities include commercial banking, proprietary investments, treasury, brokerage, savings and pensions. Through its non-financial associate companies, the bank holds substantial investments in the real estate and industrial sectors. Established in 1980, UGB operates under a conventional wholesale banking license from the Central Bank of Bahrain, and is listed on the Bahrain Bourse. Over the past 34 years, the bank has established a reputation for financial strength, sound governance, prudent management and depth of expertise. The asset management activities cover local, regional and international markets, and comprise discretionary and non-discretionary portfolio management; securities trading; portfolio structuring and

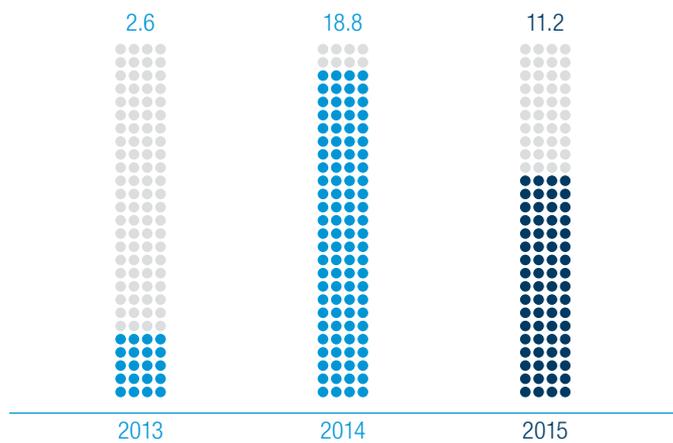
asset allocation advice; mutual funds; investments and structuring; and alternative/structured investments. Conventional and Islamic investment banking activities cover equity and debt underwriting, private placements, capital restructuring and merger and acquisitions. In addition, private equity focuses on key growth or demand sectors such as telecoms, media, technology and energy.

Business highlights

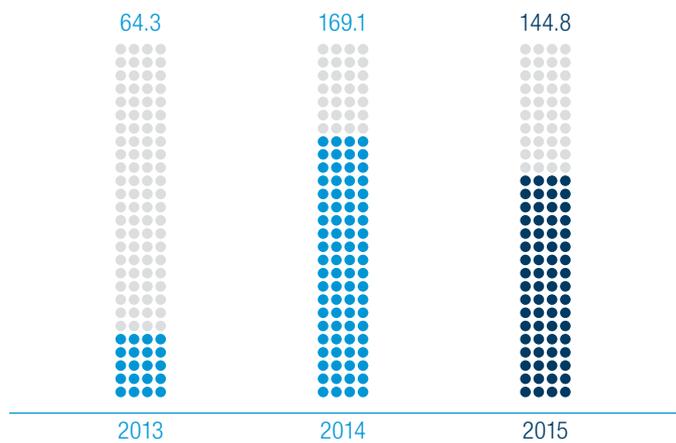
- UGB Group improved Debt Maturity Profile by repaying US\$ 343 million and raised/refinanced ~ US\$ 262 million
- Investment grade BBB with stable outlook

Financial highlights

- Recorded 25 consecutive years of profitability
- Debt reduction by US\$ 66.8 million
- Total AUM at US\$10.7 billion



Net Profit
US\$ million



Revenue
US\$ million

KIPCO Group: Financial Services



Mr Faisal Mansour Sarkhou
Chief Executive Officer
KAMCO



KIPCO consolidated holding 2015: 86%

www.kamconline.com Tel +965 185 26 26

KAMCO Investment Company is a premier investment company based in Kuwait. It is regulated by the Capital Markets Authority and Central Bank of Kuwait, and has one of the largest private sector AUMs in the region.

Established in 1998 and listed on the Kuwait Stock Exchange in 2003, KAMCO is a subsidiary of United Gulf Bank and is the asset management and investment banking arm of KIPCO.

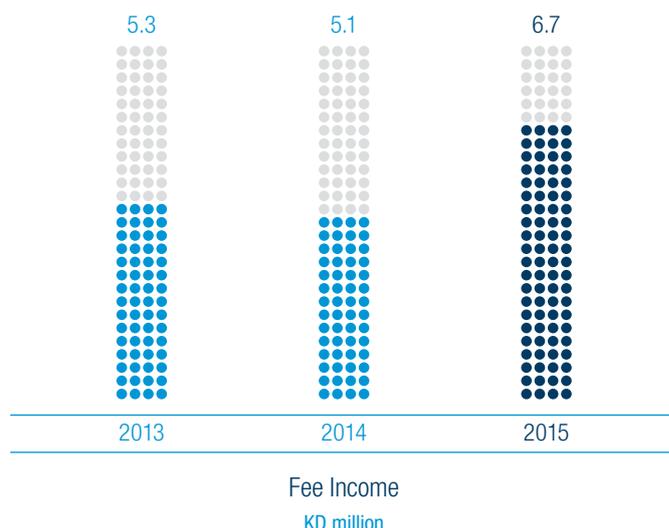
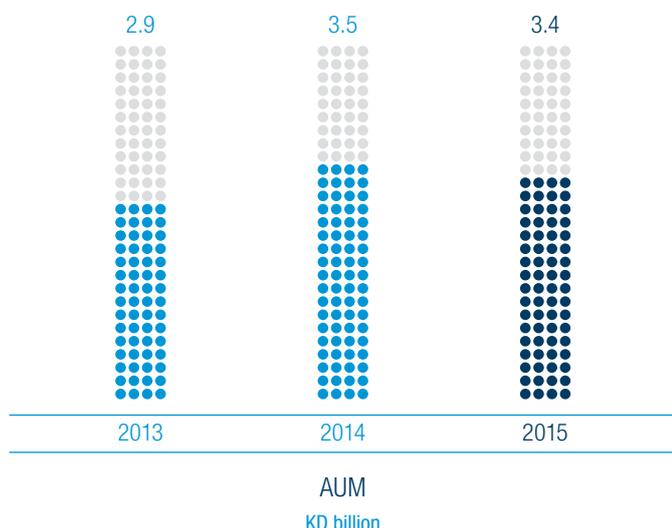
It has become a leading regional company within its sector, offering innovative products and services to its clients, holding over US\$ 11 billion of client AUM, and has successfully completed over 83 investment banking transactions worth around US\$ 12.5 billion as at December 31, 2015.

With almost two decades of experience in conducting business in Kuwait's dynamic investment industry, KAMCO has successfully

established a robust reputation for solidity, characterized by its prudent, conservative investment philosophy and spirit of transparency, which has consistently commanded the goodwill of a wide investor-base. The company will further aggressively build upon its core competencies to offer MENA-wide investment management consultancy and services, backed by its proven track record in stringent risk mitigation, investment product innovation, and a cautious investment approach towards local, regional and international capital markets.

Business highlights

- Growing fee income and maintaining profitability
- Managing the first investment grade rated (Baa1 by Moody's) Subordinated Tier 2 in the MENA region
- 'Kuwait Asset Manager of the Year' award from MENA Fund Manager
- Enhancing Investment Fund's performance and dividends distribution
- Signed MoU with TAKAUD for future cooperation





Mr David Butorac
Chief Executive Officer
OSN



KIPCO consolidated holding 2015: 60.5%

www.osn.com Tel +971 4367 7777

OSN is the ultimate destination for the widest choice of brand new premium Western, Arabic, South Asian (Hindi, Urdu, Bengali, Malayalam and Tamil) and Filipino entertainment in MENA.

Home to over 150 channels, OSN has the most comprehensive portfolio of exclusive rights from all the major studios including Warner Brothers, Paramount, Fox, Disney, Sony, MGM, NBC Universal, HBO and DreamWorks and offers access to the world's leading television brands including Disney channel, Sky News, Discovery Network and National Geographic. Since 2013, OSN Pehla has been bringing the best of Bollywood movies and premium cricket, including exclusive telecast rights of ICC Cricket World Cup and Indian cricket.

OSN changed the TV viewing experience by bringing over 65 High Definition (HD) channels, making it the region's only network with a full HD channel bouquet and 3D entertainment.

OSN was the first to launch the OSN DVR HD; the regions first online TV platform, OSN Play; the regions first 3D, HD, internet enabled satellite receiver and recorder, OSN Plus HD and the region's first VOD service, OSN on Demand. OSN Store, launched in 2015, is the region's first and largest buy & keep, electronic sell-through platform in the Middle East. 'GO', launched in 2014, is an online TV service providing subscribers access to thousands of hours of premium entertainment, contract and commitment-free.

