

*Let the falcon guide you*

AL MAL CAPITAL



ANNUAL  
REPORT  
2009



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## MISSION, VISION AND VALUES

**Our Mission** is: “To be the trusted provider of a full range of high-quality investment products and services in the MENA region to a global base of institutional and high net worth clients, while delivering exceptional value to our shareholders and employees and adhering to a strong set of corporate principles.”

In line with our Mission, **our Vision** is: “To be the investment institution of choice in the MENA region.”

We at Al Mal Capital follow a principle-driven framework in our daily business conduct. This approach is adhered to by all employees of the Company. We refer to it as Al Mal Capital’s Five **Corporate Values**:

INTEGRITY  
PROFESSIONALISM  
SERVICE EXCELLENCE  
PERFORMANCE DRIVEN  
TEAMWORK

## Chairman's Letter

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*Preceding the formation of Al Mal Capital in late 2005, and drawing on our experiences as a management team from the past three decades of involvement in the international markets, we recognize that many of our business activities are inherently cyclical. We entered 2009 embroiled in one of the most serious global crises in history, and we have emerged from it, in my opinion, reinforced, more resolved in vision, and with an outlook that is promising for our various business lines.*

There is no question that the past 18 months has provided a market headwind, which in turn negatively impacted the revenue streams from several of our business activities in the short term. This led to a decline in revenues to AED 37.1 million and a net comprehensive loss for the year attributable to shareholders of AED 25.6 million. Neither of these results would be deemed satisfactory under normal conditions, but when viewed in light of the cataclysm of the period, is a manageable near-term operating loss that can be overcome.

In 2009, we kept expenses under control and remain focused on our vision and strategic, operational, and financial goals. The prudent groundwork laid in past years, with a liquid and conservative approach to deployment of our own capital, was vindicated. We have been prudent in the management of expenses and cautious in allocating resources over the course of recent years, both in terms of headcount and funding, at a time when many others had to make major adjustments to their balance sheet and encountered illiquidity and leverage issues in their capital structure.

Our primary emphasis in 2009 was to develop a series of long term growth strategies by business unit. By completing this, while also strengthening procedures, risk controls and committee structures, we have created a durable model for all staff to follow across the organization. From this foundation, we stand to benefit for many years. Our competitive profile has been enhanced as we continue to push forward in all our business activities, and in geographical expansion of our presence in the region.

#### 2009 Highlights

- Client assets under management of over AED 1 Billion
- Equity attributable to equity holders of AED 366.9 Million
- Expenses reduced by 25%
- Two new Asset Management products introduced
- Launch of Discretionary Portfolio Management service
- Electronic brokerage platform introduced
- Five year company strategy completed and rolled out

We have concentrated our operational attention on cost controls across the company. Our expenses, being variable in nature and primarily driven by compensation expense, were reduced by 25% without sacrificing our critical core service delivery capability. Overall company expenses were reduced by a similar proportion.

With our strong culture, vision, track record and commitment to service as well as internal corporate governance measures, we have a very compelling offering to present to clients. By remaining true to our core principles in the face of extraordinary market challenges, we believe we have positioned the company well to continue to prosper as markets recover.

The primary contribution we can make to the affairs of the investment community of the region and around the globe, is to provide soundness of advice and high quality insight into markets and business activities, through our well-trained and experienced professionals that meet and speak with our clients every day. It is this one-on-one contact that differentiates us, and is the reason that we continue to grow in prominence and in the trust that clients bestow upon us. For the extension of their good faith and confidence, along with the support of our shareholders, we are grateful.

