

**Al Rajhi Global Equity Fund
(Managed by Al Rajhi Capital)**

FINANCIAL STATEMENTS

31 DECEMBER 2009

AUDITORS' REPORT TO THE UNITHOLDERS OF AL RAJHI GLOBAL EQUITY FUND

Scope of audit

We have audited the accompanying balance sheet of Al Rajhi Global Equity Fund (the Fund) as at 31 December 2009 and the related statements of operations, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of the Fund's management and have been prepared by them and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

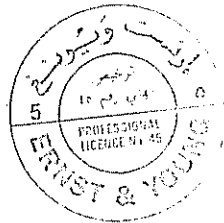
Unqualified opinion

In our opinion, the financial statements taken as a whole, present fairly, in all material respects, the financial position of the Fund as at 31 December 2009 and the results of its operations, cash flows and changes in its net assets for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

for Ernst & Young



Fahad M. Al-Toaimi
Certified Public Accountant
Registration No. 354



Riyadh 12 Rabi' II 1431H
(28 March 2010)

Al Rajhi Global Equity Fund

BALANCE SHEET

As at 31 December 2009

	<i>Note</i>	2009 USD	2008 USD
ASSETS			
Bank balance		445,195	256,867
Trading investments	4	12,157,112	7,135,599
Other receivable		-	4,006
		<u>12,602,307</u>	<u>7,396,472</u>
LIABILITY			
Accrued expenses		<u>11,506</u>	<u>5,333</u>
UNITSHOLDERS' FUND			
Net assets		<u>12,590,801</u>	<u>7,391,139</u>
Units in issue		<u>83,623</u>	<u>65,482</u>
Per unit value		<u>USD 150.57</u>	<u>USD 112.87</u>

The accompanying notes 1 to 11 form part of these financial statements.

Al Rajhi Global Equity Fund
STATEMENT OF OPERATIONS
Year ended 31 December 2009

	<i>Note</i>	2009 USD	2008 USD
INVESTMENT INCOME (LOSS)			
Trading income (loss), net	5	3,769,024	(4,339,463)
EXPENSES			
Management fees	6	(166,232)	(173,552)
Purification charges	7	(73,088)	(70,569)
Others		(8,000)	(20,534)
		(247,320)	(264,655)
NET INCOME (LOSS) FROM OPERATIONS		3,521,704	(4,604,118)

The accompanying notes 1 to 11 form part of these financial statements.

Al Rajhi Global Equity Fund
 STATEMENT OF CASH FLOWS
 Year ended 31 December 2009

	<i>Note</i>	<i>2009</i> USD	<i>2008</i> USD
OPERATING ACTIVITIES			
Net income (loss) from operations		3,521,704	(4,604,118)
Adjustment for:			
Movement in unrealized (gain) loss on trading investments		(3,832,627)	3,611,170
Movement in unrealised foreign exchange loss		55,841	116,667
Changes in operating assets and liabilities:			
Trading investments		(1,244,727)	10,869,861
Other receivable		4,006	908
Accrued expenses		6,173	(9,683)
Net cash (used in) from operating activities		(1,489,630)	9,984,805
FINANCING ACTIVITIES			
Proceeds from units sold		3,540,412	682,605
Value of units redeemed		(1,862,454)	(3,245,720)
Net cash from (used in) financing activities		1,677,958	(2,563,115)
INCREASE IN CASH AND CASH EQUIVALENT		188,328	7,421,690
Cash and cash equivalent at the beginning of the year		256,867	(7,164,823)
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR		445,195	256,867
<u>Operational cash flows from dividends</u>			
Dividends received		242,054	311,091

The accompanying notes 1 to 11 form part of these financial statements.

Al Rajhi Global Equity Fund

STATEMENT OF CHANGES IN NET ASSETS

Year ended 31 December 2009

	<i>2009</i> <i>USD</i>	<i>2008</i> <i>USD</i>
NET ASSET VALUE AT THE BEGINNING OF THE YEAR	<u>7,391,139</u>	<u>14,558,372</u>
CHANGES FROM OPERATIONS		
Net income (loss) from operations	<u>3,521,704</u>	<u>(4,604,118)</u>
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	3,540,412	682,605
Value of units redeemed	<u>(1,862,454)</u>	<u>(3,245,720)</u>
Net change from unit transactions	<u>1,677,958</u>	<u>(2,563,115)</u>
NET ASSET VALUE AT THE END OF THE YEAR	<u><u>12,590,801</u></u>	<u><u>7,391,139</u></u>

UNIT TRANSACTIONS

Transactions in units for the year ended 31 December are summarised as follows:

	<i>2009</i> <i>Units</i>	<i>2008</i> <i>Units</i>
UNITS AT THE BEGINNING OF THE YEAR	<u>65,482</u>	<u>82,297</u>
Units sold	32,841	4,164
Units redeemed	<u>(14,700)</u>	<u>(20,979)</u>
Net increase (decrease) in units	<u>18,141</u>	<u>(16,815)</u>
UNITS AT THE END OF THE YEAR	<u><u>83,623</u></u>	<u><u>65,482</u></u>

The accompanying notes 1 to 11 form part of these financial statements.