Business Highlights

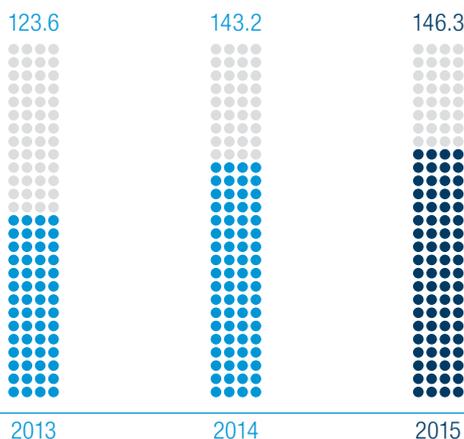
- Providing premium, exclusive content and investment in innovative technology led to significant subscriber base growth
- Renewed & strengthened partnerships with HBO, Warner Bros., Eagle Films, Gulf Film, CNBC & WWE
- Addition of new, exclusive channels
- Secured US\$400 million syndicated loan to strengthen exclusive & premium content, develop innovative technology to enhance viewer experience
- Launch of 'OSN Store', the region's first and largest buy & keep, electronic sell-through platform
- Stepped up fight against TV piracy

Outlook for 2016

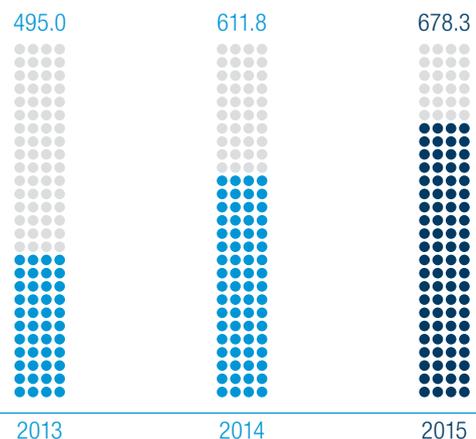
Despite an increasingly competitive industry landscape, 2016 will be a defining year for OSN, with new and exclusive partnerships with global content providers, the introduction of innovative technologies and a clear leadership in the online TV space.

OSN introduced six new and exclusive channels at the start of 2016 with several more premium channels coming on board through 2016. OSN Store and OSN Play will continue to see expansion and enhancements in line with viewer demand and preferences.

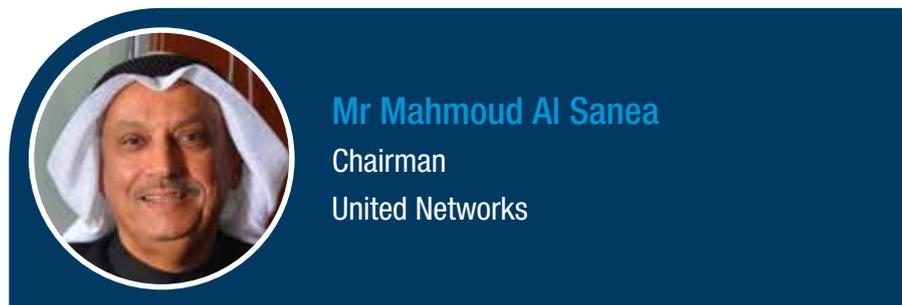
OSN will continue to transform the TV industry in the MENA region by bringing innovative content and services that will further elevate the subscriber's experience. The unparalleled breadth of exclusive programming will position OSN as the definitive network for all home entertainment.



EBITDA
US\$ million



Revenue
US\$ million



Mr Mahmoud Al Sanea

Chairman

United Networks



KIPCO consolidated holding 2015: 62%

www.unitednetworks.com.kw Tel +965 182 8444

United Networks is a leading solutions and service provider in the communications, information technology and media sectors in the MENA region through its subsidiaries. It strives to develop, deploy and delivers innovative products and services using state of the art technology platforms to advance connectivity, value and efficiency in business and entertainment environments.

United Networks has succeeded in building alliances and strategic partnerships with major global telecom operators and revamp its international structure to position itself as an important player and serve multinational corporations in the region. The company has also associated itself with credible global service providers in the ICT industry, making it the leading ICT service provider in the Kuwaiti market.

Business highlights

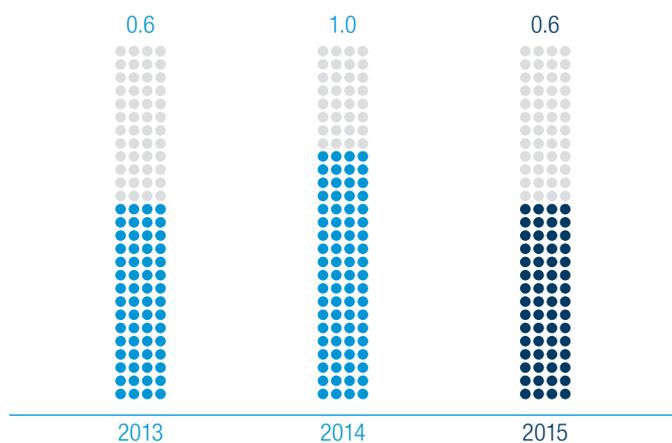
- Launched Marina TV
- Acquired two full transponders as part of the continuousness growth in the satellite business
- Signed a deal with Kuwait's Ministry of Information (Kuwait TV) to broadcast a full HD-TV bouquet

Financial highlights

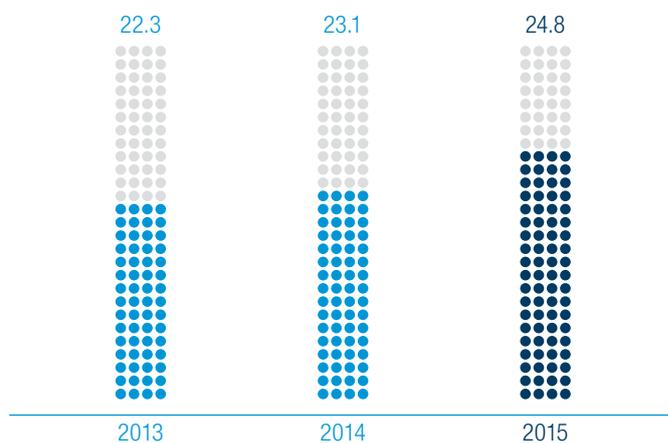
- Increased total consolidated assets by 7.5% to KD 30.3 million
- Revenue growth by 7.4% to KD 24.8 million

Outlook for 2016

- Continue efforts to diversify business to ensure continuity and vertical growth
- Sustain business growth and expand in the MENA region



Net Profit
KD million



Revenue
KD million



Mr Ahmad Kasem
Deputy Chief Executive Officer
United Real Estate Company



شركة العقارات المتحدة
United Real Estate Co

KIPCO consolidated holding 2015: 71%

www.urc.com.kw Tel +965 180 5225

United Real Estate Company (URC) is one of the MENA region’s leading real estate developers, with total assets of KD 554 million (US\$ 1.8 billion) as at December 31, 2015. Headquartered in Kuwait, URC was founded in 1973 and was listed on the Kuwait Stock Exchange in 1984.

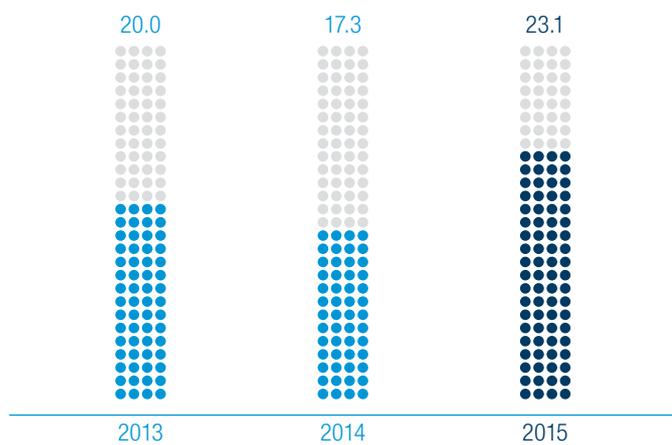
URC primarily operates in the MENA region through a number of operational subsidiaries and investments arms. The company’s portfolio includes retail complexes, hotels, resorts, residential buildings, high rise office buildings, as well as mixed use developments. Operational assets include KIPCO Tower, Marina Hotel and Marina Mall in Kuwait as well as Salalah Gardens Mall & Residences in Oman. Regionally, URC is developing Abdali Mall in Jordan, Raouche View at 1090 in Lebanon, Aswar Residences in Egypt, Junoot Resort in Oman and Assoufid in Morocco.