Warmest regards,



Naser Nabulsi, Executive Chairman

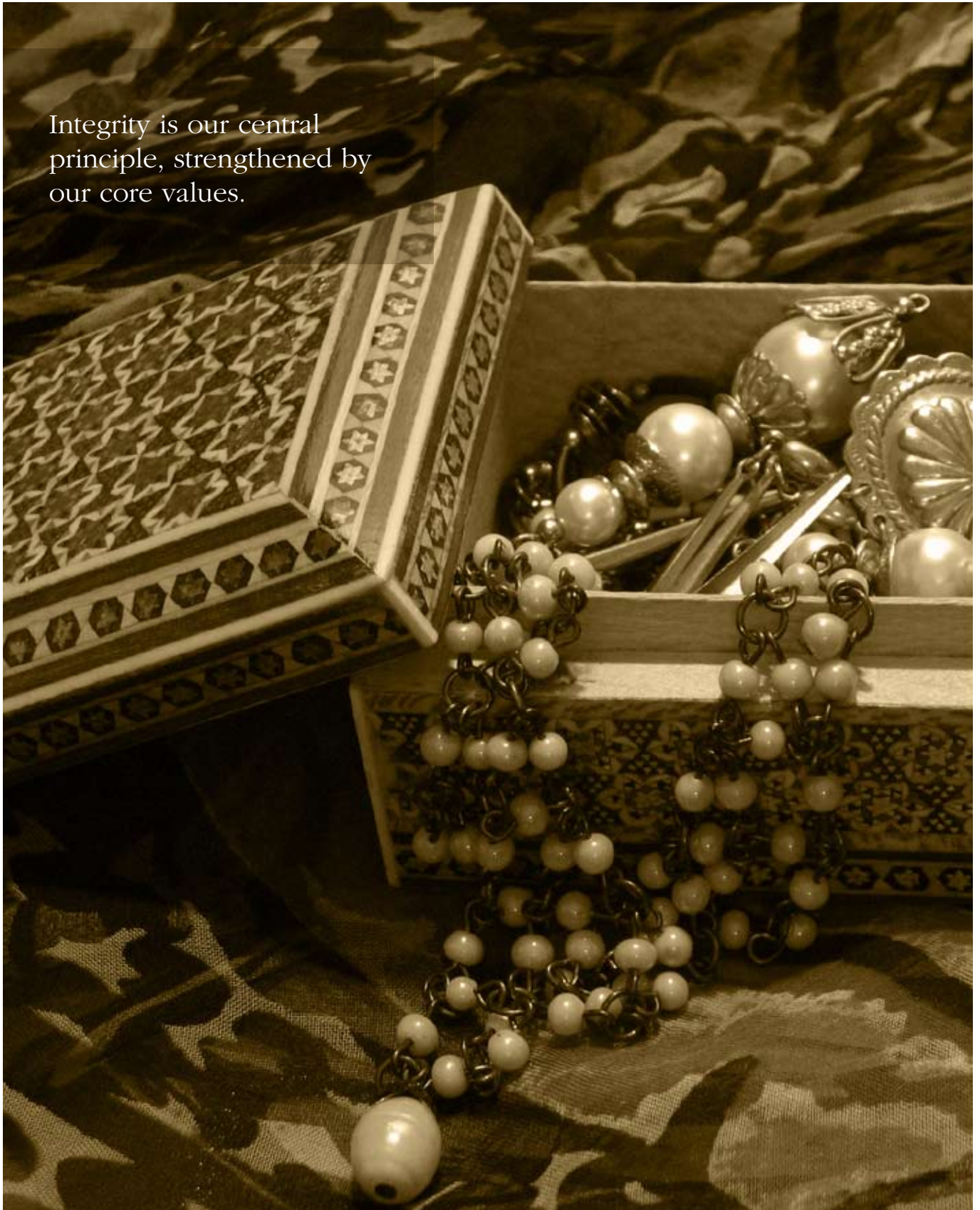


INTEGRITY · PROFESSIONALISM · SERVICE EXCELLENCE · PERFORMANCE DRIVEN · TEAMWORK

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Integrity is our central principle, strengthened by our core values.





