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

UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018
AND REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION May 7, 2018

To the Shareholders of Rabigh Refining and Petrochemical Company:
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Rabigh Refining and Petrochemical Company as of March 31, 2018 and the related condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

By:____________________

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License Number 379

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RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of profit or loss
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended March 31, 2018 (Unaudited)	2017 (Unaudited)
Sales	4	**9,856,347**	6,702,225
Cost of sales		**(9,084,290)**	(6,637,089)
Gross profit		**772,057**	65,136
Selling and marketing expenses	2.1	**(135,913)**	(14,417)
General and administrative expenses		**(258,580)**	(223,373)
Other income, net		**18,556**	4,772
Operating profit (loss)		**396,120**	(167,882)
Financial charges		**(103,043)**	(110,674)
Financial income		**74,125**	50,985
Profit (loss) before zakat and income tax		**367,202**	(227,571)
Zakat	10	**(13,549)**	(11,547)
Income tax	10	**(57,507)**	(575)
Net profit (loss) after zakat and income tax		**296,146**	(239,693)
Earnings (loss) per share (Saudi Riyals) – Basic and diluted	5	**0.34**	(0.27)

The accompanying notes 1 to 14 form an integral part of this condensed interim financial information.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of comprehensive income
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Three-month period ended March 31,	
	2018	**2017**
	(Unaudited)	(Unaudited)
Net profit (loss) after zakat and income tax	**296,146**	(239,693)
Remeasurement loss on defined benefit plan	**-**	-
Total comprehensive income not to be reclassified to statement of profit or loss in subsequent periods	**-**	-
Total comprehensive income (loss) for the period	**296,146**	(239,693)

The accompanying notes 1 to 14 form an integral part of this condensed interim financial information.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of financial position
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	**44,432,078**	43,971,487
Leased assets		**410,405**	417,360
Intangible assets		**120,224**	123,513
Long-term loans	7	**4,073,492**	4,051,329
Investment	7	**16,412**	16,412
Deferred tax asset		**368,940**	348,092
		49,421,551	48,928,193
Current assets			
Cash and cash equivalents		**3,410,966**	1,158,263
Time deposits		**1,917,900**	1,479,073
Trade receivables	7	**6,029,979**	5,741,361
Inventories		**3,717,698**	3,022,322
Current portion of long-term loans	7	**409,801**	404,248
Prepayments and other receivables		**1,427,156**	941,517
		16,913,500	12,746,784
Total assets		**66,335,051**	61,674,977
Equity and liabilities			
Equity			
Share capital	8	**8,760,000**	8,760,000
Statutory reserve	9	**183,745**	183,745
Employee share ownership plan		**(6,796)**	(7,098)
Retained earnings		**1,523,661**	1,149,160
Total equity		**10,460,610**	10,085,807
Non-current liabilities			
Loans, borrowings and other long-term liability	7	**38,585,930**	36,812,511
Liabilities against finance leases		**477,448**	481,953
Employees' benefits		**442,803**	420,707
		39,506,181	37,715,171
Current liabilities			
Short-term borrowings	7	**3,502,283**	3,715,280
Current maturity of liabilities against finance leases		**19,760**	18,413
Trade and other payables	7	**10,919,544**	9,221,871
Accrued expenses and other liabilities		**1,526,727**	610,393
Zakat and income tax payable		**399,946**	308,042
		16,368,260	13,873,999
Total liabilities		**55,874,441**	51,589,170
Total equity and liabilities		**66,335,051**	61,674,977
Commitments	12		

The accompanying notes 1 to 14 form an integral part of this condensed interim financial information.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of changes in equity
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Employee share ownership plan	Retained earnings / (accumulated deficit)	Total
January 1, 2018 (Audited)	**8,760,000**	**183,745**	**(7,098)**	**1,149,160**	**10,085,807**
Net profit after zakat and income tax	**-**	**-**	**-**	**296,146**	**296,146**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**-**	**296,146**	**296,146**
Vesting of shares under employee share ownership plan	**-**	**-**	**302**	**-**	**302**
Zakat and income tax reimbursements	**-**	**-**	**-**	**78,355**	**78,355**
March 31, 2018 (Unaudited)	**8,760,000**	**183,745**	**(6,796)**	**1,523,661**	**10,460,610**
January 1, 2017 (Audited)	8,760,000	87,343	(8,207)	(443,620)	8,395,516
Net loss after zakat and income tax	-	-	-	(239,693)	(239,693)
Total other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(239,693)	(239,693)
Vesting of shares under employee share ownership plan	-	-	487	-	487
Zakat and income tax reimbursements	-	-	-	7,885	7,885
March 31, 2017 (Unaudited)	8,760,000	87,343	(7,720)	(675,428)	8,164,195

