

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

For the three-month period ended
31 March 2010

Noriaki Takeshita

N Takeshita

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**LIMITED REVIEW REPORT ON
THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The Shareholders
Rabigh Refining & Petrochemical Company
Rabigh, Kingdom of Saudi Arabia.

Scope of Review

We have reviewed the accompanying interim balance sheet of Rabigh Refining & Petrochemicals Company (the Company) as at 31 March 2010 and the related interim statements of income, cash flows and changes in shareholders' equity for the three-month period then ended and the attached condensed notes from 1 to 19 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 limited review in accordance with the auditing Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons 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.

Conclusion

Based on our limited 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.

For KPMG Al Fozan & Al Sadhan:

Tareq Abdulrahman Al Sadhan
License No. 352



Jeddah, April 20, 2010
Corresponding to 6 Jumad Awal, 1431H

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

INTERIM BALANCE SHEET (UNAUDITED)

As at 31 March 2010

(Expressed in Saudi Arabian Riyals '000')

	Note	31 March 2010	31 March 2009
ASSETS			
Current assets:			
Cash and cash equivalents		1,881,597	1,074,219
Trade receivables	4	5,903,653	2,840,664
Inventories		3,256,402	1,363,636
Prepayments and other current assets		279,551	161,799
Total current assets		11,321,203	5,440,318
Non-current assets:			
Property, plant and equipment	5	33,055,595	1,465,487
Leased assets	6	366,639	6,463,304
Construction in progress	7	--	32,428,649
Intangible assets		322,411	--
Long-term investment	8	8,556	8,556
Long-term loan	8	3,171,500	3,287,944
Total non-current assets		36,924,701	43,653,940
Total assets		48,245,904	49,094,258
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term bank debts		1,850,000	--
Current portion of finance lease obligations		8,381	132,378
Trade and other payables	9	10,356,948	6,171,079
Accrued expenses and other current liabilities		1,058,361	563,202
Total current liabilities		13,273,690	6,866,659
Non-current liabilities:			
Long-term loans	10	21,900,000	21,900,000
Loan from founding shareholders	11	4,575,000	4,575,000
Finance lease obligations		374,864	6,506,464
Provision for deferred employee service awards		13,635	7,350
Employees' end of service benefits		6,357	3,634
Total non-current liabilities		26,869,856	32,992,448
Total liabilities		40,143,546	39,859,107
Shareholders' equity:			
Share capital	12	8,760,000	8,760,000
Statutory reserve	12	2,409,000	2,409,000
Employee Share Ownership Plan	13	(31,467)	(31,500)
Accumulated losses		(3,035,175)	(1,902,349)
Total shareholders' equity		8,102,358	9,235,151
Total liabilities and shareholders' equity		48,245,904	49,094,258

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME (UNAUDITED)

For the three-month period ended 31 March 2010

(Expressed in Saudi Arabian Riyals '000')

	<u>Note</u>	31 March 2010	31 March 2009
Sales		10,676,411	5,629,223
Cost of sales		<u>(10,516,921)</u>	<u>(5,522,186)</u>
Gross profit		159,490	107,037
General and administrative expenses		(198,140)	(145,936)
Marketing and selling expenses		<u>(11,112)</u>	<u>--</u>
Total expenses		<u>(209,252)</u>	<u>(145,936)</u>
Operating loss		(49,762)	(38,899)
Interest and other income	15	393,469	8,736
Financial charges		<u>(72,167)</u>	<u>1,473</u>
Net income (loss)		<u>271,540</u>	<u>(28,690)</u>
Income (loss) per share (SR)	16	<u>0.31</u>	<u>(0.03)</u>

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-month period ended 31 March 2010

(Expressed in Saudi Arabian Riyals '000')