## Board of Directors

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### NASER T. NABULSI (UAE)

Executive Chairman, Al Mal Capital PSC  
 Former Chief Executive of Dubai International Financial Centre, *UAE*  
 Former Head of Asset Management Group of Executive Office of  
 H.H. Sheikh Mohammed Bin Rashid Al Maktoum, *UAE*  
 Former First Vice President, Merrill Lynch International, *UAE*

### ABDUL JALIL YOUSEF DARWISH (UAE)

Chairman, UAE Enterprises, *UAE*  
 Former Vice Chairman, HSBC Middle East  
 Former Chief Executive Officer & Executive Director, HSBC Middle East

### ABDELMONEM BIN EISA BIN NASSER AL SERKAL (UAE)

(Representing Eisa Bin Nasser Bin Abdullatif Al Serkal)  
 Prestigious and Longstanding UAE Business House, *UAE*

### ADEL ABDUL HAMEED IBRAHIM ABDULLA AL HOSANI (UAE)

Vice Chairman, Abdulla Group (UAE Portfolio Management Co.)  
 Former Senior Executive: First Gulf Bank, NBAD and the Central Bank of the UAE

### AHMED SAIF AL DARMAKI (UAE)

Head of Private Office of H.H. Sheikh Diab Bin Zayed Al Nahyan, *UAE*

### HAMAD RASHID NEHAIL AL NEAIMI (UAE)

Vice Chairman of H.H. Sheikh Saeed Bin Zayed Al Nahyan, *UAE*

### KHALID S. MADI (JORDAN)

Managing Director, Al Mal Capital PSC  
 Founder and Owner of Infinity Investment Solutions, *UAE*  
 Former Senior Financial Advisor, Merrill Lynch International, *UAE*

### MICHAEL S. DAGHER (JORDAN)

CEO & President, DAMA Ventures Ltd., *UAE (DIFC)*  
 Founder and Former Chief Executive Officer of Umniah Mobile Company, *Jordan*  
 Former Vice Chairman, Orascom Telecom Holding, *Egypt*  
 Former Chief Executive Officer of Fastlink, *Jordan*

### SHEIKH MISHAL BIN KHALID BIN MOHD HETHLAIN (SAUDI ARABIA)

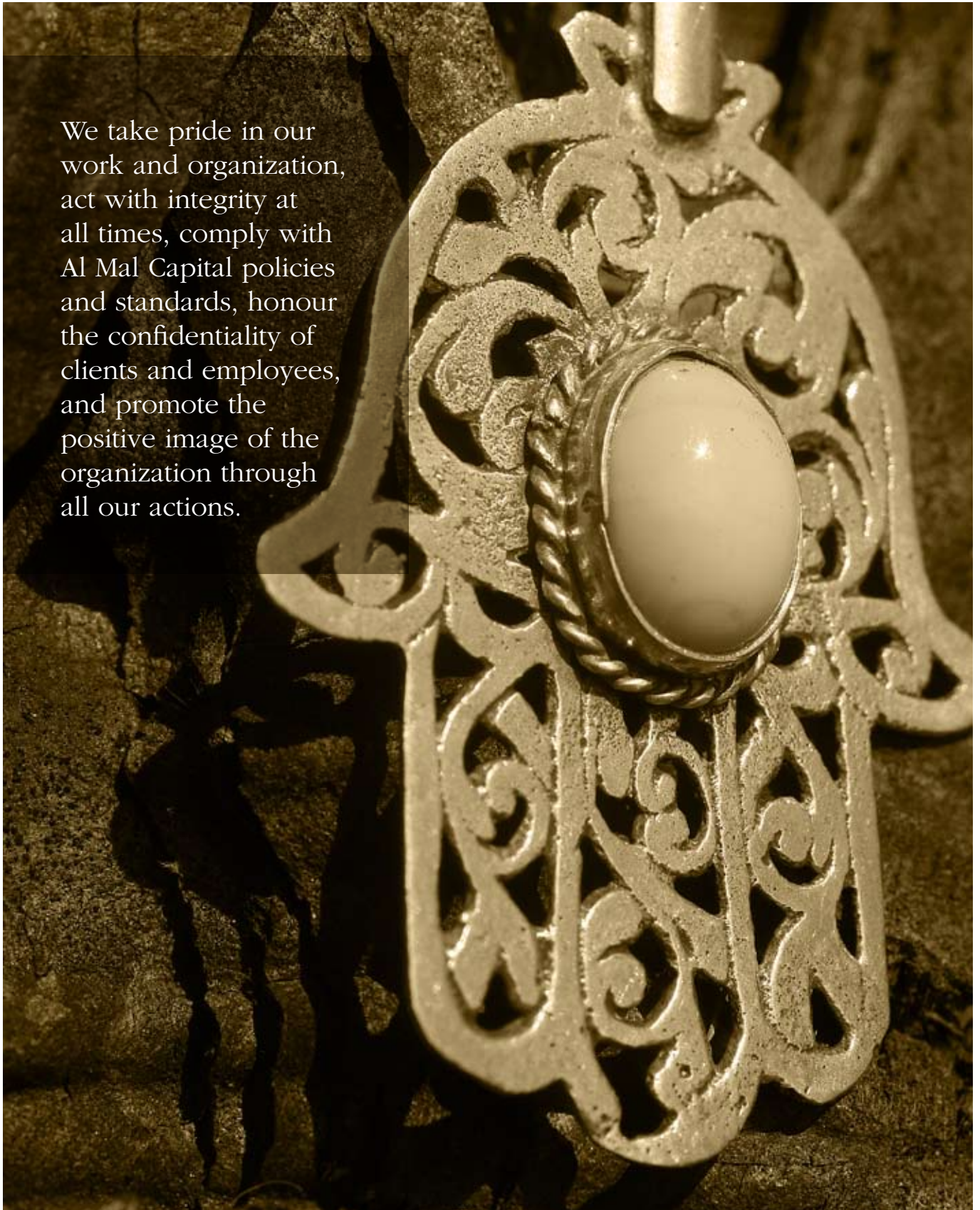
President, GHARRA United Company, *Saudi Arabia*