The accompanying notes 1 to 14 form an integral part of this condensed interim financial information.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of cash flows
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended March 31, 2018 (Unaudited)	2017 (Unaudited)
Cash flows from operating activities			
Profit (loss) before zakat and income tax		**367,202**	(227,571)
Adjustments for non-cash items			
Depreciation		**613,139**	601,355
Financial charges		**103,043**	110,674
Financial income		**(74,125)**	(50,985)
Amortization		**3,289**	3,236
Provision for slow moving inventories		**1,867**	1,061
Loss on disposal of property and equipment		**8,692**	-
		1,023,107	437,770
Changes in working capital			
Trade receivables		**(288,618)**	32,685
Inventories		**(697,243)**	(288,109)
Prepayments and other receivables		**(400,610)**	(125,207)
Trade and other payables		**1,810,335**	36,482
Accrued expenses and other liabilities		**61,948**	(645,230)
Employees benefits		**22,398**	14,847
Interest received		**47,133**	45,422
Interest paid		**(1,421)**	(16,470)
Net cash generated from (utilized in) operating activities		**1,577,029**	(507,810)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(221,080)**	(222,707)
Time deposits		**(438,827)**	(367,500)
Long-term loan disbursements		**(118,008)**	(14,301)
Net cash utilized in investing activities		**(777,915)**	(604,508)
Cash flows from financing activities			
Repayments of loans and borrowings		**-**	(1,893,750)
Proceeds from loans and borrowings		**1,262,625**	2,681,250
Other net movement in loans, borrowings and other long-term liability		**201,592**	135,692
Repayment of finance leases		**(10,628)**	(10,700)
Net cash generated from financing activities		**1,453,589**	912,492
Net change in cash and cash equivalents		**2,252,703**	(199,826)
Cash and cash equivalents at beginning of the period		**1,158,263**	1,381,795
Cash and cash equivalents at end of the period		**3,410,966**	1,181,969
Supplemental schedule of non-cash information			
Zakat and income tax reimbursable from shareholders		**78,355**	7,885
Addition to property, plant and equipment through accrued expenses and other liabilities		**854,387**	607,078
Long-term loan repayments settled against capacity payments	7.1.1	**92,344**	112,109

The accompanying notes 1 to 14 form an integral part of this condensed interim financial information.

1 General information

Rabigh Refining and Petrochemical Company ("the Company" or "PetroRabigh") is a company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4602002161 issued by the Ministry of Commerce and Investment, Jeddah, on Shaaban 15, 1426H (September 19, 2005) subsequently revised by Ministry of Commerce and Investment, Riyadh on Shawal 22, 1428H (November 3, 2007).

The Company is engaged in the development, construction and operation of an integrated refining and petrochemical complex, including the manufacturing and sales of refined and petrochemical products.

The Company's registered address is P.O. Box 101, Rabigh 21911, Kingdom of Saudi Arabia.

During the three-month period ended March 31, 2015, the Company acquired the Expansion Project of its existing integrated petroleum refining and petrochemical complex ("Phase II Expansion Project") from Saudi Arabian Oil Company and Sumitomo Chemical Company Limited (Founding shareholders of the Company), upon completion of the formalities underlying the novation of relevant contracts and fulfillment of precedent conditions. The aggregate cost of the Phase II Expansion Project is currently estimated at Saudi Riyals 34 billion, the completion of which is estimated to be during second half of 2018. Also see Note 6.

2 Basis of preparation

This condensed interim financial information of the Company has been prepared in compliance with IAS 34 "Interim Financial Reporting" as endorsed by Saudi Organization for Certified Public Accountants (SOCPA) in the Kingdom of Saudi Arabia as well as other standards and pronouncements issued by SOCPA.

