



KPMG Al Fozan & Al Sadhan
Certified Public Accountants

BAKHEET SAUDI TRADING EQUITY FUND

Condensed Interim Financial Statements (un-audited)
For the six months period ended 30 June 2009
together with the
Review Report



KPMG Al Fozan & Al Sadhan
Building No. 7103
Al Ahsa Street
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia

Telephone +966 1 291 4350
Fax +966 1 291 4351
Internet www.kpmg.com.sa

REVIEW REPORT


To: **The Unitholders of
Bakheet Saudi Trading Equity Fund
Kingdom of Saudi Arabia**

We have reviewed the accompanying interim balance sheet of **Bakheet Saudi Trading Equity Fund** ("the Fund") as at 30 June 2009 and the related interim statements of operations, changes in net assets and cash flows for the six months period then ended and the accompanying notes (1) to (10) which form an integral part of these condensed interim financial statements. These condensed interim financial statements are the responsibility of the Fund's Manager and have been prepared by them and submitted to us together with all the information and explanations which we required. The condensed interim financial statements for the period ended 30 June 2008 were reviewed by another auditor, whose report dated 18 Rajab 1429H, corresponding to 21 July 2008, did not identify any material modifications to be made to their reviewed interim financial statements.

We conducted our review in accordance with standard on interim financial reporting issued by the Saudi Organization for Certified Public Accountants. A review is limited primarily to analytical procedures applied to financial data and making inquiries of Fund Manager's personnel responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed interim financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Al Sadhan


Abdullah H. Al Fozan
License No: 348

Date: 7 Shaban 1430H
Corresponding to: 29 July 2009



**BAKHEET SAUDI TRADING EQUITY FUND
INTERIM BALANCE SHEET (UN-AUDITED)**

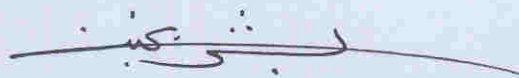
As at 30 June 2009
(Saudi Riyals)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>			
Cash and cash equivalents		6,195,230	1,551,493
Investments - held for trading	6	55,710,280	108,103,328
Initial Public Offering bids		--	12,000,000
Dividend receivable		--	210,375
Total assets		<u>61,905,510</u>	<u>121,865,196</u>
<u>LIABILITIES</u>			
Management and custody fees	8	283,592	502,565
Board of Directors fee	8	120,883	27,456
Sharia committee member fees		18,750	18,480
Accrued expenses		15,067	28,832
Total liabilities		<u>438,292</u>	<u>577,333</u>
Net assets value attributable to unit holders		<u>61,467,218</u>	<u>121,287,863</u>
Units in issue (numbers)		<u>55,147,213</u>	<u>72,530,032</u>
Net asset value - per unit		<u>1.1146</u>	<u>1.6722</u>

The accompanying notes (1) through (10) form an integral part of these condensed interim financial statements.

These condensed interim financial statements have been approved by the Board of Directors on -----
----- and signed on their behalf by:

29 JUL 2009



Beshr Bakheet
Chief Executive Officer and Chairman



Hesham H. Abo-Jamee
Chief Investment Officer

BAKHEET SAUDI TRADING EQUITY FUND
INTERIM STATEMENT OF OPERATIONS (UN-AUDITED)
For the six months period ended 30 June 2009
(Saudi Riyals)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
<u>INCOME</u>			
Trading gain / (loss), net	7	11,297,289	(5,170,042)
Dividend income		1,364,950	1,785,277
Murabaha income		8,401	--
Early redemption fee income		--	17,339
Total income		<u>12,670,640</u>	<u>(3,367,426)</u>
<u>EXPENSES</u>			
Management fee	8	432,189	889,984
Others		364,749	241,126
Total expenses		<u>796,938</u>	<u>1,131,110</u>
NET INCOME/ (LOSS) FROM OPERATIONS		<u>11,873,702</u>	<u>(4,498,536)</u>

The accompanying notes (1) through (10) form an integral part of these condensed interim financial statements.