1 GENERAL

Al Rajhi Global Equity Fund (the Fund) is an open ended fund created by agreement between Al Rajhi Capital (the Fund Manager), a wholly owned subsidiary of the Al Rajhi Banking and Investment Corporation (the Bank), and investors (the Unitholders) in the Fund. The Fund Manager was previously known as Al Rajhi Financial Services Company. As of 23 March 2009, the name was changed to Al Rajhi Capital pursuant to an approval from relevant authority.

The Fund is designed for investors seeking capital appreciation. The assets of the Fund are invested in diversified global equity transactions and in mutual funds in accordance with Sharia principles. All the trading profits are reinvested in the Fund. The Fund was established on 25 December 1995.

The Fund Manager has entered into an asset management agreement with Barclays Bank (Suisse) (the Portfolio Manager) to manage the investments of the Fund. Fees paid to Portfolio Manager are borne by the Fund Manager.

The books and records of the Fund are maintained in United States Dollar (USD).

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the regulations) published by CMA on 22 Dhul Hijja 1427H (corresponding to 12 January 2007) detailing requirements for all funds within the Kingdom of Saudi Arabia.

3 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of trading investments.

Revenue recognition

Dividend income is recognized when declared (i.e. when the Fund's right to receive the dividend is established).

Trading income includes all unrealized gains and losses from changes in fair value and related dividends from trading investments. Realised gains and losses on trading investments sold are determined on a weighted average cost basis.

Investment valuation

Equity Investments which are purchased for trading purposes are valued at their market price as at the balance sheet date. Investment in mutual funds are valued on the basis of net assets value published by the fund manager. Unrealised gains and losses on the revaluation of trading investments and realised gains and losses on the disposal of trading investments are recognised in the statement of operations.

Investment transactions

Investment transactions are accounted for as of the trade date.

31 December 2009

3 SIGNIFICANT ACCOUNTING POLICIES (continued)***Zakat and income tax***

Zakat and income tax are the obligations of the Unitholders and are not provided for in the accompanying financial statements.

Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise bank balance and bank overdraft.

Foreign currencies

Transactions in foreign currencies are recorded in US Dollars at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange ruling at that date. Resulting exchange gains and losses are taken to the statement of operations.

4 TRADING INVESTMENTS

The composition of the trading investments portfolio is summarised below:

		<u>2009</u>	
	<i>% of Market value</i>	<i>Market value USD</i>	<i>Cost USD</i>
<u>Equity investments</u>			
Kumba Iron Ore Limited	3.24	393,894	187,033
Johnson & Johnson	2.98	361,984	294,259
Microsoft Corporation	2.62	318,621	261,223
Hewlett Packard Company	2.49	302,364	216,934
BP Plc	2.46	299,184	268,214
Total SA	2.46	299,134	262,767
ConocoPhillips	2.42	294,674	262,001
International Business Machine Corporation	2.35	285,362	220,864
Sanofi-Aventis	2.19	266,839	223,835
Mosaic Co	2.11	256,839	233,209
Emerson Electric Company	2.10	254,748	226,825
	<u>27.43</u>	<u>3,333,643</u>	<u>2,657,164</u>
Other equities (individually less than 2%)	71.12	8,646,712	7,823,252
<u>Mutual Fund</u>			
Al Rajhi Commodities Mudaraba Fund – USD	1.45	176,757	176,753
Total trading investments	<u><u>100.00</u></u>	<u><u>12,157,112</u></u>	<u><u>10,657,169</u></u>

Al Rajhi Global Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2009

4 TRADING INVESTMENTS (continued)

	% of Market value	2008	
		Market value USD	Cost USD
<i>Equity investments</i>			
Johnson & Johnson	3.35	239,320	216,693
Wyeth Corporation	2.97	211,932	284,762
Macquarie Infrastructure Group	2.93	209,106	206,204
Exxon Mobil Corporation	2.85	203,567	106,326
Vodafone Group PLC	2.84	202,619	255,238
Procter & Gamble Company	2.68	191,024	194,679
Roche Holding AG – BJ	2.66	190,121	216,073
Microsoft Corporation	2.64	188,568	273,595
Honeywell International Inc.	2.59	184,669	305,291
Total SA	2.51	179,282	199,965
Kimberly Clark de Mexico	2.38	169,520	219,193
Chevron Corporation	2.33	166,433	187,140
Air Products & Chemicals Inc.	2.26	161,618	194,394
Daito Trust Construction Company Limited	2.24	159,780	226,211
Home Depot Inc.	2.16	154,464	189,992
Eni SPA	2.14	152,371	145,124
Taiwan Semiconductor Manufacturing Company	2.05	146,308	206,046
Wal - Mart Stores Inc.	2.04	145,912	125,928
	45.62	3,256,614	3,752,854
Other equities (individually less than 2%)	54.38	3,878,985	5,659,589
Total trading investments	100.00	7,135,599	9,412,443