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2017.

This condensed interim financial information has been prepared on a historical cost basis except for investment which is measured at fair value through statement of profit or loss. This condensed interim financial information is presented in Saudi Arabian Riyals (Saudi Riyals).

2.1 New standards, interpretations and amendments adopted

(a) Standards, interpretations and amendments adopted

IFRS 15 – Revenue from Contracts with Customers

The Company has adopted IFRS 15 from January 1, 2018 using modified retrospective method (see Note on Revenue under summary of significant accounting policies). Therefore, the comparative information has not been restated and continues to be reported under IAS 18 - Revenue. Previously, the Company was recognising revenue net of certain selling and marketing expenses which are incurred and separately invoiced by the marketers (customers). As per IFRS 15, the Company accounts for consideration payable to a customer as a reduction of the transaction price unless both the following conditions are met:

- the payment to the customer is in exchange for distinct goods or services that the customer transfers to the entity, and

- the fair value of said goods or services can be determined.

The Company has assessed that these selling and marketing expenses are in respect of distinct goods or services that the Company receives from customers and the fair value of the said expenses can also be measured as these are separately invoiced to the Company supported by actual invoices. Accordingly, in 2018, these expenses have not been deducted from revenue and are classified as selling and marketing expenses. The table below summarizes the impact of adoption of IFRS 15 on the condensed interim financial information for the three-month period ended March 31, 2018.

(All amounts in Saudi Riyals thousands unless otherwise stated)

Condensed interim statement of profit or loss:

	As per IFRS 15	***As per old policy***	***Impact of adoption of IFRS 15***
Sales	**9,856,347**	**9,738,083**	**118,264**
Selling and marketing expenses	**135,913**	**17,649**	**(118,264)**

(b) Standards, interpretations and amendments issued but not yet effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial information are disclosed below. The Company intends to adopt these standards, where applicable, when they become effective.

Standard/ Interpretation	***Description***	***Effective from periods beginning on or after the following date***
IFRS 16	Leases	January 1, 2019
IFRS 17	Insurance contacts	January 1, 2021

The Company is currently assessing the implications of adopting the above mentioned standards, amendments or interpretations on the Company's financial statements on adoption.

2.2 Critical accounting estimates and judgments

The preparation of Company's condensed interim financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Company based its assumptions and estimates on parameters available when the condensed interim financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3 Summary of significant accounting policies

The accounting policies adopted by the Company for the preparation of this condensed interim financial information are consistent with those followed in preparation of the Company's annual financial statements for the year ended December 31, 2017, except for the adoption of new standards effective as of January 1, 2018 (see Note 2.1 (a)).

(a) Revenue recognition

Contracts with customers

The Company has applied IFRS 15 using modified retrospective approach with effect from January 1, 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18. Impact of changes on adoption of IFRS 15 is disclosed in Note 2.1 (a).

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15 and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

(All amounts in Saudi Riyals thousands unless otherwise stated)

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The Company's performance does not create an asset with an alternate use to the Company and the Company has an enforceable right to payment for performance completed to date;

- The Company's performance creates or enhances as asset that the customer controls as the asset is created or enhanced;

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue in respect of sale of refined and petrochemical products and port services is recognised over the period as per the related offtake and other agreements with the customers. Transfer of refined and petrochemical products to customers is considered as series of distinct goods and the Company uses output method to measure the progress towards complete satisfaction or performance obligation. The Company has further used IFRS 15 practical expedient of right to invoice, and revenue is booked on monthly basis in respect of goods and services for which the Company has a right to invoice as per the related agreements.

Variable consideration is estimated based on expected value method. Revenue is recorded net of trade discounts, volume rebates and deductibles. Consideration payable to a customer is recognised as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company. If consideration payable to the customer is a payment for a distinct good or service from the customer, then the Company records such purchase of the good or service in the same way that it accounts for other purchases from suppliers.

In the comparative period, revenue was recognised when significant risks and rewards of ownership had been transferred to the customer upon delivery or shipment of products and in accordance with the related offtake and other arrangements with the Company's customers. Revenue from port services was recognised when services were rendered.