	31 March 2010	31 March 2009
Cash flows from operating activities		
Net income / (loss)	271,540	(28,690)
Adjustment to reconcile net income / loss to net cash used in operating activities:		
Depreciation	487,492	164,132
Amortization of intangible assets	9,369	--
Gain on derecognition of leased assets / liabilities	(310,843)	--
Provision for deferred employee service awards and Employees Share Ownership Plan	1,573	1,575
Provision for employees' end of service benefits	1,161	33
Changes in operating assets and liabilities:		
Increase in trade receivables	(1,221,514)	(492,172)
Increase in inventories	(585,947)	(389,528)
Decrease in prepayments and other current assets	9,300	55,838
Increase (decrease) in trade and other payable	814,899	(500,975)
Increase in accrued expenses and other current liabilities	210,431	134,807
	(312,539)	(1,054,980)
Employee end of service benefits - paid	(94)	(15)
Net cash (used in) operating activities	(312,633)	(1,054,995)
Cash flows from investing activities		
Additions to construction in progress	--	(1,000,164)
Additions to property, plant and equipment	(97,137)	(4,369)
Net movement in long-term investment and other balances with RAWEC	32,081	54,641
Net cash (used in) investing activities	(65,056)	(949,892)
Cash flows from financing activities		
Net movement in short-term bank debts	955,060	--
Loan received from founding shareholders	--	1,575,000
Repayment of finance lease obligations	(2,009)	(29,983)
Net cash from financing activities	953,051	1,545,017
Net increase / (decrease) in cash and cash equivalents	575,362	(459,870)
Cash and cash equivalents at 1 January	1,306,235	1,534,089
Cash and cash equivalents at 31 March	1,881,597	1,074,219

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the three-month period ended 31 March 2010

(Expressed in Saudi Arabian Riyals '000')

	Share capital	Statutory reserve	Employee Share Ownership Plan	Accumulated losses	Total
Balance at 1 January 2009	8,760,000	2,409,000	(31,500)	(1,873,659)	9,263,841
Net loss for the three-month period	--	--	--	(28,690)	(28,690)
Balance at 31 March 2009	8,760,000	2,409,000	(31,500)	(1,902,349)	9,235,151
Balance at 1 January 2010	8,760,000	2,409,000	(31,467)	(3,306,715)	7,830,818
Net income for the three-month period	--	--	--	271,540	271,540
Balance at 31 March 2010	8,760,000	2,409,000	(31,467)	(3,035,175)	8,102,358

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

RABIGH REFINING AND PETROCHEMICAL COMPANY

(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2010

(Expressed in Saudi Arabian Riyals '000')

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Rabigh Refining and Petrochemical Company ("the Company" or "PetroRabigh") is a company registered in Saudi Arabia under Commercial Registration No. 4602002161 issued from the Ministry of Commerce, Jeddah, on 15 Shaaban 1426H (corresponding to 19 September 2005). The Founding Shareholders of the Company agreed on 28 Rabi Al Awal 1428H (corresponding to 16 April 2007) to change the legal status of the Company from Limited Liability Company to Joint Stock Company with an increased share capital of SR 6,570 million registered under the revised Commercial Registration issued by the Ministry of Commerce, Riyadh with effective date of 22 Shawal 1428H (corresponding to 3 November 2007).

The Company launched an Initial Public Offering (IPO) of 219 million shares, equivalent to 25% of its post-issue enlarged capital, at SR 21 per share from 5 to 12 January 2008, on approval of application for admission of the shares to the official list by the Capital Market Authority. Following the IPO, the total authorized capital was increased from 657 million to 876 million shares at a par value of SR 10 per share under the revised Commercial Registration issued by the Ministry of Commerce, Riyadh with effective date of 14 Muharram 1429H (corresponding to 23 January 2008).

The Company is engaged in 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.

The Company commenced its refined and petrochemical products operation effective 1 October 2008 and 1 July 2009 respectively.

The Company's registered office is located at the following address:

Rabigh Refining and Petrochemical Company
P.O. Box 666, Rabigh 21911
Kingdom of Saudi Arabia.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2010
(Expressed in Saudi Arabian Riyals '000')

2. BASIS OF PREPARATION

Statement of compliance

These 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).

Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention 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 for the three-month period ended 31 March 2010 ('the period') should be read in conjunction with the Company's audited financial statements as at and for the year ended 31 December 2009.

The Company follows a fiscal year ending 31 December.

Functional and presentation of currency

The functional currency of the Company has been determined by management to be the United States Dollar. However, these interim condensed financial statements are presented in Saudi Arabian Riyals (SR) and financial information presented in SR has been rounded to the nearest thousand, unless otherwise specified.

