



KIPCO Advisory Board Presentation

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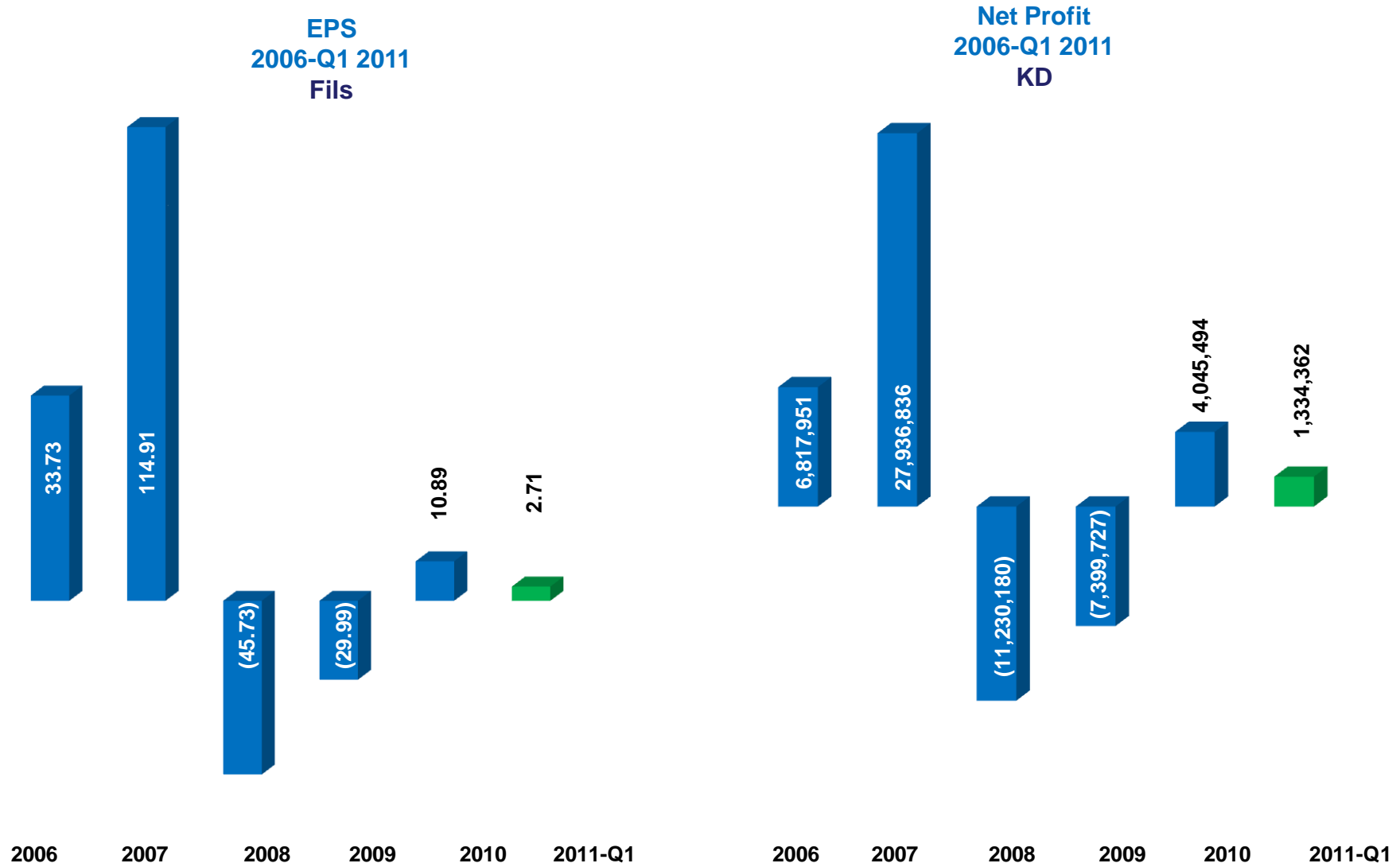
Results / Outcomes