Business highlights

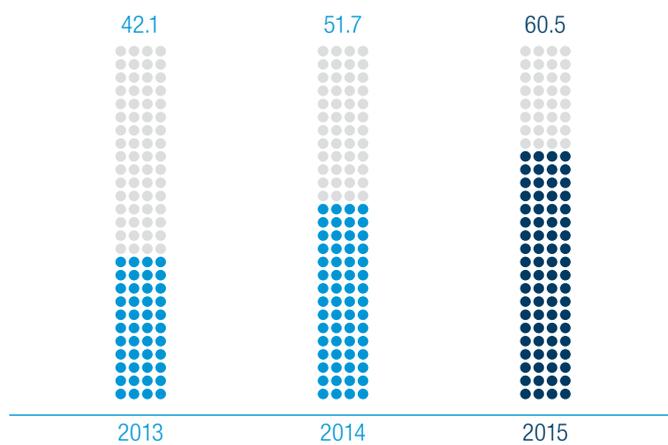
- Acquisition of Assoufid, a new project in Morocco
- Restructure & formation of new Executive Management

Financial highlights

- Increased net profit by 8.3% to KD 8.5 million
- Increased operating revenue by 17.1% to KD 60.5 million
- Increased operating profit by 34% to KD 23.1 million



Operating Profit
KD million



Revenue
KD million



**Sheikh Khalifa Abdullah
Al Jaber Al Sabah**
Chairman
United Industries Company



KIPCO consolidated holding 2015: 81%

www.uickw.com Tel +965 2294 3236

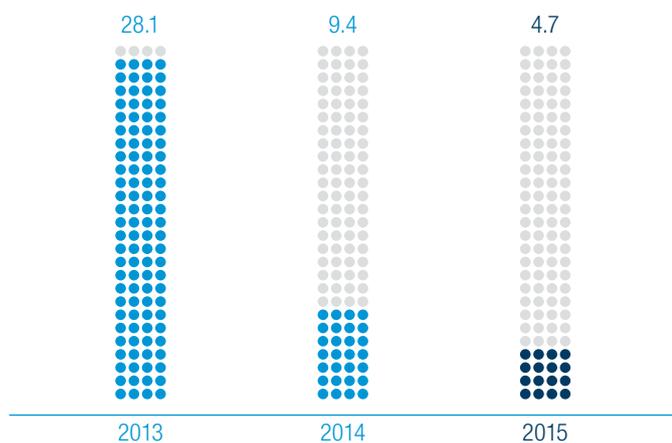
Established in 1979, United Industries Company (UIC) focuses on investing in the industrial and healthcare sectors, with a portfolio of investments that consists of Qurain Petrochemical Industries Company (QPIC) – one of Kuwait’s largest investor in the petrochemical and industries sectors- as well as Advanced Technology Company (ATC) which pioneers in the medical supplies industry.

Business highlights

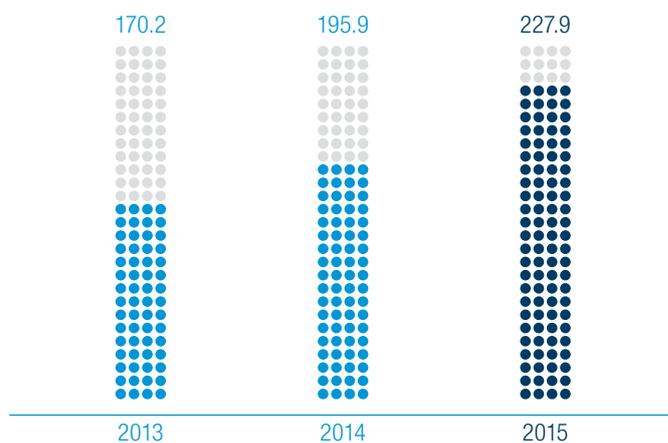
- Income from associates increased by 50% due to the enhanced performance from QPIC and ATC, after excluding last year’s extraordinary revaluation profits of the associates
- Other income increased to KD 0.28 million due to increased ownership in QPIC

Financial highlights

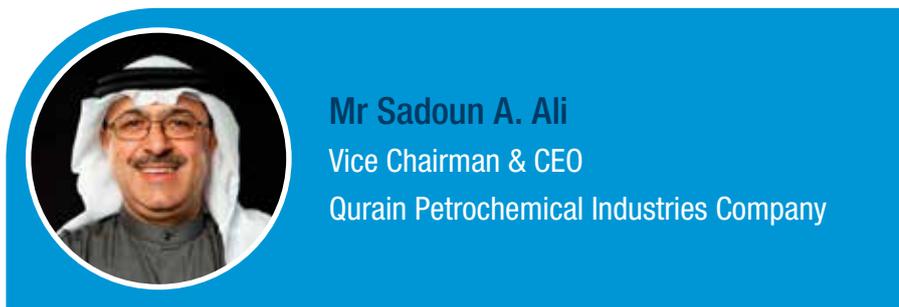
- Total assets increased by 16% to KD 227.9 million due to increase in long-term investments during the year
- Net profits for the year at KD 4.71 million (EPS 10.56 fils)



Net Profit
KD million



Total Assets
KD billion



Mr Sadoun A. Ali
Vice Chairman & CEO
Qurain Petrochemical Industries Company



KIPCO consolidated holding 2015: 31%

www.qpic-kw.com Tel +965 2294 3232

Established in 2004, Qurain Petrochemical Industries Company (QPIC) is a public shareholding company with a total capital of KD 110 million. QPIC's investments portfolio combines stakes of Kuwait's largest petrochemical projects such as Equate Petrochemicals, The Kuwait Olefins Company (TKOC) and Kuwait Aromatics (KARO). This is in addition to its significant stakes, being a majority shareholder in Saudia Dairy & Foodstuff Company (SADAFCO), National Petroleum Services Company (NAPESCO), as well as United Oil Projects (UOP). QPIC's financial year starts on April 1st, and ends in March 31st of every year.

Business Highlights April – Dec 2015

- Significant operational income from QPIC investments during 2015, especially from KARO

Financial Highlights April – Dec 2015

QPIC has shown exceptional profits for the 9 month period from April 1 to December 31, 2015:

- Profits increased to KD 11.3 million
- Earnings reached 10.84 fils per share
- Book value increased to 308 fils per share
- Total assets increased to KD 535 million

United Oil Projects Company

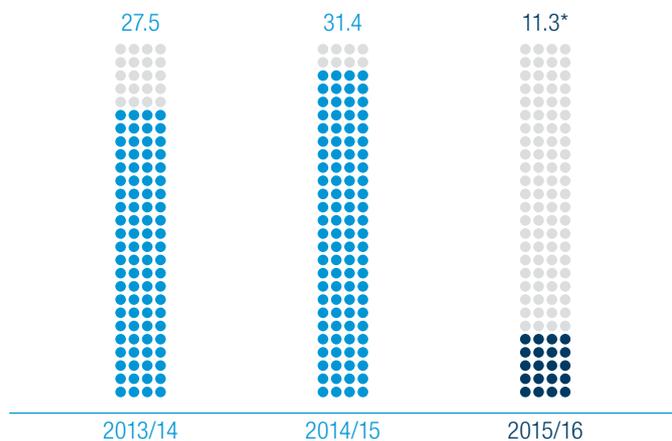
QPIC holding: 47.5%

Business highlights

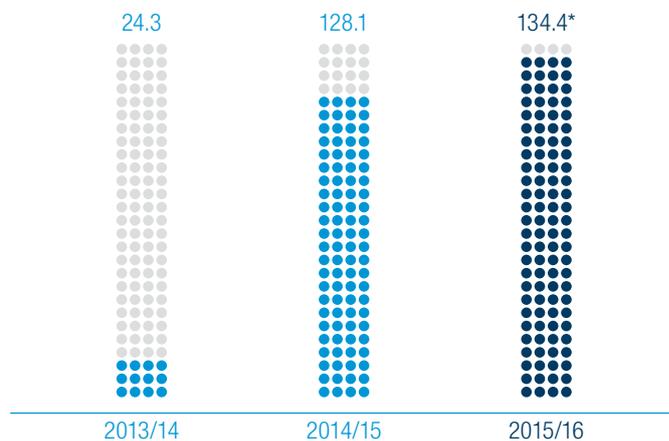
- Income from associates increased by over 56%, and consolidated profits rose by over 54%
- Total assets increased 11% and net equity increased 9.8% after paying 5% cash dividends
- Total cash balance increased 16% at the end of 2015, and value of portfolio investments went up 10%
- The Chemical Division business made sustained progress with steady revenues, gained new market shares in the Middle East, and is now expanding into new markets across South Asia

Financial highlights

- Net profits increased 54%
- Total assets increased 13%
- Shareholders' Equity increased 12%



Net Profit
KD million



Revenue
KD million

* 9 months period: April 1 - Dec 31, 2015



Mr Waltherus Matthijs
Chief Executive Officer
SADAFCO



Subsidiary of QPIC

www.sadafco.com Tel +966 12 6293366

Established in 1976, Saudia Dairy and Foodstuff Company (SADAFCO) is a leading, world-class food manufacturer, seller and distributor in the Middle East. Based in Saudi Arabia and with operations across the Middle East, the company is a market leader in Saudi Arabia in long life milk, tomato paste and ice cream, marketing its core products under the flagship 'Saudia' brand.

