RABIGH REFINING AND PETROCHEMICAL COMPANY
(Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month and twelve-month periods ended 31 December 2008

KPMG Al Fozan & Al Sadhan
Al Dainy Plaza
Al Madinah Road
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia

Telephone +966 2 658 1616
Fax +966 2 605 0597
Internet www.kpmg.com.sa

REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

The Shareholders
Rabigh Refining & Petrochemical Company
Rabigh, Saudi Arabia

We have reviewed the accompanying interim balance sheet of Rabigh Refining & Petrochemicals Company (the Company) as at 31 December 2008 and the related interim statements of income and cash flows for the three-month and twelve-month periods then ended and the attached condensed notes from 1 to 14 which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company'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 a conclusion on these interim condensed financial statements based on our review.

We conducted our review in accordance with auditing 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 inquiries of Company 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 interim condensed financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia appropriate to the circumstances of the Company.

For KPMG Al Fozan & Al Sadhan:

Tareq Abdulrahman Al Sadhan
License No. 352

Jeddah, 19 January 2009G
Corresponding to Muharram 22, 1430H

RABIGH REFINING AND PETROCHEMICAL COMPANY
(Saudi Joint Stock Company)

INTERIM BALANCE SHEET
As at 31 December 2008
(Expressed in Saudi Riyals)

	Note	31 December 2008 (Unaudited)	31 December 2007 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		1,534,089,364	185,594,269
Trade Receivables		2,348,491,639	--
Inventories		974,108,029	--
Advances to suppliers		90,249,161	420,878,606
Prepayments and other current assets		127,388,317	90,256,215
Total current assets		**5,074,326,510**	**697,089,090**
Non-current assets			
Property, plant and equipment	3	1,541,274,034	--
Leased Assets	4	6,547,614,300	--
Construction in progress	5	31,428,484,920	23,812,675,129
Long term investment	6	3,351,140,824	2,450,841,611
Total non–current assets		**42,868,514,078**	**26,263,516,740**
Total assets		**47,942,840,588**	**26,960,605,830**
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable		6,563,942,018	914,536,544
Accrued expenses and other current liabilities		428,394,431	445,446,068
Current portion of finance lease obligation		130,526,978	--
Due to related parties	7	108,111,945	204,289,268
Total current liabilities		**7,230,975,372**	**1,564,271,880**
Non-current liabilities:			
Long-term loans	8	21,900,000,000	19,443,750,000
Loan from founding shareholders	9	3,000,000,000	--
Finance lease obligations	4	6,538,631,775	--
Provision for deferred employee service awards		5,775,000	--
Employees' termination benefits		3,617,025	--
Total non-current liabilities		**31,448,023,800**	**19,443,750,000**
Total liabilities		**38,678,999,172**	**21,008,021,880**
SHAREHOLDER'S EQUITY			
Share capital	10	8,760,000,000	6,570,000,000
Statutory reserve		2,409,000,000	--
Employee Share Ownership Plan		(31,500,000)	--
Accumulated losses		(1,873,658,584)	(617,416,050)
Total shareholders' equity		**9,263,841,416**	**5,952,583,950**
Total liabilities and shareholders' equity		**47,942,840,588**	**26,960,605,830**

The accompanying notes 1 to 14 form
an integral part of these financial statements.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME
For the three-month and twelve-month periods ended 31 December 2008
(Expressed in Saudi Riyals)

	Three-month period ended		Twelve-month period ended	
	2008	2007	2008	2007
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue – Refines	6,543,341,554	--	6,543,341,554	--
Cost of Sales – Refines	(7,165,235,498)	--	(7,165,235,498)	--
Gross (Loss) from Sales	(621,893,944)	--	(621,893,944)	--
General and Administrative Expenses	(285,396,233)	(193,226,212)	(679,663,883)	(422,898,008)
Net Operating (Loss)	(907,290,177)	(193,226,212)	(1,301,557,827)	(422,898,008)
Interest and Other Income	9,999,428	304,473	45,527,734	20,460,075
Foreign currency (loss)	(5,509,864)	(3,609,292)	(209,441)	(40,129,140)
Net Income before zakat & income tax	(902,800,613)	(196,531,031)	(1,256,242,534)	(442,567,073)
Net loss for the period	**(902,800,613)**	**(196,531,031)**	**(1,256,242,534)**	**(442,567,073)**
Loss per share (Note 11)	**(1.03)**	**(0.30)**	**(1.46)**	**(0.75)**