These condensed interim financial statements have been approved by the Board of Directors on -----
----- and signed on their behalf by:

29 JUL 2009



Beshr Bakheet
Chief Executive Officer and Chairman



Hesham H. Abo-Jamee
Chief Investment Officer

BAKHEET SAUDI TRADING EQUITY FUND
INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE
TO UNIT HOLDERS (UN-AUDITED)

For the six months period ended 30 June 2009

	<u>2009</u>	<u>2008</u>
	<u>In Saudi Riyals</u>	
Net assets value, beginning of the period	54,548,396	113,816,401
Add: New subscriptions during the period	1,171,939	37,749,046
Less: Redemptions during the period	(6,126,819)	(25,779,048)
Net income/ (loss) from operations	11,873,702	(4,498,536)
Net assets value, end of the period	<u>61,467,218</u>	<u>121,287,863</u>
	<u>In numbers</u>	
Units, beginning of the period	59,907,862	65,461,031
Add: Units subscribed	1,111,800	22,769,742
Less: Units redeemed	(5,872,449)	(15,700,741)
Net (decrease) / increase in units	(4,760,649)	(7,069,001)
Units, end of the period	<u>55,147,213</u>	<u>72,530,032</u>

The accompanying notes (1) through (10) form an integral part of these condensed interim financial statements.

These condensed interim financial statements have been approved by the Board of Directors on -----
----- and signed on their behalf by:

29 JUL 2009



Beshr Bakheet
Chief Executive Officer and Chairman



Hesham H. Abo-Jamee
Chief Investment Officer

BAKHEET SAUDI TRADING EQUITY FUND
STATEMENT OF CASH FLOWS
For the six months period ended 30 June 2009
(Saudi Riyals)

	<u>2009</u>	<u>2008</u>
OPERATING ACTIVITIES:		
Net income/ (loss) from operations	11,873,702	(4,498,536)
Adjustment for movement in unrealised (gain) / loss on investments	(3,514,979)	5,081,093
<i>Changes in operating assets and liabilities:</i>		
Investments - held for trading	(13,417,266)	(9,918,771)
Initial Public Offering bids	--	(12,000,000)
Dividend receivable	--	(210,375)
Commission receivable	367	--
Management and custody fees	(50,964)	325,011
Board of Directors fee	(32,410)	27,456
Sharia committee member fees	(7,500)	(17,830)
Accrued expenses	(9,933)	(1,028)
Net used in operating activities	<u>(5,158,983)</u>	<u>(21,212,980)</u>
FINANCING ACTIVITIES:		
Proceeds from units subscribed	1,171,939	37,749,046
Payments on units redeemed	(6,126,819)	(25,779,048)
Net cash (used in) / provided by financing activities	<u>(4,954,880)</u>	<u>11,969,998</u>
Net decrease in cash and cash equivalents	(10,113,863)	(9,242,982)
Cash and cash equivalents, beginning of the period	16,309,093	10,794,475
Cash and cash equivalents, end of the period	<u>6,195,230</u>	<u>1,551,493</u>

The accompanying notes (1) through (10) form an integral part of these condensed interim financial statements.

These condensed interim financial statements have been approved by the Board of Directors on -----
----- and signed on their behalf by:

29 JUL 2009



Beshr Bakheet
Chief Executive Officer and Chairman



Hesham H. Abo-Jamee
Chief Investment Officer

BAKHEET SAUDI TRADING EQUITY FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For the six months period ended 30 June 2009

1. GENERAL

Bakheet Saudi Trading Equity Fund (the "Fund") is an investment fund established through an agreement between the Bakheet Investment Group (the "Fund Manager") and the Fund Investors (the "Unitholders")

The address of the Fund Manager is as follows:

Bakheet Investment Group
Head Office
P O Box 63762
Riyadh 11526
Kingdom of Saudi Arabia

The Fund's primary objective to increase capital by achieving a positive return and incurring minimum risk while investing in selected publicly traded joint stock companies in Saudi Arabia, which fit the Sharia rules, and investing the available liquidity in Murabaha investments, and Saudi Riyal Murabaha funds. The Fund is an "open-end" type, and will not distribute any dividends to the unit holders. Instead, the income will be reinvested in the Fund, which will be reflected in the Fund's unit price.

In dealing with the Unit holders, the Fund Manager considers the Fund as an independent unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund.

The Saudi Capital Market Authority ("CMA") approval for the Fund was obtained on 12 Rabi I 1428H (corresponding to 31 March 2007). The Fund commenced operations on 7 May 2007.

2. REGULATING AUTHORITY

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

3. SUBSCRIPTION / REDEMPTION (DEALING DAY AND VALUATION DAY)

The Fund is open for subscriptions / redemptions of units on every business day (each a "Dealing Day") of the Saudi Stock Market. The value of the Fund's portfolio is determined on each dealing day (each a "Valuation Day"). The net asset value of the Fund for the purpose of purchase or sale of units shall be determined by dividing the net value of assets (fair value of fund assets minus fund liabilities) by the total number of outstanding fund units on the relevant valuation day.