The company operates three ISO 22000:2005 accredited factories in Jeddah and Dammam that produce the bulk of SADAFCO's product portfolio. In 2005, SADAFCO became a publicly-listed company on the Saudi Arabian stock exchange, Tadawul.

Products produced and imported by SADAFCO are transported to the company's 24 depots by its own fleet of long-haul trailers and distributed to an estimated 35,000 customers across the GCC by the SADAFCO sales and distribution team.

The SADAFCO sales and distribution network comprises nearly 500 sales routes operating out of 20 depots in Saudi Arabia and one depot each in Qatar, Bahrain, Kuwait and Jordan, providing the company with a wide sales penetration. In addition to the direct sales reach, the company accesses several export markets through external distributors and agents.

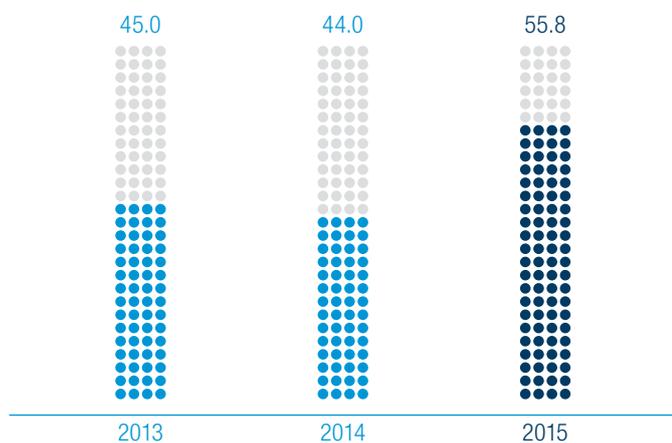
SADAFCO employs an estimated total of 2,200 employees from 41 nationalities. The company markets its products under the brand names of Saudia, Crispy and Baboo.

Business Highlights

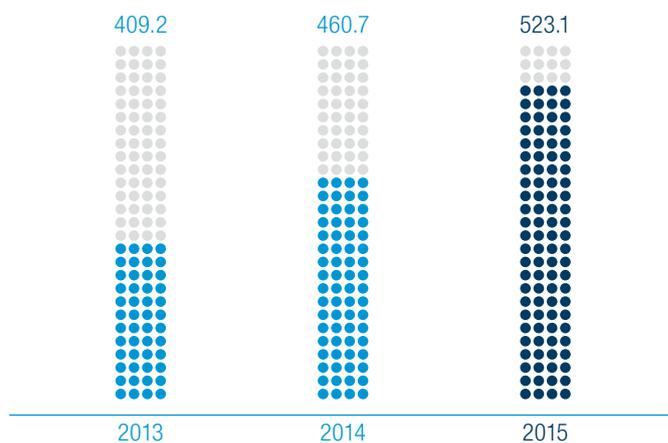
- Lower prices of key commodities leading to improved margins
- SADAFCO breaks through the US\$ 533 million turnover barrier
- Return to double digit growth despite the tough competitive environment

Outlook for 2016

- Strive to maintain growth trend, benefitting from the current subdued key global raw material prices
- Achieving further efficiency in the manufacturing process, which will contribute positively to overall 2016 results
- Exploring new product development to identify attractive and relevant innovations to meet consumers' expectations
- On-going investment in the Saudia brand to strengthen its leadership position and increase market share



Net Profit
US\$ million



Net Sales
US\$ million



Mr Meshal A. Ali
Chief Executive Officer
United Education Company

KIPCO consolidated holding 2015: 44%

American University of Kuwait

President

Professor Dr. Nizar Hamzeh

Tel +965 180 20 40

www.auk.edu.kw

AUK is a liberal arts institution dedicated to teaching, learning and scholarship. The university offers programs that provide students with the knowledge and skills necessary for lifelong learning and professional success. AUK enriches society by fostering an environment that encourages critical thinking, effective communication, personal growth, service and leadership.

Values

The AUK community strives to uphold freedom of thought, expression and intellectual inquiry; respect for individual identity and rights, and cultural diversity; commitment to high standards of morality, integrity, and social responsibility; and adherence to high professional standards and ethics.

AUK aspires to be a leading university recognized locally, regionally and internationally for its institutional distinctiveness, academic excellence and the accomplishments of its graduates.

AUK is committed to a liberal arts model of education through which students are encouraged to take courses and participate in activities that go beyond their selected fields of study or major.

International Affiliation

Dartmouth College in Hanover, New Hampshire, is the international partner institution to the AUK.

Dartmouth and AUK have worked closely together since 2003, when the two institutions signed an MoU that facilitated a series of advisory, consultative, and cooperative projects. The initial agreement was recently renewed for a third time in April, 2013 to extend through 2018. The two institutions share a commitment to excellence in higher learning, and the agreement between them reflects AUK's growing stature as a premier academic institution in the Gulf region and beyond.



Founded in 1769, Dartmouth is a member of the "Ivy League", and has been accredited by the New England Association of Schools and Colleges (NEASC) since 1929.

Business Highlights

- Accredited by Kuwait's Private Universities Council in February 2006, and going through 4th reaccreditation cycle
- Intensive English Program accredited by the Commission on English Language Program Accreditation until August 2024 Arts, Humanities
- Social Sciences and University General Education Programs accredited by the American Academy for Liberal Education Board of Commissioners
- Business Administration Bachelor program accredited by the Accreditation Council for Business Schools and Programs and AUK is also pursuing accreditation of its other programs
- Research and Development Center in Informatics, Sciences and Engineering (RISE) inaugurated in 2014
- Earned four technology awards, including Ellucian's highest award, making AUK the first school outside the US to ever win
- Addition of interactive equipment in classrooms and on campus, including new computers and network security upgrade

United Education Company was established in 2002 as a leading company dedicated to higher education in Kuwait. It holds six schools under Al-Rayyan Holding Company, as well as the American University of Kuwait and the American United School of Kuwait.



www.kipco.com Tel +965 2244 8310/1/2

American United School

Founding Director
Dr. Jennifer Beckwith

Tel +965 2553 0100
www.aus.edu.kw



AUS is a 12,000 sq.m., KD 33 million facility. The first phase opened September 2013 for Pre K (KG 1) to Grade 5. In September 2014, the Middle School was opened for Grade 6 through 8 using the top floor of the existing Elementary structure. The second phase opened in Fall 2015, with purpose-built areas for Middle and High School and Grade 9 was offered.

Business highlight

- 531 students are currently enrolled in AUS
- AUS now has three fully-functional schools; Elementary, Middle and High Schools
- Student enrollment numbers increased 37% in the currently academic year

Achievements

- Successfully earned Council of International Schools membership, and started implementation of professional development plans for educators and staff
- Partnered with Idaho State University for consultation to adopt best American education practices in Math, English Language Arts, Technology, Response To Intervention, and Professional Learning Communities
- Recreation, Enrichment and Learning (REAL) program of after school activities commenced in SY 2014-2015
- Created a three-year implementation plan for Common Core Curriculum
- Launched online teacher and administrator evaluation and professional development system called Edivate
- Classes equipped with an interactive LED, smart tables and Rediker portal for classroom management.

Outlook for 2016

- High School (10th Grade) to open in 2016-2017
- Students numbers 2016-2017 projected at a total of 720: 504 Elementary; 131 Middle School; and 85 High School
- Develop comprehensive 5-7 year strategic plan

Al Rayan Holding Company

Chief Executive Officer
Mr Mohammad Abdulrahman Al Shuaibi

Tel: +965 2382 4246
www.alrayanholding.com



The Kuwait-based Al Rayan Holding Company was established in June 2006 with a paid up capital of KD 16.3 million. The company's goal is to capitalize on opportunities in the educational sector, specifically in school education, beginning from kindergarten to high school.