4 Segment information

4.1 Operating segment

The Company operates an integrated refinery and petrochemical complex. The primary format for segment reporting is based on operating segments and is determined on the basis of management's internal reporting structure. The Management Committee (collectively considered to be the Chief Operating Decision Maker) monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. The Company's segment profit measure is operating profit (loss). The Company's operating segments comprise of refined products and petrochemicals. Information as of and for the three-month period is summarized below:

2018 (Unaudited)	**Refined products**	**Petrochemicals**	**Total**
Sales – external customers	**7,525,000**	**2,331,347**	**9,856,347**
Depreciation and amortization	**191,093**	**425,335**	**616,428**
Operating (loss) profit	**(66,180)**	**462,300**	**396,120**

(All amounts in Saudi Riyals thousands unless otherwise stated)

2017 (Unaudited)	**Refined products**	**Petrochemicals**	**Total**
Sales – external customers	5,288,479	1,413,746	6,702,225
Depreciation and amortization	187,001	417,590	604,591
Operating (loss) profit	(201,777)	33,895	(167,882)

March 31, 2018 (Unaudited)	**Refined products**	**Petrochemicals**	**Unallocated**	**Total**
Total assets	**21,822,369**	**38,399,307**	**6,113,375**	**66,335,051**
Total liabilities	**14,112,209**	**41,362,287**	**399,945**	**55,874,441**
Capital expenditure	**21,342**	**1,054,125**	**-**	**1,075,467**

December 31, 2017 (Audited)	**Refined products**	**Petrochemicals**	**Unallocated**	**Total**
Total assets	21,387,814	36,979,692	3,307,471	61,674,977
Total liabilities	12,025,780	39,255,350	308,040	51,589,170
Capital expenditure	170,132	2,700,455	-	2,870,587

The Company's revenue from external customers involve Saudi Riyals 9,580 million (March 31, 2017: Saudi Riyals 6,505 million) of revenue generated from 3 customers in the period ended March 31, 2018 (March 31, 2017: 3 customers).

Geographical information for the three-month period ended March 31 is as follows:

2018 (Unaudited)	**Middle East**	**Asia Pacific**	**Others**	**Total**
Sales – external customers				
Refined products	**7,525,000**	**-**	**-**	**7,525,000**
Petrochemicals	**865,301**	**1,376,900**	**89,146**	**2,331,347**
Total	**8,390,301**	**1,376,900**	**89,146**	**9,856,347**

2017 (Unaudited)	**Middle East**	**Asia Pacific**	**Others**	**Total**
Sales – external customers				
Refined products	5,288,479	-	-	5,288,479
Petrochemicals	720,992	692,754	-	1,413,746
Total	6,009,471	692,754	-	6,702,225

Middle East market above, primarily includes Kingdom of Saudi Arabia whereas Asia Pacific primarily includes Singapore and China.

4.2 Adjustments

Cash and cash equivalents, time deposits, zakat and income tax including deferred tax and certain assets and liabilities are not allocated to operating segments as they are also managed on a Company basis.

Capital expenditure consists of additions to property, plant and equipment and intangible assets.

4.3 Reconciliation of profit (loss)

	2018 (Unaudited)	**2017** (Unaudited)
Operating profit (loss)	**396,120**	(167,882)
Financial charges	**(103,043)**	(110,674)
Financial income	**74,125**	50,985
Profit (loss) before zakat and income tax	**367,202**	(227,571)
Zakat	**(13,549)**	(11,547)
Income tax	**(57,507)**	(575)
Net profit (loss) after zakat and income tax	**296,146**	(239,693)

5 Earnings (loss) per share

Basic earnings (loss) per share (EPS) is calculated by dividing the profit (loss) for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the net profit (loss) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2018 (Unaudited)	2017 (Unaudited)
Profit (loss) for the period for basic and dilutive earnings per share	**296,146**	(239,693)
Weighted average number of shares outstanding during the period (thousands)	**876,000**	876,000
Adjustment for the effect of dilution in weighted average number of shares outstanding during the period due to ESOP (thousands)	**321**	365
Basic and diluted earnings (loss) per share	**0.34**	(0.27)