Future Outlook

- **United Industries Company (UIC), a member of KIPCO Group considered as group's investment arm for the industrial sector.**
- **UIC is a closed shareholding company based in the State of Kuwait.**
- **It was Established in 1979 and listed on Kuwait Stock Exchange (KSE) in 1997.**
- **UIC invests in downstream industries sector in Kuwait and the GCC states.**
- **The Company's authorized and paid up capital is KD 49,546,875 (USD 175,232,000)*.**
- **UIC's Major Investments include:**
 - **Saudi Dairy and Foodstuff Company (SADAFCO)**
 - **Al Qurain Petrochemical Industries Company**
 - **United Oil Projects Company (UOP)**
 - **Al Atoun Steel Industries Company- Saudi Arabia**
 - **Amaken United Real Estate Company**

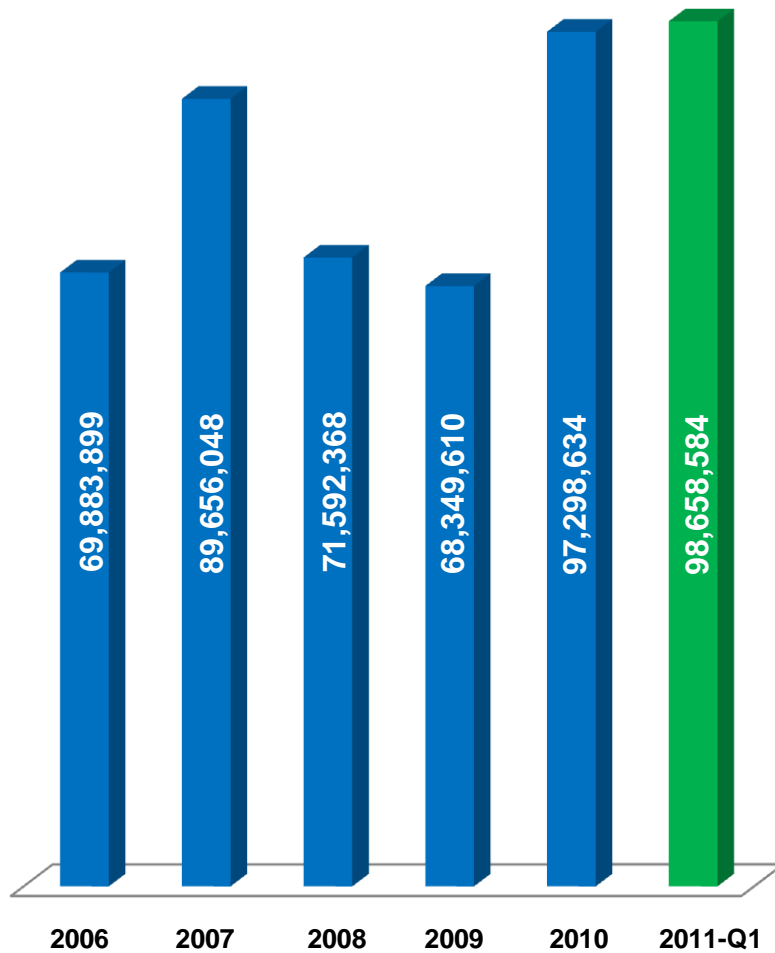
* As on 31st December 2010

Financial Performance