The company commenced its operations in early 2007 with the acquisition of Kuwait International English School and New Pakistan International School. In the same year, the company acquired Al Nouri Education Establishment W.L.L., which owned Fahaheel Al Watanieh School, Fahaheel Al Watanieh Indian Private School, and the Canadian School of Kuwait.

The company is currently running five schools under its umbrella through its subsidiaries, with approximately 13,000 students. The schools under Al Rayan are the New Pakistan International School and Kuwait International English School. The schools under Al Nouri are Fahaheel Al Watanieh Indian Private School (FAIPS), Fahaheel Al Watanieh School (FAS), and International British School (IBS) - formerly the Canadian School of Kuwait, converted in September 2010.

Business highlights

- Implemented smart classes in FAIPS from Y3 to Y5
- FAIPS ranked number one among all International Delhi Public School branches by DPS
- Constructed new floor in NPIS to increase overall school capacity
- Obtained High School license in IBS and started class

Outlook for 2016

- Major expansion of FAIPS & KIES through new construction
- Exploring an opportunity for opening a new school in the GCC
- Exploring an opportunity in Kuwait for acquisition or Green Field Project

KIPCO Group: Other Sectors



Mr Luc Métivier
Chief Executive Officer
Takaud Savings & Pensions



KIPCO consolidated holding 2015: 100%

www.takaud.com Tel +973 17 511 611

TAKAUD Savings & Pensions is the first company in the MENA region to offer a range of personal and corporate pension and savings products. Its mission is to help individuals and families in the MENA region grow their money to build better tomorrows.

TAKAUD is creating a savings culture so customers can achieve their dreams and retire with financial security. Customers save for their children's education, a new home, emergencies and for a retirement that reflects the living standard to which they are accustomed.

TAKAUD provides everyday people with access to leading and high-end fund managers including Mirabaud, Black Rock, JP Morgan, BNP, Candriam, Robeco, Franklin Templeton and Schroders.

Customized savings plans are created for each customer. With nine purpose-built investment strategies and 70 available investment funds, TAKAUD provides a wide range of options, and its financial advisors and wealth management financial consultants find the right savings and pension solutions for customers at all ages and income levels.

TAKAUD helps companies attract talent and improve employee engagement and loyalty by creating corporate pension plans. It also

enables banks and insurance companies to offer their customers a wide range of investment and savings products, including Sharia-compliant products. Along with the best and newest technological platform available, TAKAUD offers customer-service training and specific expertise for the Middle East market. With TAKAUD customized services, bank and insurance customers can access their savings and investment portfolios online any time and build the secure and exciting future they deserve.

Business highlights

- Launch of Wealth Management service for mass-affluent customers
- Signing of 10 alliance partnerships with banks and insurance companies
- Building and transitioning to proprietary savings and investment IT platform
- Building a robust digital lead-generation engine to accelerate regional expansion

Outlook for 2016

- Regional presence in eight countries
- Creation of 20 new non-proprietary business partnerships
- Boost corporate pension business to 30% of total sales

KIPCO Group: Other Sectors



Mr Tariq AbdulSalam
Vice Chairman
North Africa Holding Company
Kuwait
www.northafricaholding.com Tel +965 2291 3733



The North Africa Holding Company (NorAH) is a private equity company that identifies and invests in opportunities within North African economies. NorAH is one of MENA's largest pan-regional investment companies and its portfolio includes holdings in the manufacturing, real estate and corporate services sectors, in countries such as Algeria, Morocco, Tunisia and Egypt.



Mr Fawzi Al Musallam
Vice Chairman & CEO
Kuwait Hotels Company
www.khc.com.kw Tel +965 2225 7070



Kuwait Hotels Company (KHC) specializes in hospitality and catering services. KHC's subsidiaries include Safir International Hotels and Resorts Management Company, one of the region's premier hotel companies, with a total of 15 hotels throughout the MENA region. KHC also includes Kuwait Catering Company, Safat Catering Services, Cake & Bake and Safir Support Services. KHC is listed on the Kuwait Stock Exchange.



Mr Narendra Baliga
Chief Executive Officer
Pulsar Knowledge Centre
Delhi, India
www.pulsarkc.com Tel +91 124 4525300



Pulsar Knowledge Centre (PKC) is KIPCO's consulting company based in India. PKC offers services and solutions in business advisory, financial research and analysis. For clients in India's fast growing economy, the company offers a complete range of investment advisory services. PKC's clients include KIPCO Group and external companies.



Mr Iqbal Mohamed
President
United Gulf Management
Boston, USA
www.kipco.com Tel +1617 3034100

**United Gulf Management
Boston, USA**

United Gulf Management is KIPCO's subsidiary in the United States. The company – based in Boston – is responsible for identifying strategic resources to support KIPCO's financial services, real estate and media operations.

Letter from the Board of Directors & Management Report

Letter from the Board of Directors

Dear shareholder,

The world economy continues to struggle to gain equilibrium, with lower growth rates recorded for many oil exporters, emerging markets and developed countries. Oil prices, which have declined to new historical lows at the end of 2015, are expected to remain low for a considerable period of time. Historically, low oil prices sustained over extended periods of time have been followed by a slow recovery of the global economy. For oil importing countries, fiscal deficits have declined but the benefits from low oil prices have yet to materialize. By contrast, the negative impact of the sharp plunge in oil prices on oil exporting countries has been immediate.

In Kuwait, the decline in oil prices is expected to push the State's fiscal position into a deficit in 2016. H.H. the Amir of Kuwait recently urged the government and parliament to "take urgent reform measures" in light of a 60% drop in State revenue in 2015.

If the government's infrastructure projects are to proceed without halt, these fiscal constraints are likely to lead to an increased reliance on partnerships between the public and private sector. KIPCO's core businesses will benefit from such projects.

At last year's Shafafiyah Investors' Forum, we set an objective of doubling our 2014 profit by the year 2018. We are delighted to report that we are on track to meet this target; our profit for 2015 is at KD 53.03 million (US\$ 175 million) – a 15% increase on 2014. This result makes 2015 our twenty-fourth year of consecutive profitability.

Your company's total revenue from continuing operations for the year increased 4% to KD 621 million (US\$ 2.1 billion) from KD 598 million (US\$ 2 billion) in 2014. Subject to approval by our General Assembly, we are proposing to pay shareholders a cash dividend of 25 fils (25%) per share, as well as the Board of Directors' remuneration of KD 220,000.

A major business highlight for your company during 2015 was the announcement of KIPCO's plans for the commercial and residential real estate development project, valued at approximately US\$ 2.5 billion, that will be constructed in Daiya. The development project, which will be jointly constructed by United Real Estate and other entities, will have a built up area of 380,000 sq.m. Different Group businesses, including banking and insurance, will also be playing a role

in this development project. It will include residential and commercial units, as well as infrastructure such as parks, walkways and roads. Infrastructure work is expected to begin in the second quarter of this year.

Another highlight for 2015 was the purchase of a 51% stake of Jordan Kuwait Bank (JKB) by KIPCO Group from Burgan Bank. The transaction, a testament to KIPCO's flexibility in supporting its core operations, has further raised Burgan Bank's capital adequacy under Basel III and will allow it to continue to execute its strategy and long-term plan for building shareholder value.

Despite regional tension, Burgan's network continues to deliver strong performance and the bank is expected to deliver good levels of return on shareholder's equity in 2016.

For OSN, the past 12 months have seen a revenue increase by 11%. The pay-TV company secured a US\$400 million syndicated loan, reflecting the financial community's confidence in OSN's business prospects. The loan aimed at strengthening OSN's exclusive and premium content, and to develop innovative technology platforms that enhance viewer experience using technology that is on par with the best in the world, and offering content that is more comprehensive than that of any other pay-TV business.

During 2015, OSN signed an exclusive five-year agreement with Warner Brothers, and strengthened its partnerships with global networks channels such as HBO and WWE, thus continuing to deliver on its promise of bringing exclusive content to its subscribers in the MENA region.

In its continuing battle against piracy, OSN worked closely



with authorities across the region to close down illegal television operators, thereby ensuring that people involved in the creation of television content get rewarded for their work. This, in turn, contributes to the growth of the regional production market and the artists themselves.