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We take pride in our work and organization, act with integrity at all times, comply with Al Mal Capital policies and standards, honour the confidentiality of clients and employees, and promote the positive image of the organization through all our actions.





## BUSINESS UNITS

## Investment Banking

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Investment Banking provides the highest quality financial advice and execution expertise, encompassing Advisory, Equity Capital Markets and Debt Capital Markets.

## ADVISORY

Advisory mandates are assignments with respect to various types of financial strategies. Our capabilities & services are from concept through to public listing.

## Mergers &amp; Acquisitions

As financial advisors, we can add value in Mergers & Acquisition transactions on both the buy and the sell sides. Our team will lead the deal from concept to deal settlement and act as an advisor to/on behalf of the client in valuing transactions, creatively structuring deals and negotiating favourable terms.

## Divestitures/Spin-offs

On behalf of our clients, we provide advice on carve-outs, spin-offs, and the divestiture of non-core business assets or activities.

## Financial Restructurings

We have the experience to formulate tailored capital structure restructuring plans for companies across all stages of the business life cycle and renegotiate the terms of loan agreements.

## Strategic Partnerships

Our team can advise on the forming of strategic alliances, local and cross-border. Through strong investor ties we identify high quality strategic investors for our clients.

## Fairness Opinions

We prepare valuation analyses and provide expert opinion on transactions.

## Credit Rating Advisory

Al Mal can guide its clients through the credit rating process to simplify a complex and time-consuming process and to ensure that the highest sustainable rating is received.

## CAPITAL MARKETS

## Equity Capital Markets

Our equity capital markets team advises our clients, primarily business owners and senior corporate executives, recommending ways to optimize their company capital structure. This includes the origination, structuring, marketing, and pricing of public offerings and private placement of equity offerings, direct investments, secondary offerings, and rights issues.

## Debt Capital Markets

Our debt capital team focuses on developing customized fixed income solutions that encompass conventional debt instruments and Islamic financing instruments like bonds, sukuk, and convertibles.



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We are client focused, constantly expanding our knowledge and communicating our understanding of regional markets and business activities, driven to anticipate client needs, improve the quality and efficiency of the products and services we deliver, and strive to deploy the organization's resources effectively.

## BUSINESS UNITS

# Brokerage

Al Mal Securities Group (AMSG) is the brokerage arm of Al Mal Capital PSC. It is a dynamic business unit with coverage of all GCC, Middle East and North African markets as well as selective coverage of the largest international markets.