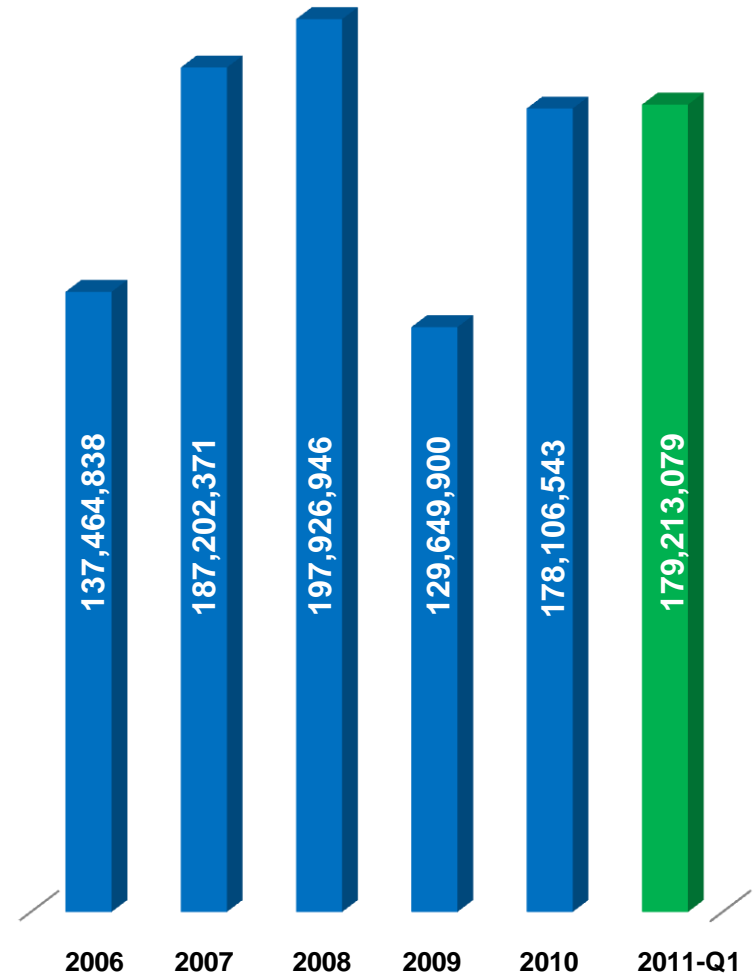


Financial Performance

Equity
2006-Q1 2011
KD



Assets
2006-Q1 2011
KD



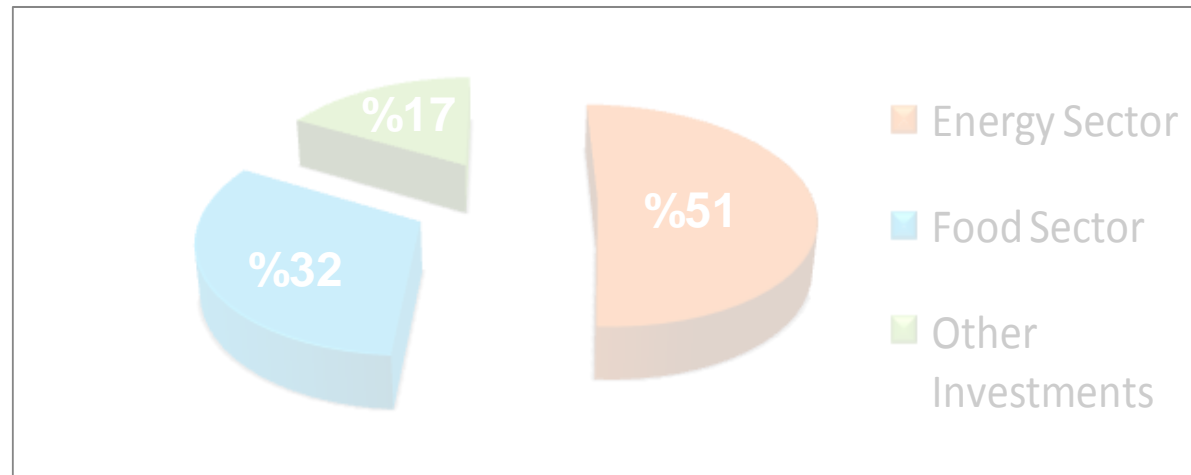
Historical Financial Highlights

	2006	2007	2008	2009	2010	Q1 / 2011
<u>Income Statement Highlights (KD Million)</u>						
Operating Income	1.84	13.07	3.98	1.19	6.52	3.92
Income from divestment of long term investments	3.31	3.15	0.08	(2.59)	0.76	-
Gain arising on an associate becoming a subsidiary	-	-	-	-	2.42	-
Operating expenses	(4.90)	(8.06)	(8.21)	(6.20)	(5.62)	(2.51)
Relating to discontinued operations (net of related expense)	11.28	19.37	(11.68)	(0.60)	-	-
Net profit (loss) for the year	11.52	27.53	(15.83)	(8.21)	4.07	1.41
Minority Interest	4.70	(0.40)	(4.60)	(0.85)	0.03	0.07
Net profit (loss) attributable to equity holders of parent company	6.82	27.94	(11.23)	(7.36)	4.05	1.34