The year 2015 saw further strengthening of Gulf Insurance Group's operations. At the end of the year, GIG was awarded the Kuwaiti Health Ministry's tender for providing health insurance to retirees, worth KD 82.48 million (US\$ 271 million) per year in premiums. GIG will be working closely with government entities to close this deal in early 2016. In terms of its network, four of the Group's companies – in Kuwait, Bahrain, Jordan and Egypt – rank first in their markets.

Following the launch of its Wealth Management Division, TAKAUD signed a business partnership agreement with the Swiss private bank, Mirabaud. The partnership enhances TAKAUD's investment platform with the addition of a range of some of the top-performing funds from the Swiss bank. In 2015, TAKAUD continued to build on its wealth management portfolio, offering its affluent clients more diverse investment options.

In preparation for the implementation of the corporate governance framework of the Capital Markets Authority, set for mid-2016, KIPCO has continued to upgrade its existing corporate governance structure. As such, we have taken steps to formalize the Board of Directors Charter, alongside policies related to shareholder and stakeholder rights. This is in addition to the committees established over the last two years.

We look to 2016 with caution. Forecasts for the next 12 months have described global economic growth as disappointing and uneven due to the hike in US interest

rates and the economic slowdown in China. In the MENA region, economic growth has stagnated and low oil prices, political turmoil and the global economic slowdown mean that short-term prospects of recovery are unlikely.

We anticipate these conditions will affect the economic outlook for 2016 across the MENA region. As a result, during the next twelve months, greater efforts will be made to further consolidate and integrate our businesses. This may reflect on our profit expectation for 2016. However, we are confident that our core sectors will continue to grow and the fruits of these efforts will be reaped in 2017. KIPCO continues to pursue its target of doubling its 2014 profits by 2018 with conviction.

We thank His Highness the Amir of the State of Kuwait, Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, His Highness the Crown Prince, Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, and His Highness the Prime Minister, Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah, for their continued support and guidance.

We would like to thank you, our shareholders, for the support and trust you have placed in your Board of Directors and management during the last 12 months. We would also like to thank all the employees of KIPCO and its operating companies for the contribution they made during the year.

On behalf of our shareholders, we thank the management for the results they achieved during 2015.

May God continue to grant us success and prosperity.



Dear shareholder,

Over the past 12 months, the global economy has fought to find its balance while oil prices continued their descent, resulting in a disappointing growth. While inflation has slowed down in some oil importing countries and the gap in their fiscal deficits has become smaller, oil importers have yet to reap the benefits from low oil prices.

In oil exporting countries, the sharp decline in oil prices has reduced activity and increased fiscal pressures. In Kuwait, the oil price plunge comes with a forecast of deficit in 2016 given the 60% drop in State revenue in 2015. The Kuwaiti government has awarded infrastructure contract work estimated at US\$ 30 billion over the past 12 months, and the Public-Private Partnership (PPP) law passed earlier in the year may result in more involvement from the private sector.

KIPCO has been investing heavily in its core businesses since the 2008 financial crisis. We will continue to take measures to consolidate our businesses in light of these developments, as we further strengthen our companies to weather this storm.

Our 2015 results

At last year's Shafafiyah Investors' Forum, we set an objective to double our 2014 profit by 2018. I am delighted to report that we are on track to achieve our target, with a 4% increase in total revenue from continuing operations and 15% in profit.

Our results for 2015 have continued to follow our planned growth trajectory; our total assets have increased 66% from KD 5.8 billion in 2011 to KD 9.6 billion in 2015, while

KIPCO purchases Burgan Bank's stake in JKB

Burgan Bank Group sold its stake in Jordan Kuwait Bank to a KIPCO subsidiary in 2015. This comes as part of a series of steps that Burgan Bank has taken since 2010 to enhance its capital in line with Basel III. These measures included selling treasury shares, issuing new capital via a rights issue, as well as a series of subordinated bond issues. The sale yielded a reduction of over KD 500 million in Burgan's risk-weighted assets. The resultant capital adequacy ratio was in excess of 15% at the end of 2015.



our revenue growth and profitability are both up by 77% for the same five-year period.

The performance of our core businesses is sound and positive, as reflected by these results. These figures are also a testament of the growth our companies have registered over the past five years.

Core operations

During 2015, our core operating companies largely met – and in some cases exceeded – our expectations: Burgan Bank's operational income increased 11% to KD 248.1 million (US\$ 817.5 million), and Gulf Insurance Group's profit was up 17% to KD 14.09 million (US\$ 46.4 million). Meanwhile, United Real Estate's total operating revenue increased 17% to KD 60.5 million (US\$ 199.3 million), and United Industries Company's investments increased by 16% to KD 225.9 million (US\$ 744.3 million), driving total assets to KD 227.8 million (US\$ 750.5 million) a further 16% upwards. OSN has also continued to register growth, achieving a 6.2% increase in net profit and 11% increase in revenue.

For Burgan Bank, the last twelve months have seen continued progress. International operations continue to contribute to

the Group's revenues, reflecting the strong performance of the bank's regional network despite the continued political tensions in some areas.

In Kuwait, Burgan is the number two conventional bank in the market in terms of assets and its performance continues to be strong.

Burgan Bank has continued to make progress in its risk management activities, which as a regional operator is a complex exercise. The first phase of this process has been successfully implemented, with the second phase to follow in 2016.

By selling its 51% controlling stake in the JKB to KIPCO Group, Burgan Bank successfully raised its capital adequacy ratio to over 15% at the end of 2015 and yielded a reduction of over KD 500 million in Burgan's risk-weighted assets. The transaction has positioned Burgan Bank with capital levels comfortably in excess of that required under Basel III, giving it the capacity to grow for the next few years without the need for further capital. Burgan Bank is set to deliver good return on shareholder equity in 2016, and will continue to work very closely with JKB and other banks under the KIPCO



OSN strengthens its exclusive content

OSN secured a US\$400 million facility from a syndicate of 11 international and regional banks that was nearly two times oversubscribed. The proceeds were used primarily to strengthen OSN's exclusive and premium content, particularly sport, as well as to develop innovative technology platforms that enhance viewer experience.

During 2015, OSN signed an exclusive output agreement with Warner Bros for 'first and exclusive' access to its premium content for MENA through to 2020. Through renewing its partnership with HBO, OSN enhanced its portfolio of award-winning programs with the first and exclusive telecast of all HBO productions. Furthermore, OSN and Viacom International Media Networks partnered to launch three new channels that appeal to youth and families. OSN also announced a five-year partnership with WWE® that allows for the distribution of the WWE Network.

Group, thereby continuing to benefit from the synergies and support offered by the network.

For Gulf Insurance Group (GIG), 2015 saw further strengthening of operations. GIG's Kuwait-based operations have ranked it market leader for 13 consecutive years in terms of Gross Written Premium (GWP). GIG's network has placed it amongst the top eight insurance players in the MENA region. Its regional operations remain leaders in their markets; Bahrain Kuwait Insurance in Bahrain and Arab Orient Insurance in Jordan both rank first in terms of GWP, and in Egypt, the Arab Misr Insurance Group is number one by technical profits.

Late in 2015, GIG was awarded by the Kuwaiti Ministry of Health to provide health insurance for 117,000 retirees. The contract will increase GWP by KD 82.48 million (US\$ 271 million) annually. GIG will be working to close this deal and start implementation in early 2016. Alongside this, GIG continues to provide medical insurance to leading corporations in Kuwait, including Kuwait Petroleum corporation where it has close to 58,800 medical insurance policies.

For OSN, the past 12 months have seen the pay-TV company continue to deliver higher EBITDA and net profit numbers,

increasing 2.2% and 6.2% respectively. Revenue has grown 33% over the past 3 years. With the shift in competitive landscape, both at the television and OTT (over-the-top) fronts, 2015 was a year where many challenges were comfortably faced and overcome.

During 2015, the pay-TV company secured a US\$400 million syndicated loan, a testament to the financial strength of OSN and the banking community's confidence in OSN's business model. The loan is aimed at strengthening OSN's exclusive and premium content, and to develop innovative technology platforms that enhance viewer experience. In 2016, OSN will remain focused on investing in its technology platforms, talent and content.

Over the past year, OSN signed a five-year 'first and exclusive' output agreement with Warner Brothers, underlying the pay-TV's prime position as the home of blockbuster movies and series. It also became the home of HBO after signing a long-term deal that will see the launch of a dedicated HBO channel later this year. The deal marks the expansion of OSN's 'On Demand' service with more than 2,000 hours of HBO programming available to watch anytime, anywhere. For OSN, the battle against piracy has been strong in 2015 and will continue.