The accompanying notes 1 to 14 form
an integral part of these financial statements.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(Saudi Joint Stock Company)

INTERIM STATEMENT OF CASH FLOWS
For the twelve-month period ended 31 December 2008
(Expressed in Saudi Riyals)

	31 December 2008 (Unaudited)	31 December 2007 (Audited)
Cash flows from operating activities:		
Net loss for the period	(1,256,242,534)	(442,567,073)
Depreciation	87,925,597	--
Provision for deferred employee service awards	5,775,000	--
Provision for employees' termination benefits	3,655,676	--
Changes in operating assets and liabilities:		
Trade receivables	(2,348,491,639)	--
Inventories	(974,108,029)	--
Advances to suppliers	330,629,445	482,032,624
Prepayments and other current assets	(37,132,102)	(74,468,021)
Accounts payable	5,649,405,474	350,116,976
Accrued expenses and other liabilities	(17,051,637)	323,410,418
Lease liabilities – current portion	130,526,978	
Total adjustments	1,574,892,229	1,081,091,997
Zakat paid	--	(13,086,668)
Employee termination benefits – paid	(38,651)	--
Net cash provided by operating activities	1,574,853,578	625,438,256
Cash flows from investing activities:		
Property, plant and equipment	(1,621,270,657)	--
Leased Assets	(6,555,543,274)	--
Construction in progress	(7,615,809,791)	(15,971,897,936)
Long term investment	(900,299,213)	(2,119,651,294)
Net cash used in investing activities	(16,692,922,935)	(18,091,549,230)
Cash flows from financing activities:		
Proceeds from issue of share capital (net)	4,567,500,000	3,945,000,000
Long-term loans	2,456,250,000	12,675,000,000
Loan from founding shareholders	3,000,000,000	--
Finance lease obligations	6,538,631,775	--
Due to related parties, net of Zakat recovery	(96,177,323)	(1,048,202,756)
Net cash provided by financing activities	16,466,204,452	15,571,797,244
Net increase/(decrease) in cash and cash equivalents	1,348,135,095	(1,894,313,730)
Cash and cash equivalents at beginning of the period	185,954,269	2,080,267,999
Cash and cash equivalents at end of the period	1,534,089,364	185,954,269

The accompanying notes 1 to 14 form
an integral part of these financial statements.

1. GENERAL

1.1 Rabigh Refining and Petrochemical Company ("the Company" or "PetroRabigh") is a company registered in Saudi Arabia under Commercial Registration No. 4602002161 issued from Ministry of Commerce, Jeddah, on 15-08-1426H (September 19, 2005). The Company had been converted into a Joint Stock Company with an increased share capital of SAR 6,570 million under the revised Commercial Registration issued by the Ministry of Commerce, Riyadh with effective date of 22-10-1428H (November 03, 2007).

1.2 The Company launched an Initial Public Offering of 219 million shares, equivalent to 25% of its post-issue enlarged capital, at SAR 21 per share from 5 to 12 January 2008 ("the IPO") based on approval of application for admission of the shares to the Official List by the Capital Market Authority. The net proceeds from the IPO after deducting the offering expenses will be used by the Company to finance its operation. Following the successful IPO, the total authorized capital was increased from 657 million to 876 million shares at a par value of SAR 10 per share under the revised Commercial Registration issued by the Ministry of Commerce, Riyadh with effective date of 14-01-1429H (January 23, 2008).

1.3 The objects for which the Company is formed are the development, construction and operation of an integrated petroleum refining and petrochemical complex, including the manufacturing of refined petroleum products, petrochemical products and other hydrocarbon products.