Dividend	30% cash	35% cash 5% stock	-	-	-	-
<u>Financial Statement Highlights (KD Million)</u>						
Total assets	137	187	198	130	178	179
Investments	91	173	189	95	173	175
Term loans	35	74	108	55	70	70
Group equity	95	103	80	71	103	104
<u>Profitability</u>						
Earnings per share (fils)-Restated	34	115	(46)	(30)	11	3
Return on average assets	9.2%	17.0%	-8.2%	-5.0%	2.6%	0.7%
Return on average equity	13.8%	27.9%	-17.3%	-10.9%	4.7%	1.3%
<u>Capital</u>						
Group equity / Total assets	69.1%	54.8%	40.4%	54.3%	57.7%	58.1%
Debt / Group equity	37.4%	72.0%	134.6%	78.0%	68.1%	67.2%
<u>Liquidity & Business Indicators</u>						
Investments / Total assets	66.7%	92.4%	95.3%	73.0%	96.9%	97.4%
Liquid assets / Total assets	24.3%	13.5%	4.4%	4.5%	3.2%	2.6%

Investments

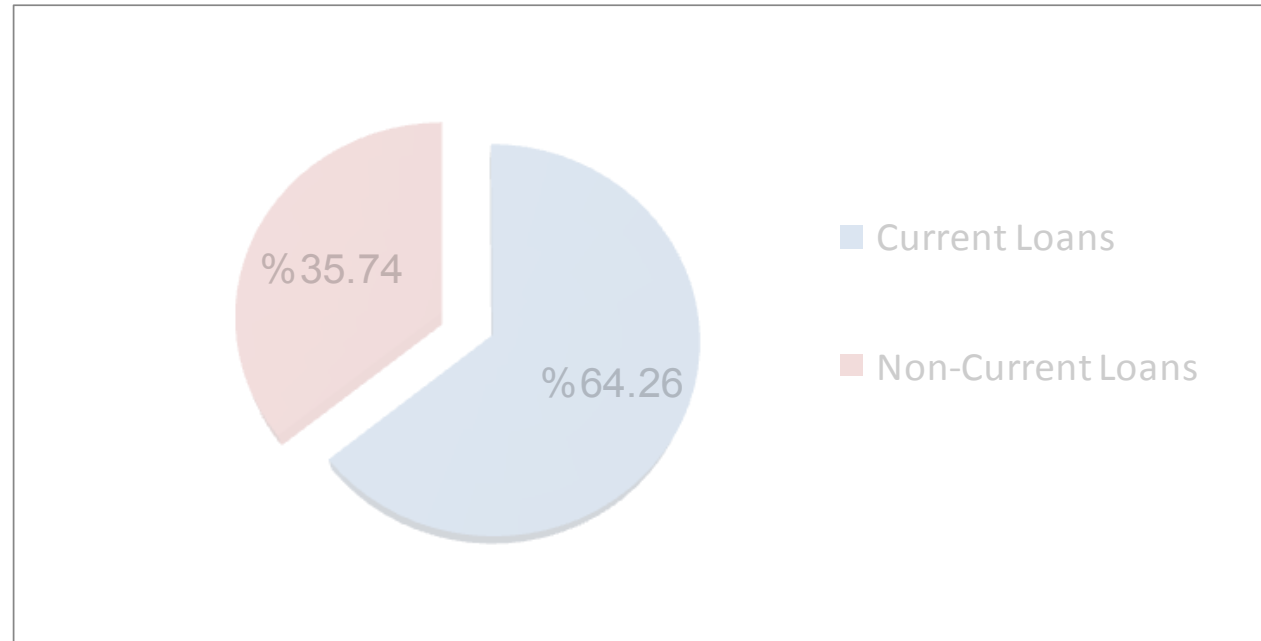
- The company's investments are distributed as follows;