Burgan Bank Turkey signs a US\$124 million syndicated loan

Burgan Bank Turkey, under the leadership of HSBC Bank, Commerzbank, Mashreq Bank and Arab Banking Cooperation, signed a syndicated loan of US\$ 124 million in two maturities and two separate tranches in Euro and US Dollar for use in foreign trade financing of real sector. This was the first syndicated loan in the history of the bank, aimed at diversifying its funding structure and showcase itself to foreign investors.



United Real Estate (URC), our real estate business, saw a revenue growth of 30% in 2015, and an increase in leasing income by 33%. This is mostly supported by rent from the company's new project in Oman, Salalah Gardens Mall. In Jordan, Abdali Mall is expected to be inaugurated in Q2 2016. URC's projects, Aswar Residences in Cairo and Raouche View at 1090 in Beirut, were both launched in 2015 and sale of residential units in the two projects will continue in 2016.

Our savings, investment and pensions company, TAKAUD, signed a business partnership agreement with Dubai Mirabaud (Middle East) Ltd – associated with one of the oldest and most distinguished Swiss Private Banks, Mirabaud & Cie – to provide TAKAUD's clients with a range of wealth management services. The partnership enhances TAKAUD's investment platform with the addition of Mirabaud's top-performing flagship funds. The two sides will also work together to develop new investment solutions in the area of wealth management and corporate retirement services to better serve TAKAUD's clients in the region.

Earlier in the year, TAKAUD signed an MoU with KAMCO, providing a framework to facilitate business and client servicing synergy between the two companies. The agreement will

offer KAMCO's clients and shareholders a diverse pool of investment products.

In the education sector, United Education Company (UEC) continued to expand its student base in 2015, with over 16,000 students now enrolled in the educational institutions under the company. The American University of Kuwait (AUK) signed an agreement with Dartmouth College to expand cooperation to the latter's Tuck School of Business. This will allow the Tuck team to work with AUK on enhancing its business and economic curriculum.

The American United School (AUS) continued to expand, adding Grade 9 and inaugurating the Middle and High School buildings at the beginning of the academic year. Furthermore, UEC continued to invest in technology solutions for its schools.

For United Networks, 2015 saw a consolidation of its position as a provider of leading edge solutions. Its subsidiary, GulfSat successfully launched its new E8WB satellite, hosting 1,200 television channels with over 250 million viewers in 52 million homes. To further broaden its outreach, the communications company also signed an MoU with the Palestine Public Broadcasting Corporation and discussed



TAKAUD offers wealth management services to clients

TAKAUD and Mirabaud (Middle East) Ltd signed a business partnership agreement to provide TAKAUD's affluent clients in the GCC markets with a richer and appealing wealth management offering.

TAKAUD also signed an MoU with the Kuwait-based Warba Insurance, allowing the insurance company to utilize TAKAUD's back-office investment solutions to expand the attractiveness of its wide range of life insurance offerings to clients. Furthermore KAMCO and TAKAUD signed an MoU to provide a comprehensive framework to facilitate business cooperation on multiple fronts.

means for cooperation with the Bahraini government. Gulfnet, our internet provider, achieved partnership status with Microsoft in a number of categories, while Marina FM launched its television service.

Our business highlights

Plans for a new multi-use commercial and residential real estate development project, to be built in Daiya, were announced by KIPCO during 2015. The project, valued at approximately US\$ 2.5 billion, will have a built up area of 380,000 sq.m. overlooking the sea on the outskirts of Kuwait City. Development of the project will be undertaken by URC and other entities, and is expected to take five to seven years to complete. Infrastructure for the district will be laid down by KIPCO, and the project will include villas, residential buildings, town houses, commercial buildings, entertainment and recreational areas, as well as parks, walkways and open-air features. Infrastructure work is expected to begin in Q2 of 2016.

From a liquidity and funding perspective, KIPCO remains strong, with current cash levels sufficient to meet all debt obligations until the end of 2018. We will continue to manage our liquidities and financing activities to ensure that our existing needs are met, and to allow us the flexibility to

embrace and pursue new opportunities as they arise. KIPCO has maintained its international investment grade ratings, and in 2016, KIPCO will continue to support the growth of its core operations across the different sectors.

Corporate governance

KIPCO has always been an advocate of transparency and the shareholders' right to know what is taking place in their company. KIPCO was the first company to launch its annual Shafafiyah Investors' Forum in 2004 and remains to this day the only company that openly discusses its outlook and plans for the coming year with its shareholders and investors.

In line with these sound practices, KIPCO continues to prepare for the implementation of the Capital Market Authority's corporate governance framework, set for mid-2016. Following the formalization of a number of standing committees and the establishment of others, 2015 saw the formalization of the Board of Directors Charter, the Shareholder Rights Policy and the Stakeholder Rights Policy.

To ensure that all of its executive teams are well-informed of best practices in the different business areas in which they perform, KIPCO undertook a Group-wide initiative in 2015 that

KIPCO Tmkeen Award for Young Entrepreneurs

KIPCO partnered with the Youth Empowerment Organization (Tmkeen) to launch the first ever KIPCO Tmkeen Award for Young Entrepreneurs. This year's award focused on entrepreneurial businesses in the media and technology sector. Registration was open for young entrepreneurs aged 18-33 with existing media and technology businesses established for no longer than five years and licensed in Kuwait. The grand prize, valued at US\$ 100,000, comprised of a bundle of services provided by KIPCO Group companies, providing the winner with the means to take their businesses to the next level through the expertise of our companies.



targeted different levels of experience. Through workshops, training sessions and seminars, the executives were exposed to such topics as corporate governance, management trends, operations, sales and other dynamic subjects.

Looking ahead

The global economy is expected to grow at 2.9% in 2016, up from 2.4% in 2015, and is expected to recover at a slower pace than previously forecast. The growth projected for the coming year will be supported by a recovery in advanced economies and stability among commodity exporters.

In the MENA region, economic growth is forecast to accelerate to 5.1% in 2016 from 2.5% in 2015, largely in part to the lifting of economic sanctions on Iran, resulting in a larger contribution to the global energy market. If oil prices stabilize, growth is expected to pick up in oil exporting countries. In the Gulf region, there remains the risk of conflict escalation and a further drop in oil prices.

In Kuwait, partnerships between the public and private sectors are likely to be prompted by budget cuts in the government sector on grounds of lower oil revenues. At

KIPCO, the solid positions of our core businesses will ensure that we emerge strongly from these circumstances. The year 2016 will be one of further business consolidation and integration within KIPCO, and we expect these measures to have an impact on our projections. Nonetheless, our companies are expected to continue to report growth, and this will set the stage for very strong performances across the sectors in 2017.

Faisal Hamad Al Ayyar

Vice Chairman (Executive)

Board of Directors & Executive Management



Board of Directors

Sheikh Hamad Sabah Al Ahmad Al Sabah

Chairman

Mr Faisal Hamad Al Ayyar

Vice Chairman (Executive)

H.E. Abdullah Yacoub Bishara

Board Director

Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah

Board Director

Sheikh Sabah Nasser Sabah Al Ahmad Al Sabah

Board Director



Faisal Hamad Al Ayyar

Vice Chairman (Executive)

Mr Faisal Al Ayyar is Vice Chairman of the Kuwait Projects Company (Holding). He joined the company in 1990 when it was a US\$ 220 million regional investment company. Under his stewardship, KIPCO has developed into one of MENA's leading holding companies with interests in financial services, media, real estate, manufacturing and education, operations in 24 countries and consolidated assets of US\$ 32 billion. Of note is his leading role in the creation and development of OSN, the region's largest pay-TV company, the development of SADAFCO, a leading dairy and foodstuff producer in Saudi Arabia, and the expansion and subsequent sale of Wataniya Telecom, a major regional mobile operator.

Mr Al Ayyar is Chairman of Panther Media Group - Dubai UAE (OSN). He is Vice Chairman of Gulf Insurance Group - Kuwait, United Gulf Bank - Bahrain, Jordan Kuwait Bank - Jordan, and Mashare'a Al-Khair Establishment - Kuwait. He is a Board Member of Saudia Dairy & Foodstuff Company - KSA, and Gulf Egypt for Hotels & Tourism Company - Egypt. He is a Trustee of the American University of Kuwait - Kuwait, and Honorary Chairman of the Kuwait Association for Learning Differences - Kuwait.