1.4 These interim condensed financial statements are presented for the twelve-month period from 1 January to 31 December 2008, with comparatives for the same twelve-month period in 2007. The Company has been in the plant construction and pre-operational phase throughout these periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying interim condensed financial statements have been prepared in accordance with the Standard for Interim Financial Information issued by the Saudi Organization for Certified Public Accountants (SOCPA). The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are consistent with those used for the preparation of the annual financial statements. Significant accounting policies adopted by the Company are summarized as follows:

(a) Basis of preparation

The interim condensed financial statements, expressed in Saudi Arabian Riyals, are prepared under the historical cost basis, using the accrual basis of accounting and the going concern concept.

The accompanying interim condensed financial statements include all adjustments comprising mainly of normal recurring accruals considered necessary by the Company's management to present a fair statement of financial position, results of operations and cash flows. These interim condensed financial statements should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December, 2007.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Interest income

Interest income is recognized on an accrual basis and derived from short term investment placed in time deposits.

(c) Foreign currency translation

Transactions denominated in foreign currencies are translated into Saudi Riyals at the exchange rates prevailing at the date of the transactions. Differences in exchange rates between liability recognition and settlement dates are recognized as gains or losses in the statement of income. Balances of assets and liabilities in foreign currencies are revalued at prevailing exchange rates as at the balance sheet dates.

(d) Trade receivables

Trade receivables are carried at original amounts less provision made for doubtful accounts. A provision for doubtful accounts is established when there is a significant doubt that the Company will not be able to collect all amounts due according to the original terms of agreement.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is principally based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Construction in progress

Construction in progress represents expenses incurred for the development, construction and preparation of the Company's integrated petroleum refining and petrochemical complex. All the costs which are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management, including interest on borrowings obtained to finance construction of the plant, are charged to construction in progress.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. The estimated useful lives are as follow:

	Years
Buildings	25
Plant Machinery and equipment	6– 23
Tools & Workshop equipment	15 – 25
Roads & Infrastructure	8
Motor and construction equipment	5 – 20
Furniture & Fixtures	5-14
Communications & IT equipment	3-7

Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Expenditures for maintenance and repairs that do not materially extend the asset's life are included in expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leased assets

The Company accounts for tangible assets obtained under finance lease by recording the asset and the related liability. The amounts are determined on the basis of lower of fair value of assets and discounted value of minimum lease payments. Finance charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation is charged applying the straight-line method using the following annual depreciation rates:

Assets category	*Years*
Desalination and power plant (Petrochemical complex)	20
Desalination plant (Refinery complex)	17
Marine terminal facilities	23

(i) Long-term investment

Long-term investment is recorded at cost.

(j) Employees' termination benefits

Employees' termination benefits, calculated in accordance with labour regulations of the Kingdom of Saudi Arabia, are accrued and charged to the statement of income.

(k) Revenue recognition

Revenue from sales is recognized upon delivery or shipment of products.

Revenue from services is recognized when services are rendered.

(Expressed in Saudi Riyals)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Cash and cash equivalents

Cash and cash equivalents consist of bank balances, cash on hand, and short-term deposits with original maturities of less than three months.

(m) Operating leases

Payments under operating leases are recognized in the statement of income on a straight-line basis over the lease terms.

(n) Zakat and Income Tax

Zakat and income tax are computed in accordance with Saudi Arabian fiscal regulations, are accrued and charged to retained earnings. Any reimbursements of Zakat and income tax from the shareholders are credited to retained earnings.

3. PROPERTY, PLANT AND EQUIPMENT - NET

	31 December 2008 (Unaudited)	31 December 2007 (Audited)
Buildings	379,027,421	--
Plant Machinery Equipment	874,660,732	--
Tools & Workshop Equipment	151,208,205	--
Roads & Infrastructure	53,792,493	--
Motor & Construction Equipment	47,723,180	--
Furniture & Fixtures	7,938,578	--
Communication & IT Equipment	26,923,425	--
	1,541,274,034	--

The Company has entered into Asset Transfer Agreement with Saudi Aramco dated February 21, 2006 for the transfer of Rabigh Refinery covering capital assets, spare parts and hydrocarbon inventory. These assets have been already transferred to the Company on October 1, 2008. The final purchase price for the transferred assets was SR 952 million.