6 Property, plant and equipment

	Buildings and infrastructure	**Plant, machinery and operating equipment**	**Vehicles and related equipment**	**Furniture and IT equipment**	**Capital projects in progress**	**Total**
Cost						
January 1, 2018	4,743,175	32,718,774	89,867	334,096	24,183,360	62,069,272
Additions	-	24,814	-	-	1,050,653	1,075,467
Transfers	41	85,545	-	-	(85,586)	-
Disposals	-	(14,518)	-	-	-	(14,518)
March 31, 2018	**4,743,216**	**32,814,615**	**89,867**	**334,096**	**25,148,427**	**63,130,221**
Accumulated depreciation						
January 1, 2018	2,263,893	15,528,366	76,909	228,617	-	18,097,785
Charge for the period	60,155	539,950	1,218	4,861	-	606,184
Released on disposals	-	(5,826)	-	-	-	(5,826)
March 31, 2018	**2,324,048**	**16,062,490**	**78,127**	**233,478**	**-**	**18,698,143**
Carrying Value:						
At March 31, 2018 (Unaudited)	**2,419,168**	**16,752,125**	**11,740**	**100,618**	**25,148,427**	**44,432,078**
At December 31, 2017 (Audited)	2,479,282	17,190,408	12,958	105,479	24,183,360	43,971,487

(All amounts in Saudi Riyals thousands unless otherwise stated)

6.1 Capital projects-in-progress

The capital projects-in-progress at March 31, 2018 mainly represents cost relating to the acquisition and ongoing construction of Phase II Expansion Project (also see Note 1). As part of Phase II Expansion Project, identifiable assets acquired and liabilities assumed by the Company as of the date of novation were as follows:

Cost of work executed	**12,451,311**
Intangible assets	**118,798**
Advances to suppliers	**151,508**
Retentions	**(533,070)**
Trade and other payables	**(8,832,288)**
Accrued liabilities	**(3,378,016)**

The Company has secured various financing facilities amounting to Saudi Riyals 30,630 million from various commercial banks and financial institutions in order to finance Phase II Expansion Project (also see Note 7). The Company had also acquired administrative expenses amounting to Saudi Riyals 21,757 thousands from founding shareholders.

6.2 Capitalization of borrowing costs

During the three-month period ended March 31, 2018, the Company has capitalized borrowing costs amounting to Saudi Riyals 212.8 million (year ended December 31, 2017: Saudi Riyals 656 million) in capital projects-in-progress relating to the construction of the Phase II Expansion Project.

6.3 Pre-commissioning income

During the three-month period ended March 31, 2018, pre-commissioning income related to Phase II Expansion Project amounting to Saudi Riyals 111.8 million (year ended December 31, 2017: Saudi Riyals 776.9 million) is included in Capital projects-in-progress.

7 Financial assets and financial liabilities

7.1 Financial assets measured at amortized cost

Long-term loans:	**Note**	**March 31, 2018 (Unaudited)**	December 31, 2017 (Audited)
Loan to RAWEC	7.1.1	**4,269,668**	4,254,940
Loans to employees	7.1.2	**213,625**	200,637
Long-term loans		**4,483,293**	4,455,577
Less: current portion of long-term loans		**(409,801)**	(404,248)
Non-current portion of long-term loans		**4,073,492**	4,051,329
Trade receivables	7.1.3	**6,029,979**	5,741,361

7.1.1 The Company has entered into various agreements namely WECA, Facility Agreement and RAWEC Shareholders' Agreement (the "Agreements"), dated August 7, 2005 as amended on October 31, 2011, with RAWEC and other developers, to develop a plant, on build, own and operate basis, to supply desalinated water, steam and power to the Company. Pursuant to these agreements, the Company provided a loan to RAWEC amounting to Saudi Riyals 3.9 billion carrying interest rate of 5.76% per annum. The loan is being settled in monthly repayments, which commenced from June 30, 2008 and will run upto November 30, 2023.

During the year ended December 31, 2015, pursuant to Amended and Restated Agreement, dated March 28, 2006 as amended subsequently on March 9, 2015, the Company will provide RAWEC a portion of project finance, in the total amount of Saudi Riyals 3.3 billion carrying interest rate of 5.7% per annum to expand the existing independent water, steam and power facilities to meet the requirements of Phase II Expansion Project. The loan is being settled in monthly repayments, which commenced from July 31, 2016 and will run upto June 30, 2031. These loans are secured by the assets of RAWEC.