Mr Al Ayyar began his career as a fighter pilot with the Kuwait Air Force. Honors include the Arab Bankers Association of North America's 2005 Achievement Award, the Tunis Arab Economic Forum and the Beirut Arab Economic Forum 2007 Achievement Awards and the Kuwait Economic Forum 2009 Award for his contribution to the investment sector and successes in the global financial market.



Samer Subhi Khanachet

Group Chief Operating Officer

Mr Khanachet joined KIPCO as General Manager in 1990. He moved to the United States in 1991 to head United Gulf Management, KIPCO's US subsidiary, and identify strategic resources to support KIPCO's activities in financial services, media and other sectors across the MENA region. He was appointed KIPCO's Group Chief Operating Officer in 2008. He is Chairman of Takaud Savings & Pensions and a Board member of Burgan Bank, United Gulf Bank and United Real Estate. He holds board and committee positions with the American University of Kuwait and the Massachusetts Institute of Technology. He holds two BSc degrees from MIT and an MBA from Harvard University.



Masaud Hayat

Chief Executive Officer, Banking

Mr Hayat joined KIPCO as CEO, Banking in 2010. He has served the KIPCO Group in a number of key positions since 1997 and has extensive experience in the region's commercial, investment banking and asset management sectors for 40 years. He is responsible for the development and supervision of KIPCO's banking and financial services businesses. Mr Hayat is Chairman of United Gulf Bank, Syria Gulf Bank and Tunis International Bank, and Vice Chairman of Gulf Bank Algeria, Bank of Baghdad and Royal Capital Company. He is a Board Director of North Africa Holding Company and is a Board Member of Burgan Bank, Jordan Kuwait Bank and KAMCO. Mr Hayat has an Economics degree from Kuwait University and High Diploma in Banking Studies from the Institute of Banking Studies, Kuwait. He also attended the International Institute for Management Development in Geneva, the Advanced Management Program at Wharton Business School and the John F. Kennedy School of Government at Harvard University in Executive Management Program.



Tariq AbdulSalam

Chief Executive Officer, Investments

Mr AbdulSalam joined KIPCO as CEO, Investments in January 2011. He first joined KIPCO in 1992 and from 1996 was Head of KIPCO's Investment Division. In 1999, he became the General Manager of KAMCO. In 2006, he joined the United Real Estate Company (URC) as CEO and in 2010 became the Chairman of URC. He was Chairman of Burgan Bank from 2007 to 2010 and has held Board positions at United Gulf Bank, Kuwait Bahrain Insurance Company and Gulf Insurance Company. He is currently Chairman of URC and Vice Chairman of the Kuwait Clearing Company. He is also a Board member of KAMCO, Jordan Kuwait Bank and Qurain Petrochemical Industries Company. Mr AbdulSalam holds a BSc in Accounting from Kuwait University.



Pinak Maitra

Group Chief Financial Officer

Mr Maitra joined KIPCO in 1988. He was appointed Financial Controller in 1991 and Group CFO in 1996. He is a member of the Group's strategy and risk management team. He leads the Group planning and performance analysis function. He is a Board member of Burgan Bank, OSN and Pulsar Knowledge Centre. Prior to joining KIPCO, he worked for Arthur Young International. He won the MENA Private Sector CFO of the Year award in 2008. In 2011, he won the first MENA region CFO of the Year award, organized by the Institute of Chartered Accountants of England and Wales. Mr Maitra is a graduate of Osmania University, India.

Executive Management



Khaled Abdul Jabbar Al Sharrad

Group Chief HR & Admin Officer - Board Secretary

Mr Al Sharrad joined KIPCO as the Group Chief HR and Admin Officer in 2012. He currently holds the positions of KIPCO Secretary of the Board, Chairman of IKARUS United Marine Services Company K.S.C. (closed) and Kuwait Furniture Manufacturing & Trading Company K.S.C. (KUFUMA), and is a member of various boards and executive committees. He is a highly skilled leader with over 25 years of proven organizational advisory, development and transformation experience covering strategic planning, corporate governance, organization design, and human resource & administration development for continuous improvement. He holds a BA degree from St. Edwards University in Texas and is a certified professional in personnel management.



Declan Sawey

Group Treasurer

Mr Sawey joined KIPCO in 2007. He was previously Head of Asset & Liability Management for HBoS Corporate in Edinburgh, Scotland. He has held positions with Gulf Bank of Kuwait, the Kuwait Investment Authority, Ernst & Young, Kuwait and KPMG, London. He is a Fellow of the Institute of Chartered Accountants in England & Wales, a Chartered Financial Analyst and a Fellow of the Association of Corporate Treasurers.



Mohsen Ali Husain

Group Chief Audit Executive

Mr Husain joined KIPCO in 2006. He has wide experience in public accounting and internal auditing and previously held positions with KPMG, Arab Insurance Group, National Bank of Bahrain, Ahli United Bank and United Gulf Bank. He is a Certified Public Accountant (CPA), a Certified Information System Auditor (CISA), a Certified Internal Auditor (CIA) and holds a BSc in Accounting.



Mazen Isam Hawwa

Group Senior Vice President, Finance & Operations

Mr Hawwa joined KIPCO in 2001. He leads KIPCO Group's finance and operations and also serves as advisor to several KIPCO operating subsidiaries. He is Vice Chairman of Takaad Savings & Pensions and United Networks. He is also a Board Member of the United Real Estate Company, North Africa Holding Company and Fajr Al Gulf Insurance Company. Prior to joining KIPCO, he worked for Andersen & Co. Mr Hawwa holds an EMBA from HEC Paris, France and he is a graduate of the Lebanese American University. He is a Certified Public Accountant (CPA), Chartered Global Management Accountant (CGMA) and a Certified Management Accountant (CMA) from US-based institutions.



Robert Drolet

Senior Vice President, Technology and Media

Mr Drolet joined KIPCO in 2006. He is responsible for the supervision, development and optimization of KIPCO's technology and media portfolio and serves on the executive committees of OSN and United Networks. He also acts as KIPCO's lead legal counsel on financing and M&A. Prior to joining KIPCO, he was CEO, Continental Europe, previously CEO US Communications Solutions, and before that in various senior positions with Cable & Wireless and in the UK cable industry. He has advised on, managed and led turnarounds M&A and strategic alliances in the Americas, Europe and Asia. He was General Counsel of Bell Canada International and Canam Manac, after practicing at Stikeman, Elliott. He holds a B.LI. (Laval), an LL.M. (Osgoode) and an M.Litt (Oxon), is an Avocat (Quebec) and Solicitor (E&W).



Adel Al Waqayan

Treasurer

Mr Al Waqayan joined KIPCO in 1995. He was previously a Senior Foreign Exchange dealer with Burgan Bank's Treasury department. He is a board member of the United Real Estate Company and is the Chairman of the Chairman's Club. He was previously Chairman of the Kuwait Financial Markets Association in 2006. Mr Al Waqayan holds an MBA from USI University in the USA.



Osama Talat Al Ghousein

Senior Vice President, Banking

Mr Al Ghousein joined KIPCO in 2013. With over 30 years of banking experience, he is a senior member of the team responsible for the strategy and supervision of KIPCO's regional banking operations. Prior to joining KIPCO, Mr Al Ghousein was Senior Vice President of Pictet & Cie., and Regional Managing Director & CEO of The Standard Chartered Private Bank based in Dubai. He has also held senior managerial positions with Credit Suisse, Citigroup, The National Bank of Kuwait and The Commercial Bank of Kuwait. Mr Al Ghousein holds a Bachelor of Arts degree in Business Administration and Political Science from The George Washington University, Washington DC.



Eman Mohammad Al Awadhi

Group Communications Director

Ms Al Awadhi joined KIPCO in 2010. She is responsible for KIPCO's corporate communications and media relations. She was previously a member of the 'Newsweek Arabic' production team and the foreign correspondent at Kuwait News Agency, Kuwait's official news wire. Ms Al Awadhi has over a decade of experience in public relations, media and journalism. She holds a BA in English Literature from the University of Bahrain.







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How to obtain our 2015 Financial Statements:

Shareholders attending our General Assembly meeting will be provided with a draft printed copy of the Financial Statements for their approval. Shareholders can request a printed copy of the Financial Statements to be sent to them by courier seven days before the advertised date of the General Assembly; please call KIPCO's Corporate Communications Department on +965 2294 3477 to arrange this.

Shareholders can request a copy of the Financial Statements to be sent to them by email seven days before the advertised date of the General Assembly; please contact kipco@kipco.com to arrange this.

Shareholders can download a PDF copy of the Financial Statements seven days before the advertised date of the General Assembly from our company website - www.kipco.com