Investments in equity instruments and mutual funds are unrated. The Fund also does not have an internal grading mechanism. However, the Fund Manager seeks to limit its risk by monitoring each equity investment exposures and setting limits for individual investments.

5 TRADING INCOME (LOSS), NET

	2009 USD	2008 USD
Dividend income	238,048	311,091
Realised loss	(245,810)	(922,717)
Movement in unrealised foreign exchange loss	(55,841)	(116,667)
Movement in unrealised gain (loss)	3,832,627	(3,611,170)
	3,769,024	(4,339,463)

6 TRANSACTIONS WITH RELATED PARTIES

A subscription fee of 0.5% was paid directly by the subscribers to the Fund Manager upon subscription. In addition, the Fund Manager has the right to collectively charge the Fund at any time with any charges relating to the Fund.

The Fund pays to the Fund Manager a management fee calculated at an annual rate 1.5% per annum of the total assets of the Fund at each valuation date.

The management fees reflected in the statement of operations represent the fees charged by the Fund Manager during the year.

The Bank acts as the Fund's banker

7 PURIFICATION CHARGES

These represents charges incurred in respect of purification of the income generated from the investee companies in order to achieve a Sharia compliant return. These charges are calculated based on the Fund's Sharia Board approved formula and paid to charities recommended by the Fund's Sharia Board through the Fund Manager.

8 RISK MANAGEMENT

Special commission rate risk

Special commission rate risk arises from the possibility that changes in market commission rates will affect future profitability or the fair value of the financial instruments.

As of the balance sheet date the fund is not exposed to commission rate risk as its assets and liabilities are non-commission bearing.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Fund is exposed to credit risk for its bank balance and receivable. The Fund Manager seeks to limit its credit risk by monitoring credit exposures.

The table below shows the maximum exposure to credit risk for the components of the balance sheet.

	2009 USD	2008 USD
Bank balance due from the Bank	445,195	256,867
Other receivable	-	4,006
Total exposure to credit risk	445,195	260,873

8 RISK MANAGEMENT (continued)***Equity price risk***

Equity price risk is the risk that the fair value of equities changes as the result of changes in the levels of equity indices and the value of individual stocks.

The Fund's trading investments are subject to equity price risk. According to the Fund's management, the effect on the statement of operations as a result of a change in fair value of equity instruments due to a reasonable possible change in equity indices, with all other variables held constant is as follows:

	<i>Change in equity price 2009 %</i>	<i>Effect on statement of operations 2009 USD</i>	<i>Change in equity price 2008 %</i>	<i>Effect on statement of operations 2008 USD</i>
Dow Jones Islamic Shariah Index	10%	539,116	10%	746,384

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet commitments associated with financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

The Fund's terms and conditions provide for the subscriptions and redemptions of units throughout the week and it is, therefore, exposed to the liquidity risk of meeting unitholder redemptions. The Fund Manager monitors the liquidity requirements on a regular basis and seeks to ensure that sufficient funds are available to meet any commitments as they arise.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to the change in foreign exchange rates. The Fund views the US Dollars as its functional currency.

The Fund is subject to fluctuations in foreign exchange rates of its underlying trading investments in the normal course of its business.

The table below indicates the Fund's foreign currency exposure at 31 December 2009, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the Fund's major currency exposures against the US Dollar with all other variables held constant, on the statement of operation (due to the fair value of currency sensitive monetary assets and liabilities).

Currencies	<i>Increase/decrease in currency rate</i>	<i>Effect on statement of operations 2009 USD</i>	<i>Effect on statement of operations 2008 USD</i>
British Pound (GBP)	5%	39,714	25,264
Euro	5%	33,639	44,040
Japanese Yen (JPY)	5%	25,819	22,985

31 December 2009

9 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. The Fund's financial assets consist of bank balance, trading investments and other receivable.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. For investments traded in an active market, fair value is determined by reference to quoted market bid prices.

Trading investments are carried at fair value. The fair values of other financial instruments are not expected to be materially different from their carrying values.

10 LAST VALUATION DAY

The last valuation day of the year was 31 December 2009 (2008: 31 December 2008).

11 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Fund's Board of Directors on 12 Rabi' II 1431H (Corresponding to 28 March 2010).