(Expressed in Saudi Riyals)

4. LEASED ASSETS

a) Leased assets at December 31 acquired under finance lease terms and detailed as under:

	2008	2007
Cost		
Addition during the period	6,737,296,298	--
Balance at end of the period	6,737,296,298	--
Accumulated depreciation:		
Charge for the year	(189,681,998)	--
Balance at end of the period	(189,681,998)	--
Net leased assets	6,547,614,300	--

b) Desalination plant (for Refinery Complex) has been acquired under a finance lease agreement for a total value of SR. 165,495,244 payable based on monthly minimum capacity to be paid for a cumulative term of 17 years. The aggregate present value of the leased asset was estimated to be SR 106,349,793 which has been capitalized as part of leased assets cost.

c) Desalinisation and Power plant (for Petrochemical complex) have been acquired under a finance lease agreement for a total value of SR. 11,854,647,962 payable based on a monthly guaranteed minimum capacity to be paid for a cumulative term of 25 years. The aggregate present value of the leased asset was estimated to be SR 6,342,126,015 which has been capitalized as part of leased assets cost.

d) Marine terminal facilities have also been acquired under a finance lease agreement for a total lease value of SR 573,750,375 payable in advance annually at a fixed annual rate for a period of 30 years with a present value of SR 288,820,492 which has also been capitalized as part of the leased assets.

(Expressed in Saudi Riyals)

4. LEASED ASSETS (continued)

At December 31 the net present value of the finance lease obligation is presented in the financial statements as follows:

	2008	2007
Current portion shown under current liabilities	130,526,978	--
Non-current portion shown under non-current liabilities	6,538,631,775	--
	6,669,158,753	--

The future minimum lease payments as of December 31, for the future years are analyzed as follows:

Year	2008	2007
2009	502,864,073	--
2010	502,863,073	--
2011	502,864,073	--
2012	504,189,386	--
2013 and thereafter	10,299,480,043	--

(Expressed in Saudi Riyals)

5. CONSTRUCTION IN PROGRESS

	31 December 2008 (Unaudited)	31 December 2007 (Audited)
Plants	25,485,753,604	20,019,495,210
Utilities	4,304,349,701	2,973,616,103
Interest on borrowings	1,638,381,615	819,563,816
	31,428,484,920	23,812,675,129

The Company expects to complete the plant construction by end of the first Quarter of 2009 within the budgeted total cost of SAR 33 billion plus additional budget of SAR 1 billion.

6. LONG TERM INVESTMENT

	31 December 2008	31 December 2007
Investment in RAWEC:		
- Equity participation	8,556,484	424,999
- Subordinated loans	49,099	8,261,358
- Long term loans	3,342,535,241	2,442,155,254
	3,351,140,824	2,450,841,611

The amount represents total drawdown as of December 31, 2008 and December 31, 2007 respectively for 1% equity on Rabigh Arabian Water and Electric Company ("RAWEC") based on Shareholders' Agreement and Equity Support Agreement. In addition, the Company provides loan finance under a Facilities Agreement.

(Expressed in Saudi Riyals)

7. DUE TO RELATED PARTIES

	31 December 2008	31 December 2007
Saudi Arabian Oil Company	58,050,758	125,964,473
Sumitomo Chemicals Company	50,061,187	78,324,795
	108,111,945	204,289,268

The above balances result principally from payments made by the founding shareholders on behalf of the Company in respect of seconded employees and other charges.

8. LONG TERM LOANS

The Company has entered into loan facility agreements, secured through guarantees of the founding shareholders, with various commercial banks and financial institutions in order to finance approximately 60% of the estimated costs of the Rabigh Development Project. The total facilities available under these term loan agreements and the amounts drawn down at each interim balance sheet date are:

	Total Facility	At 31 December 2008	At 31 December 2007
Japan Bank for International Cooperation	9,375,000,000	9,375,000,000	9,375,000,000
Commercial banks	6,525,000,000	6,525,000,000	6,525,000,000
Public Investment Fund	3,750,000,000	3,750,000,000	2,043,750,000
Islamic financial institutions	2,250,000,000	2,250,000,000	1,500,000,000
	21,900,000,000	21,900,000,000	19,443,750,000

The financing agreements include certain covenants, which, among other things, require certain financial ratios to be maintained. Repayments under the loan facilities are expected to commence in 2010 and will run up to 2021.