Energy Sector	89 M	51%
Food Sector	56 M	32%
Other Investments	30 M	17%
Total	175 M	100%



Loans

Current Loans	44.95 M	64.26%
Non-Current Loans	25 M	35.74%
Total	69.95 M	100%



General Objectives

- **The management continued implementing its ambitious plans to stimulate company's financial position and serve the best interest of the shareholders expectations in all aspects, through realizing following goals:**
 - **Provide required liquidity to meet the company's financial commitments.**
 - **Restructuring the company's investments and exiting from non-strategic investments, as well as best utilizing available investment opportunities.**
 - **Enhancing and developing the performance of operational companies to maximize revenue growth and to achieve better profit.**
 - **Follow up actions taken to cut costs by reorganizing the support services departments.**

First: Capital increase

- **UIC succeeded in increasing its capital by 100%, from KD 24.8 million to KD 49.6 million.**
- **The decision to increase the capital was taken after an extensive feasibility study and detailed research to determine the best options that would support and develop the future activities of the company, as well as the capability to fulfill financial commitments/short-term debts.**

Second: Fulfilling/rescheduling financial commitments

- The company repaid 28% (KD 27.5 million) of its overall loans/financial commitments. This includes bonds worth KD 15 million. The management is negotiating with the banks for rescheduling KD 52.5 million of existing loans over a period of five years.
- Overall loans dropped from KD 97.45 million to KD 69.95 million.

Third: Exits and Acquisitions

- **UIC's management succeeded in exiting from some non-strategic investments to generate cash flow that is considered more appropriate in the current circumstances.**
- **Kuwait National Industrial Projects Company became subsidiary to UIC following acquisition of additional stake in the company – KNIP holds 18.46% stake in Al Qurain Petrochemical Industries Company.**

Fourth: Developing performance of operational investments (operational companies)

- The management continued to follow and monitor the performance of its investments in various operational companies in Kuwait and abroad with the aim of developing them further as well as to counter any challenges that stand in the way.
- As a result of these efforts the situation in some of these companies improved significantly, where their operational capabilities rose to achieve better results which reflected positively on UIC's financial statements.
- The management is considering all options and best solutions for other investments also to guide them back to their regular track.

Fifth: Cutting costs and restructuring support services departments

•Overall expenditure for the UIC Group was cut down by 12%. The situation was adapted to the current economic circumstances through restructuring of the support services departments (such as Admin, HR, IT and others) in UIC, Subsidiaries and Associate companies.

These measures taken reflected positively on the company's financial statements, as shown below*:

- Company's consolidated assets increased by 51% (KD 60.7 million) to KD 179.2 million.
- Consolidated investments increased by 81% (KD 78.3 million) to KD 174.5 million.
- Shareholder equity increased by 37% (KD 27 million) to KD 98.7 million.

•* As on 31st March 2011

• Although positive results were achieved, UIC's management continues to aspire to achieve even more in the coming years ahead. The management is also working hard to reach the best solutions and available alternative options to push forward its operational companies that are still facing challenges. Once these challenges are dealt with, the circumstances will improve, the revenues will be stronger, and the results will be better.

Future objectives can be identified as follows;

- ✓ Continue to reduce the company's loans/liabilities.
- ✓ Enhance and develop the performance of operational companies to the maximum in order to achieve better profits and enhancing its market value.
- ✓ Continue the plan to exit from non strategic investments and gain the highest possible return.