

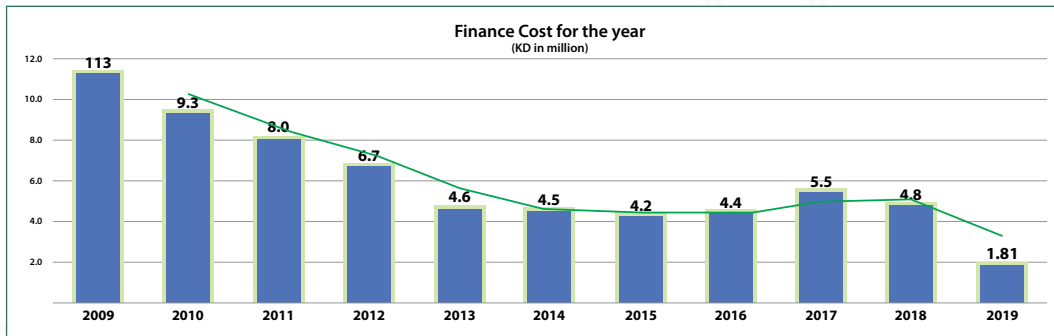
# BOARD OF DIRECTORS' REPORT

Dear Esteemed Shareholders,

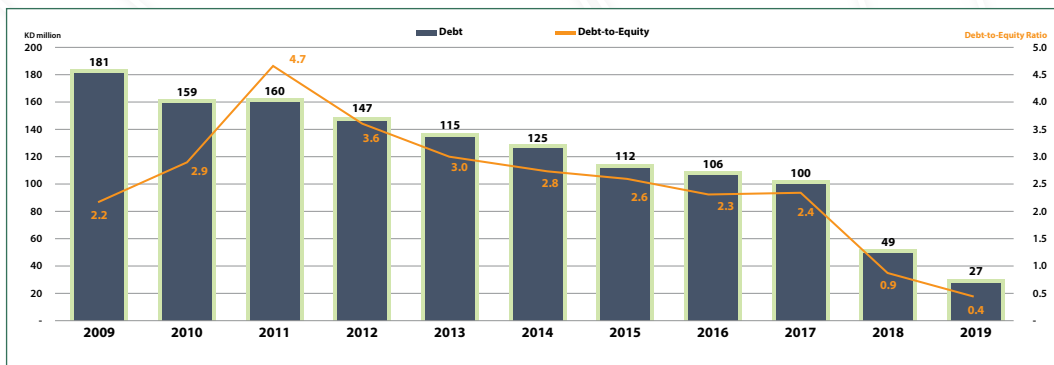
On behalf of myself and on behalf of the Members of the Board of Directors, I would like to welcome you to the Annual General Meeting of Noor Financial Investment Company KPSC ("Noor" / "Company"). I am pleased to present to you the Board of Directors' Report along with the Audited Financial Statements of the Company for the financial year ended 31 December 2019 and we seek help and guidance from the Almighty Allah.

## Noor's Operations

Noor's performance in 2019 was the reflection of our efforts to transform Noor into a sound institution with sustainable business. Net profit of KD 8.1 million and a steady total income of KD 30 million for the year loudly echo (visibly demonstrate) our remarkable achievement. This is in addition to a 60% reduction in finance cost in the year 2019 to KD 1.8 million which is lowest reported finance cost in the last ten years, as depicted in graph below:

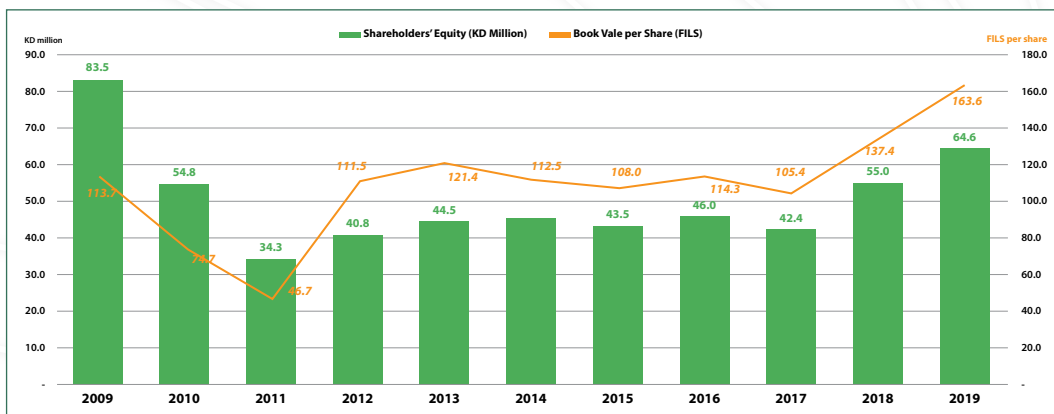


Another factor that clearly distinguishes Noor is a continuous and significant decline in our debt. Noor has been successful in further reducing its debt during the year to KD 27.4 million from KD 49.2 million. The Company posted a total reduction of KD 72.4 million in debt during the years 2018 and 2019.



The Company Shareholders' Equity stood at KD 64.6 million as of 31 December 2019 leading to a record book value per share of FILS 163 after payment of FILS 5 dividend per share during the year 2019.

A historic view of Noor's equity and book value per share is as under:



Despite of reduction in capital employed due to debt repayments, Noor continued to grow its profits year-on-year. Noor's profit for the year 2019 resulted in 13.5% return on equity.

We also continued our exercise to rebalance Noor's asset portfolio. In this respect, we made significant divestments during the year 2019. We sold 34 million shares in Meezan Bank Limited Pakistan to various US based funds and generated KD 5.6 million liquidity. So far, Noor has generated KD 33.2 million liquidity on account of proceeds from sale of Meezan Bank shares and dividend receipts in last two years. Noor's remaining stake in Meezan is 35.25% with a carrying value of KD 47 million as of 31 December 2019. Further, Noor also sold its stake in Noor Salhiya Real Estate Company and generated KD 9 million which helped to reduce our debt.

Noor's GCC Islamic Fund was awarded as the best fund over 3 years in EQUITY GCC (GULF COOP CNCL) category by Lipper Fund Awards from Refinitiv during the year 2019.

This award depicts expertise of our team on local and regional levels. These characteristics have placed Noor in a leading position in the market, which is made possible by the strong leadership of the Board backed by dedication and continuous hard work of the Noor management team. In pursuit of expansion and growth opportunities, Noor aims to build a new range of products and services as well as explore new avenues for investments in the coming years.

### **Noor's Financial Performance**

Noor's total income for the year 2019 was KD 30 million represented by KD 4.7 million income from marketable securities, KD 10.8 million share of profits of associates, KD 13.4 million revenue from our IT and Hotel operations and KD 1.1 million from other investments. Noor's share of results of Meezan Bank stood at KD 10.8 million (2018: KD 8.7 million) providing a growth of 24% despite decline in our stake in Meezan Bank. Net profit of Meezan Bank increased by 72% during the year 2019 leading to 29% return on equity. Noor reported an operating profit KD 13.6 million (2018: KD 13.7 million).

Backed by strong operating results and reduced finance cost, Noor achieved a net profit attributable to the owners of the Parent Company of KD 8.1 million (EPS of 20.24 Fils) for the financial year ended 31 December 2019 compared to a net profit of KD 24.8 million (EPS of 61.97 Fils) for the previous year.

The Board has proposed to make 6% dividend distribution for the year ended 31 December 2019 subject to the approval of General Assembly of the shareholders. The Board of Directors has proposed to distribute a total amount of KD 120,000 as remuneration to the Board of Directors subject to the approval of General Assembly of the shareholders.

On this occasion, I would like to reassure our valuable shareholders that we have managed to setup stronger Noor over the years that will help us reap rich results through sustainable growth, profits and robust core operations in the future. Our successful progress is attributed to the trust bestowed upon us by our shareholders, clients and all stakeholders to whom we convey our sincere gratitude and appreciation for their continuous support. We extend our appreciation to our employees for their sincere efforts, continuous endeavor and constructive contributions.

We ask God, the Most High, and the Almighty, to pay our steps and help us in continuing the march of the company.

May Allah grants us success



**Dr. Fahad S. Al-Khaled**  
Chairman