AMSG provides an Institutional level of services with a primary client base of MENA region institutions, asset managers and ultra-high-net worth investors as well as international institutional investors. We provide clients with the standard services of sales, trading and market commentary as well as company access, equity research, technical analysis and electronic execution.

AMSG currently operates at three levels, at the Al Mal Capital level both as Principal and Agent and the individual brokerage subsidiaries level in the UAE and Saudi Arabia. Our subsidiaries include:

#### Al Mal Securities Emirates LLC (AMSE)

AMSE is the UAE brokerage subsidiary with clearing membership on Dubai Financial Market (DFM) and Abu Dhabi Securities Exchange (ADX).

#### Al Mal Securities Saudi PSC (AMSS)

AMSS is the Saudi Arabia brokerage subsidiary with clearing membership on the Saudi Exchange (Tadawul).

#### Prime Brokerage Services (PBS)

Over the years we have built a network of agency brokers and broker-dealer subsidiaries to serve this platform. Being a GCC-based company, we focus on the GCC and MENA exchanges and consider such exchanges as our “backyard” where we can provide the greatest amount of value added service to our clients.

#### Investment Advisory Services (IAS)

As part of the IAS offering, each client is assigned a team of proactive and seasoned investment professionals that cater to their needs and provide trading ideas, investment strategies and opinions across the entire region.

Both PBS and IAS are conveniently captured in a consolidated non discretionary multi-currency, multi-instrument account and come complete with margin financing and custody.





Aligned with our long-term strategy, we aim to realize the potential of our team, foster and encourage an environment of high performers, and recognize, reward and promote individuals based on merit and delivery of strategic results.





## BUSINESS UNITS

## Asset Management

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Al Mal Capital offers a broad range of asset management products, combining Al Mal Capital's insight and expertise with access to a full range of opportunities across asset classes in the GCC and MENA regional space.

## EQUITY AND INCOME FUNDS

Al Mal Capital's Equity and Income Funds invest across the spectrum of liquid securities available to investors in the MENA region, and seek to provide outperformance versus their respective benchmarks or in absolute terms using defined investment strategies and processes. Our Funds span a variety of regional market opportunities and are guided by the experienced hand of Al Mal Capital's Asset Management team.

- Al Mal UAE Equity Fund (April 2006)
- Al Mal MENA Equity Fund (June 2008)
- Al Mal MENA Income Fund (February 2009)
- Al Mal Liquidity Fund (AED) (April 2009)
- Al Mal Opportunities Fund – Class A Shares (March 2010)
- Al Mal Saudi Shariah Equity Fund (Scheduled Q3 2010)

## PRIVATE EQUITY FUND INVESTING

Our Private Equity Funds primarily seek out late stage, pre-IPO transactions, offering the potential to create significant long-term value for investors. The Al Mal Capital Partners Fund and Shariah-compliant Al Fares Private Equity Fund pursue opportunistic capital appreciation potential in MENA investments across various industrial and commercial sectors of the regional economy.

- Al Fares Private Equity Fund (May 2008)
- Al Mal Capital Partners Fund LP (September 2008)

## REAL ESTATE FUND INVESTING

The Al Mal Real Estate Fund primarily focuses on completed and developing property investments in the regional property space. The Al Mal Real Estate Fund's corpus has been fully deployed in regional property and is currently in the process of exiting many of its investments.

- Al Mal Real Estate Fund (January 2007)


## DISCRETIONARY MANAGED ACCOUNTS

Designed primarily for institutions and private clients who seek a direct conversation with a portfolio manager, our Discretionary Managed Account service provides a tailored and exclusive approach to regional equity and debt investing. By using a disciplined process, our Portfolio Management team invests dynamically, seeking the most attractive markets and opportunities in the region. We make use of both our buy-side and third party research along with our strong network of regional relationships to select companies and issues, using a combination of a top-down and bottom-up approach.



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We exemplify a sense of unity and teamwork throughout the organization, respect other team members, and promote communication and cooperation between departments in the overall interest of Al Mal Capital.