(Expressed in Saudi Riyals)

9. LOANS FROM FOUNDING SHAREHOLDERS

	31 December 2008	31 December 2007
Saudi Arabian Oil Company	1,500,000,000	--
Sumitomo Chemical Co.	1,500,000,000	--
	3,000,000,000	--

Additional loans secured by the Company from the founding shareholders are availed of as part of the existing credit facility for the development, design, construction and operation of the project. Repayment of the principal and the accrued commission to the founding shareholders shall be made in 2010 when the first repayment to the commercial banks and financial institutions' has been made as referred to in Note 8.

10. SHARE CAPITAL, STATUTORY RESERVE AND DIVIDENDS

The Company's share capital of SR 8.76 billion at December 31, 2008 (2007: SR 6.57 billion) consists of 876 million fully paid and issued shares of SR 10 each (2007: 657 million shares of SR 10 each).

The proceeds of the IPO issue of new shares at SR 21 per share have resulted in a share premium amount of SR 2,409 million, which has been transferred to Statutory Reserve in accordance with the Company's Articles of Association.

The Board of Directors has approved the implementation and operation of an Employee Share Ownership Plan ("ESOP"), which provides 5-year service awards to certain levels of staff.

To implement this, the Company arranged for a commercial bank to subscribe for 1.5 million shares during the IPO at the offer price of SR 21 per share. These "ESOP shares" are held by the bank in trust for the staff that will become eligible for an award under the plan. Any of the ESOP shares that do not become issuable to eligible employees will be dealt with

10. SHARE CAPITAL, STATUTORY RESERVE AND DIVIDENDS (continued)

by the bank in accordance with PetroRabigh's instructions, and any disposal proceeds will be for the account of the Company.

The directors do not recommend the payment of any interim dividend, as the Company has not yet commenced its commercial operations.

11. LOSS PER SHARE

Loss per share for the twelve-month period ended December 31, 2008 is computed by dividing the net loss for such period by the weighted-average number of ordinary shares outstanding during the twelve-month period ended December 31, 2008 of 858 million shares (2007: 564 million shares).

12. CONTINGENCIES AND COMMITMENTS

Operating Leases

The Company has entered into operating leases for office space and furniture, vehicles and living quarters.

13. ZAKAT ADDITIONAL ASSESSMENT

Following its review of the Company's Zakat declaration for 2006, the DZIT issued a deficiency tax assessment on December 4, 2007 amounting to approximately SAR 25 million. The Company is not in agreement with the DZIT assessment, and filed a preliminary objection with the DZIT on February 2, 2008. DZIT requested additional documents. These documents have been submitted to DZIT in November 5, 2008 and the Company has not yet received any response.

Management believes its position regarding the DZIT adjustments to be robust in the area of interpretation, and that it is too soon to be able to estimate a probable settlement amount. Any settlement amount eventually agreed with DZIT will not impact upon the future earnings of the Company, as it will be recoverable from a founding shareholder - Saudi Arabian Oil Company.

14. BOARD APPROVAL

These interim condensed financial statements were approved by the Board Audit Committee as delegated by the Board of Directors on 19 January, 2009.

Hanash , Ghassan

From: Junaid, Syed
Sent: Sunday, October 12, 2008 6:43 PM
To: mohammad Al-Suwaiket; anton@falsuwaiket.com
Cc: Ayub, Ahmer; Azeem, Wajid; Hanash , Ghassan; Zia, Tariq
Subject: WACO audit for June 30, 2007
Attachments: WACO List of OS things (Aug08).doc

Dear Mr. Mohammad

It was nice to talk to you today.

I can understand your concern that the audit has been lingering on for quite some time. However, I hope you would agree with me that without having adequate reasonable assurance on the fair view of the financial statements, we have no other option but to wait for further supporting information from your side.

I have attached the list of outstanding information requirements in the accompanying word document in which you would notice that lots of information is still pending. I strongly look forward that these issues are resolved from your side as expeditiously as possible, so that we could move further towards finalization.

In the end, I would once again thank you and Mr. Irshad for your cooperation and patience.

Looking forward to hearing from you.

Syed Junaid
ACA, ACCA
Manager - Audit

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