4. BASIS OF PREPARATION

4.1 Statement of compliance

These condensed interim financial statements have been presented in accordance with the requirements of accounting standard on interim financial reporting issued by the Saudi Organization of Certified Public Accountants (the "SOCPA"). These interim financial statements have been presented in condensed form and do not include all the information presented in annual financial statements; therefore, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2008.

BAKHEET SAUDI TRADING EQUITY FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For the six months period ended 30 June 2009
(Saudi Riyals)

4. BASIS OF PREPARATION (CONTINUED)

4.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for the measurement of investments at fair value, using accrual basis of accounting and the going concern concept.

4.3 Functional and presentation currency

These condensed interim financial statements have been presented in Saudi Riyal, which is also the functional currency of the Fund.

5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The significant accounting policies used in the preparation of these condensed interim financial statements are consistent with those used and disclosed in the annual financial statements for the year ended 31 December 2008.

Risk management policies are consistent with those as disclosed in the annual financial statements for the year ended 31 December 2008.

6. INVESTMENTS - HELD FOR TRADING

All of the Fund's investments are in Saudi public companies that are listed on the Saudi Stock Exchange (Tadawul). The composition of the investment portfolio is summarized below.

<u>Sector</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of Market Value</u>
		2009	
Petrochemical industries	13,102,302	14,473,175	25.98
Banks and financial services	11,586,204	13,073,125	23.47
Telecommunication and information technology	6,064,290	6,274,050	11.26
Industrial investment	3,885,409	4,771,750	8.57
Building and construction	5,832,914	4,599,000	8.26
Real estate development	3,277,799	3,280,270	5.89
Agriculture and food industries	2,799,296	2,972,600	5.34
Transport	2,249,697	2,072,520	3.72
Retail	1,143,607	1,799,500	3.23
Energy and utilities	1,285,819	1,319,810	2.35
Cement	967,964	1,074,480	1.93
	<u>52,195,301</u>	<u>55,710,280</u>	<u>100.00</u>

BAKHEET SAUDI TRADING EQUITY FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For the six months period ended 30 June 2009
(Saudi Riyals)

6. INVESTMENTS - HELD FOR TRADING (CONTINUED)

<u>Sector</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of Market Value</u>
	<u>2008</u>		
Petrochemical industries	51,250,353	54,855,028	50.74
Banks and financial services	15,368,651	14,810,400	13.70
Telecommunication and information technology	6,407,500	6,232,750	5.77
Industrial investment	--	--	--
Building and construction	10,056,150	10,790,475	9.98
Real estate development	5,546,798	4,897,200	4.53
Agriculture and food industries	5,105,778	5,390,375	4.99
Transport	3,648,070	5,380,100	4.98
Retail	--	--	--
Energy and utilities	--	--	--
Cement	6,194,956	5,747,000	5.31
	<u>103,578,256</u>	<u>108,103,328</u>	<u>100.00</u>

7. TRADING INCOME/ (LOSS), NET

	<u>2009</u>	<u>2008</u>
Realized gain / (loss) on investments, net	7,782,310	(88,949)
Unrealised gain / (loss) on investments, net	3,514,979	(5,081,093)
	<u>11,297,289</u>	<u>(5,170,042)</u>

8. TRANSACTIONS WITH RELATED PARTIES

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, custody or other administrative services on behalf of the Fund. The Fund Manager charges the Fund with a management fee of 1.5% per annum of the Fund's net assets, calculated on a daily basis. The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund as audit fee, board compensation and other similar charges.

The unitholders' account at 30 June included units (in numbers) held as follows:

	<u>2009</u>	<u>2008</u>
Held by employees and the Pension Fund of the Fund Manager	871,049	1,359,954
Held by the Fund Manager	--	15,037,974
Held by members of the Board of Directors	--	1,651,353
	<u>871,049</u>	<u>18,049,281</u>

BAKHEET SAUDI TRADING EQUITY FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For the six months period ended 30 June 2009
(Saudi Riyals)

8. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Related party transactions for the period ended 30 June and balances arising there from are described as under:

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amount of transaction during the period</u>		<u>Closing payable balance</u>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Bakheet Investment Group	Management and custody fees	<u>531,829</u>	<u>990,784</u>	<u>283,592</u>	<u>502,565</u>
Bakheet Investment Group	Board of Directors fee	<u>120,883</u>	<u>62,456</u>	<u>120,883</u>	<u>27,456</u>

9. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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. Consequently, differences can arise between carrying values and fair value estimates.

The fair values of on balance sheet financial instruments are not significantly different from the carrying values included in the financial statements

10. LAST VALUATION DATE

The last valuation day of the period was 30 June 2009 (2008: 30 June 2008).