## BUSINESS UNITS

## Research | Private Client Group

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## RESEARCH

Al Mal Capital Research provides our client basis with timely and top quality investment advice. With a focus to advise our clients on all aspects of their MENA equity exposure, we have built a team of industry experts in Telecommunications, Real Estate, Construction, Consumer Goods and Financial Institutions.

## Market Insight

Through strong relationships with both the investment community and the listed companies on regional exchanges, we look to continuously update our clients as to the existing environment facing industry in the region and how best to approach investments in light of existing conditions.

## Financial Measurement

We monitor the financial performance of listed companies to both assess the companies' ability meet expectations of the investment community and to evaluate attractiveness individual investments.

## Recommendation &amp; Valuation

We provide our clients with an unbiased and independent recommendation of the investments' attractiveness. Along with our recommendation we provide our clients with insight into the value that may exist in any investment.

## Global Scope &amp; Experience

Our team of research analysts offers a global perspective, with previous experience at top global institutions covering equities from the United States to Europe and Asia, prior to moving to the MENA region.

## PRIVATE CLIENT GROUP (PCG)

Al Mal Capital's Private Client Group (PCG) is a team of highly qualified and experienced professionals that works with high net worth individuals and family businesses and corporations, providing customized opportunities, reliable investment guidance and advisory services.

PCG facilitates access to a wide range of investments in both regional and international markets through Al Mal Capital's unique platform, including trading in regional and international securities, IPOs, private placements, direct investments, bespoke portfolio solutions, and a wide range of funds and partnership structures.

In addition to the above, PCG provides Investment Advisory Services, in the form of trading and investment strategies and guidance, market analysis and research, and individually tailored solutions through our in-house specialist teams.



## Corporate Governance

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Al Mal Capital has a number of internal committees designed to facilitate transparency and accountability of decision making. Following is a brief description of these committees and their mandated responsibilities.

### EXECUTIVE COMMITTEE

- Review of regional & local economic, commercial and political developments and their impact on business strategies
- Competitor awareness, business development, client focus and engagement
- Governance policy and structure
- Risk and Compliance- routine and exceptional issues
- Operating Policies and Procedures
- Any other management level decisions

### INVESTMENT/ASSET ALLOCATION COMMITTEE

- Review and approve Al Mal Capital's Strategic and Proprietary Investments
- Review and approve Policies and Procedures governing investments guidelines
- Monitor investment performance against benchmarks

### AUDIT COMMITTEE

- Focuses on audit issues pertaining to Al Mal Capital, including (but not limited to) significant observations made during course of the various audits and assignments
- Provide a high level forum to discuss significant matters related to internal controls, regulatory issues and business governance from an audit perspective
- Address issues raised by regulators and external auditors, and focus on implementation of recommendations made

### ORGANIZATION & AUTOMATION COMMITTEE

- Review and approve all IT decisions and projects
- Develop, review and approve the Information Security Policy, Standards and Procedures
- Review the Security Incident Management functions, IT risks, threats and vulnerabilities





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#### REMUNERATION COMMITTEE

- Approve and evaluate the director, officer and employee compensation plans, policies and programs
- Review and approve proposals from sub-committees; on issues relating to employee compensation and benefits

#### CREDIT COMMITTEE

- Direct the capital allocated by the Executive Committee for AMC core business lines
- Establish overall credit policy and procedure guidelines including methodology for providing credit
- Continuous review and update of mandate

#### MARKETING COMMITTEE

- Review, discussion and coordination of recent client contact /progress, future intended travel itineraries, marketing initiatives and opportunities within the respective client-facing business activities of the firm
- Leadership of any significant new initiatives/products to be introduced where coordination between all or many business units and/or client-facing activities is required for effective implementation, including marketing, promotion, operations and IT related matters
- Catalyst for changes in strategic direction related to business development activities, and introduction of new revenue generation business activities and products





INVESTMENT BANKING • BROKERAGE • ASSET MANAGEMENT

[www.almalcapital.com](http://www.almalcapital.com)