The loan is settled by offsetting against monthly utilities payments to RAWEC. During the period ended March 31, 2018, loan amounting to Saudi Riyals 93.3 million (March 31, 2017: Saudi Riyals 93.2 million) have been offset against monthly utility payments to RAWEC amounting to Saudi Riyals 293.5 million (March 31, 2017: Saudi Riyals 272.8 million).

(All amounts in Saudi Riyals thousands unless otherwise stated)

7.1.2 The Company's eligible employees are provided with loans under an employees' home ownership program. The cost of the land is advanced to employees free of interest cost provided the employee serves the Company for a minimum period of four years while the construction cost of the house is amortized and repayable free of interest to the Company to the extent of 90% over a period of seventeen years. The remaining 10% is amortized over the term of the loan (seventeen years). These loans are secured by mortgages on the related housing units. Ownership of the housing unit is transferred to the employee upon full payment of the loan.

7.1.3 Trade receivables of the Company are as follows:

	March 31, 2018	December 31, 2017
	(Unaudited)	(Audited)
Trade	**153,429**	259,394
Less: provision for doubtful debts	**(28,410)**	(28,410)
	125,019	230,984
Related parties	**5,904,960**	5,510,377
	6,029,979	5,741,361

Following is the ageing matrix used by the Company for analysis of trade receivables:

			Past due but not impaired					
	Total	**Neither past due nor impaired**	**Less than 6 months**	**6 to 12 months**	**12 to 18 months**	**18 to 24 months**	**More than 24 months**	**More than 24 months impaired**
Balance	6,058,389	5,857,932	165,253	(165)	(25)	(238)	7,222	28,410
Less: doubtful debts provision	(28,410)	-	-	-	-	-	-	(28,410)
March 31, 2018 (Unaudited)	**6,029,979**	5,857,932	165,253	(165)	(25)	(238)	7,222	**-**
December 31, 2017 (Audited)	5,741,361	5,733,441	(1,707)	84	(316)	963	8,896	-

Financial assets also include cash and cash equivalents, time deposits and other receivables that are measured at amortized cost. Further, substantially all of the trade receivables are measured at amortised cost.

7.2 Financial assets measured at fair value through profit and loss

	March 31, 2018	December 31, 2017
	(Unaudited)	(Audited)
Investment in Rabigh Arabian Water and Electricity Company	**16,412**	16,412

The above valuation is carried at Level 3 fair valuation as the management has determined that carrying value of the investment approximates the fair value.

The Company holds 1% shares in the capital of Rabigh Arabian Water and Electricity Company ("RAWEC"), a Saudi limited liability company.

(All amounts in Saudi Riyals thousands unless otherwise stated)

7.3 Financial liabilities measured at amortized cost

Loans, borrowings and other long-term liability

	Note	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Loans from banks and financial institutions:	7.3.1		
Opening balance		**35,030,991**	35,457,232
Additions		**1,520,137**	11,275,269
Repayments		**-**	(11,701,510)
Closing balance		**36,551,128**	35,030,991
Less: current portion		**(3,405,267)**	(3,715,280)
Non-current portion		**33,145,861**	31,315,711
Loans from founding shareholders	7.3.2	**5,417,888**	5,473,166
Other long-term liability	7.3.3	**22,181**	23,634
Total non-current portion		**38,585,930**	36,812,511
Trade and other payables	7.3.4	**10,919,544**	9,221,871

7.3.1 The Company has entered into Consortium Loan Agreement with commercial banks and financial institutions for development, design, and construction of integrated refining and petrochemical complex. The facilities available under this loan agreement have been utilized in full and drawdowns made which finished on July 1, 2008. The loan is payable in semi-annual repayments which commenced from June 2011 and will run up to December 2021.

During the year ended December 31, 2015, the Company has further entered into Loan Agreements with commercial banks and financial institutions for Phase II Expansion Project. The facilities available under these loan agreements amount to Saudi Riyals 30,630 million out of which drawdowns amounting to Saudi Riyals 26,992.5 million have been made by the Company. The loans amounting to Saudi Riyals 19,380 million are repayable in semi-annual repayments commencing from June 2019 and will run up to June 2031, whereas the loan of Saudi Riyals 7,612.5 million has final maturity of July 1, 2019.