Use of estimates and judgments

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.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2010
(Expressed in Saudi Arabian Riyals '000')

2. BASIS OF PREPARATION (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those used for the preparation of the annual financial statements of the Company as at and for the year ended 31 December 2009 and are summarized as follows:

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 be able to collect all amounts due according to the original terms of agreement.

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 finished goods and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

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

Long-term investment

The Company has an investment which is not for trading purposes and the company does not have significant influence or control and accordingly this is classified as an investment available for sale. The investment is measured at cost.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2010

(Expressed in Saudi Arabian Riyals '000')

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of each asset. 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.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognized in the statement of income when incurred.

Depreciation is calculated on a straight-line basis to write off the cost of property, plant and equipment over their estimated useful lives, which are as follows:

	<u>Years</u>
Buildings, roads and infrastructure	8 – 25
Plant, machinery and operating equipment	6 – 25
Motor and construction equipment	5 – 20
Furniture and IT equipment	3 – 14

Leased assets

The Company accounts for tangible assets obtained under finance lease arrangements, including certain “build-operate-transfer” contracts, by capitalizing the assets and the related liability (lease obligations). The amounts to be capitalized are determined on the basis of the lower of fair value of assets at the inception of the lease and the discounted value of minimum lease payments. Finance charges are allocated to each 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 estimated useful lives.

Operating lease

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

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2010
(Expressed in Saudi Arabian Riyals '000')

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets are non monetary assets which have no physical existence but are independently identifiable and capable of production or supply of future economic benefits and the Company has earned the right due to events which have occurred in the past. They are acquired for cash and measured at the purchase price and all other directly attributable costs. Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

Amortization is recognized in the statement of income on a straight line basis over the estimated period of benefits associated with intangible assets, from the date that they are available for use.

The estimated period of benefits associated with intangible assets are as follows:

	<u>Years</u>
Software	5
Licences	15 – 22.5

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 capitalized in construction in progress.

Employees' end of service benefits

Employees' end of service benefits, calculated in accordance with Saudi Arabian labour regulations, are accrued and charged to the statement of income. The liability is calculated at the current value of the vested benefits to which employees are entitled, should their services be terminated at the balance sheet date.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2010
(Expressed in Saudi Arabian Riyals '000')

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from sale of products is recognized upon delivery or shipment of products.
Revenue from services (port charges) is recognized when services are rendered.

Foreign currency translation

Transactions denominated in foreign currencies are translated to the functional currency of the Company (US Dollars) at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Exchange differences arising on translation are recognized in the statement of income.

For the purpose of preparation of the financial statements, the Company restates all financial information from US Dollars to Saudi Arabian Riyals using a fixed exchange rate of SR 3.75 / US Dollar 1.

Zakat and Income Tax

Zakat and income tax are computed in accordance with Saudi Arabian fiscal regulations, are accrued and charged to retained earnings.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less.

Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2010

(Expressed in Saudi Arabian Riyals '000')

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Share Ownership Plan

The employee service cost of share options granted to employees under the Employee Share Ownership Plan (ESOP) is measured by reference to the fair value of the Company's shares on the date on which the options are granted. This cost is recognized as an employee expense, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of shares that will ultimately vest. The statement of income charge for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Shares purchased in the IPO by the bank acting as trustee for the ESOP are carried at cost as a deduction from shareholders' equity until the options vest and the underlying shares are transferred to the employee.

On the vesting date of an individual option, the difference between the employee service cost and the purchase cost of the shares is taken directly to retained earnings as an equity adjustment.

Provisions

A provision is recognized if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Impairment of assets

Financial assets and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2010

(Expressed in Saudi Arabian Riyals '000')

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses

Selling and marketing expenses are those arising from the Company's efforts underlying the marketing, selling and distribution functions. All other expenses, excluding direct costs and financial charges, are classified as general and administrative expenses. Allocations of common expenses between cost of sales and selling, marketing, general and administrative expenses, when required, are made on a consistent basis.

4. TRADE RECEIVABLES

	31 March 2010	31 March 2009
Related parties	5,597,866	2,840,664
Others	<u>305,787</u>	<u>--</u>
	<u>5,903,653</u>	<u>2,840,664</u>

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment assets at 31 March comprise of the followings:

	31 March 2010	31 March 2009
Operating assets – at net book value:		
- Buildings, roads and infrastructure	4,389,905	413,474
- Plant, machinery and operating equipment	28,330,352	972,388
- Motor and construction equipment	33,501	46,392
- Furniture and IT equipment	281,941	33,233
Capital projects in progress – at cost	<u>19,896</u>	<u>--</u>
	<u>33,055,595</u>	<u>1,465,487</u>

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2010

(Expressed in Saudi Arabian Riyals '000')

6. LEASED ASSETS

The net book value of leased assets at 31 March acquired under finance lease terms are detailed as under:

	31 March <u>2010</u>	31 March <u>2009</u>
Desalination and power plants	96,655	6,180,762
Marine terminal facilities	<u>269,984</u>	<u>282,542</u>
	<u>366,639</u>	<u>6,463,304</u>

The aggregate present value of the leased assets was estimated to be SR 383.2 million (2009: SR. 6.7 billion), which has been capitalized as leased assets cost. The total remaining (minimum) lease payments will be SR 695.6 million.

Leased assets at March 31, 2009 included the major desalination and water plant (the Plant) operated by Rabigh Arabian Water and Electric Company (RAWEC) (see Note 8) under a "build, own, operate and transfer" contract (the Contract) entered into between the Company and RAWEC. This original contract was assessed as containing a finance lease in respect of the Plant. During the quarter ended March 31, 2010, the Company has signed a "Memorandum of Understanding" (MOU) with RAWEC to revise the Contract. According to the revised contract the Plant will continue to be utilized by the Company under an operating lease expiring on June 1, 2033. Consequently, the leased asset amounting to SR 5.929 billion and related lease obligation amounting to of SR 6.24 billion have been derecognized from the books of the Company, resulting in a gain of SR 311 million to the Company. The Company is in the process of finalizing and signing formal revisions to the Contract.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2010

(Expressed in Saudi Arabian Riyals '000')

7. CONSTRUCTION IN PROGRESS

Construction in progress at 31 March is detailed as under:

	<u>31 March</u> <u>2010</u>	31 March <u>2009</u>
Plants	--	26,162,754
Utilities	--	4,516,039
Interest on borrowings	<u> -- </u>	<u>1,749,856</u>
	<u> -- </u>	<u>32,428,649</u>

The Company completed the petrochemical complex and commenced full commercial operations during fourth quarter of 2009 and accordingly, reclassified it to property, plant and equipment and intangible assets during the year ended 31 December 2009.

8. LONG-TERM INVESTMENT AND LOAN

The investment in RAWEC and loan outstanding at 31 March comprised the followings:

	<u>31 March</u> <u>2010</u>	31 March <u>2009</u>
Long-term investment	<u>8,556</u>	<u>8,556</u>
Long-term loans	<u>3,171,500</u>	<u>3,287,944</u>

The Company has 1% equity stake in RAWEC in accordance with the Shareholders' Agreement. In addition, the Company has provided a loan under a Facilities Agreement. The long-term loan of SR 3.2 billion carries interest at 5.765% per annum and is being settled through monthly adjustments arising from lease related payments to RAWEC from 30 June 2008 to 30 November 2023.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2010
(Expressed in Saudi Arabian Riyals '000')

9. TRADE AND OTHER PAYABLES

	31 March <u>2010</u>	31 March <u>2009</u>
Trade accounts payable:		
- to related parties	9,789,379	5,765,677
- to third parties	<u>470,492</u>	<u>305,993</u>
	10,259,871	6,071,670
Other payables to related parties	<u>97,077</u>	<u>99,409</u>
	<u><u>10,356,948</u></u>	<u><u>6,171,079</u></u>

The above balances result principally from the crude oil feedstock supply agreement with Saudi Aramco and payments made by the two Founding Shareholders on behalf of the Company in respect of seconded employees and other charges.

10. 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 Project). The financing agreements include certain covenants, which, among other things, require certain financial ratios to be maintained.

The total facilities under these long term agreements of SR 21.9 billion were drawn down in full by 31 December 2008. Repayments under the loan facilities are expected to commence in 2011 and will run up to 2021.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2010
(Expressed in Saudi Arabian Riyals '000')

11. LOAN FROM FOUNDING SHAREHOLDERS

	31 March 2010	31 March 2009
Saudi Arabian Oil Company	2,287,500	2,287,500
Sumitomo Chemical Company	<u>2,287,500</u>	<u>2,287,500</u>
	4,575,000	4,575,000
	<u><u>4,575,000</u></u>	<u><u>4,575,000</u></u>

Loans 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 financial charges to the founding shareholders shall be made after the first repayment to the commercial banks and financial institutions has been made (see Note 10).

12. SHARE CAPITAL AND STATUTORY RESERVE

The Company's share capital of SR 8.76 billion at 31 March 2010 (31 March 2009: SR 8.76 billion) consists of 876 million fully paid and issued shares of SR 10 each (31 March 2009: 876 million shares of SR 10 each).

The net proceeds from the issuance of new shares during the IPO in January 2008 resulted in a share premium of SR 2,409 million, which has been transferred to statutory reserve in accordance with the Company's Articles of Association. This reserve is not available for distribution.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2010
(Expressed in Saudi Arabian Riyals '000')

13. EMPLOYEE SHARE OWNERSHIP PLAN

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.

The Company arranged with 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 by the bank in accordance with Company's instructions, and any disposal proceeds will be for the account of the Company. The Company recognized the liability through provision by amortizing the total cost of the ESOP shares on a straight line basis over a period of 5 years.

Until these ESOP shares become vested and are transferred to the staff member, they are accounted for as a deduction from shareholders' equity.

14. ZAKAT AND INCOME TAX

Following its review of the Company's Zakat declaration for 2006, the Department of Zakat and Income Tax (DZIT) issued a Zakat assessment on 4 December 2007 amounting to approximately SR 25 million. The Company is not in agreement with the DZIT assessment, and filed a preliminary objection with the DZIT on 2 February 2008. In response to the Company's objection, the DZIT has requested additional documents to enable them to reconsider their assessment. The Company has provided the DZIT with the additional information.

However, the DZIT has now requested further information in relation to the 2006 tax year in addition to a request pertaining to the 2007 tax year. The Company has provided the DZIT with this additional information and has not received any further response to date.

No provision has been made in these interim condensed financial statements for the above mentioned contingency, as the management, based on Zakat and tax advisor's opinion, 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.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2010
(Expressed in Saudi Arabian Riyals '000')

15. INTEREST & OTHER INCOME

	31 March <u>2010</u>	31 March <u>2009</u>
Interest income	73,270	440
Port charges	9,356	8,296
Gain on derecognition of leased assets and lease obligation (Note 6)	<u>310,843</u>	<u>--</u>
	<u><u>393,469</u></u>	<u><u>8,736</u></u>

16. INCOME (LOSS) PER SHARE

Income / (loss) per share for the three-month period ended 31 March 2010 have been computed separately by dividing the net income / (loss) for such period by the weighted-average number of ordinary shares outstanding during the respective periods of 876 million shares (2009: 876 million shares).

17. SEGMENT REPORTING

The Company's primary format for segment reporting is based on business segments, (refined products and petrochemicals) determined on the basis of Company's management and internal reporting structure.

	<u>Refined products</u>	<u>Petrochemicals</u>	<u>Total</u>
<u>March 31, 2010 (unaudited)</u>			
Revenue	<u>8,913,808</u>	<u>1,762,603</u>	<u>10,676,411</u>
<u>March 31, 2009 (unaudited)</u>			
Revenue	<u>5,629,223</u>	<u>--</u>	<u>5,629,223</u>

As the company has recently commenced its petrochemical operations in the last quarter of 2009, the management is still in the process of formalizing the basis of allocation of assets, liabilities and common expenses.

RABIGH REFINING AND PETROCHEMICAL COMPANY
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NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2010

(Expressed in Saudi Arabian Riyals '000')

18. COMMITMENT

The Company has the following commitment as at 31 March 2010.

	31 March <u>2010</u>	31 March <u>2009</u>
Letter of Guarantee	104,775 =====	104,775 =====

Remaining estimated commitments under existing contracts for the construction of the petrochemical plant and facilities amounted to SR 89.8 million as of March 31, 2010 (2009: SR 1.57 billion).

19. AUTHORIZATION FOR ISSUE

These interim condensed financial statements were authorised for issue by the Board Audit Committee, as delegated by the Board of Directors, on 20 April 2010.