The aforementioned loans are denominated in US Dollars and Saudi Riyals and bear financial charges based on prevailing market rates. The loan agreements include financial and operational covenants under Inter-creditor Agreement and other financing documents which among other things; require certain financial ratios to be maintained. The loans are secured by property, plant and equipment, cash and cash equivalents and time deposits of the Company with a carrying value of Saudi Riyals 44,432 million and Saudi Riyals 5,329 million, respectively.

During the year ended December 31, 2015, the Company entered into a working capital facility of Saudi Riyals 1,875 million with a local commercial bank on prevailing market rates. As at March 31, 2018 and December 31, 2017, the facility is unutilized.

7.3.2 Loans from founding shareholders

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Loans:		
Saudi Arabian Oil Company	**2,287,500**	2,287,500
Sumitomo Chemical Company Limited	**2,287,500**	2,287,500
Accumulated interest:		
Saudi Arabian Oil Company	**468,708**	449,083
Sumitomo Chemical Company Limited	**468,708**	449,083
	5,512,416	5,473,166
Less: current portion of accumulated interest		
Saudi Arabian Oil Company	**(47,264)**	-
Sumitomo Chemical Company Limited	**(47,264)**	-
Non-current portion	**5,417,888**	5,473,166

(All amounts in Saudi Riyals thousands unless otherwise stated)

Loans from the founding shareholders are availed as part of the Credit Facility Agreement and bear financial charges. Repayment shall be made on demand on achieving the conditions set by the financial institutions under the Inter-creditor Agreement. The loan is secured by promissory note issued by the Company in favour of each shareholder equivalent to drawdowns.

7.3.3 Other long-term liability

	March 31, 2018	December 31, 2017
	(Unaudited)	(Audited)
Withholding tax on accumulated interest of Sumitomo Chemical Company	**24,669**	23,634
Less: current portion	**(2,488)**	-
Non-current portion	**22,181**	23,634

7.3.4 Trade and other payables

	March 31, 2018	December 31, 2017
	(Unaudited)	(Audited)
Trade payables:		
- Related parties	**9,459,227**	7,861,961
- Others	**1,375,164**	1,277,509
	10,834,391	9,139,470
Other payables – related parties	**85,153**	82,401
	10,919,544	9,221,871

Other payables principally relate to payments made by Founding Shareholders on behalf of the Company in respect of seconded employees and other charges.

In addition to loans, borrowings and trade payables, financial liabilities include accrued expenses and other liabilities.

8 Share capital

The Company's authorised and issued share capital of Saudi Riyals 8.76 billion at March 31, 2018 and December 31, 2017 consists of 876 million fully paid shares of Saudi Riyals 10 each. The founding shareholders of the Company are Saudi Arabian Oil Company (Saudi Aramco) and Sumitomo Chemical Company Limited (Sumitomo Chemical) and each of them hold 37.5% of the shares.

9 Statutory reserve

In accordance with the Regulation for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer each year at least 10% of its net income, after absorbing accumulated deficit, to a statutory reserve until such reserve equal 50% of its share capital. This reserve is not available for distribution to shareholders.

10 Zakat and income tax

10.1 Charge in the period

Zakat and tax for the three-month period ended March 31 is as follows:	**2018**	**2017**
	(Unaudited)	(Unaudited)
Zakat for the period	**13,549**	11,547
Income tax for the period	**78,355**	575
Deferred tax credit for the period	**(20,848)**	-
	71,056	12,122

(All amounts in Saudi Riyals thousands unless otherwise stated)

Income tax and deferred tax has been recognised as follows:

	2018	**2017**
	(Unaudited)	(Unaudited)
Condensed interim statement of profit or loss:		
- Income tax	**78,355**	575
- Deferred tax credit	**(20,848)**	-
	57,507	575

10.2 Status of assessments

The Company has filed its Zakat and income tax returns with General Authority for Zakat and Tax ("GAZT") up to the financial year 2017. The Company's zakat and tax assessments have been finalized by GAZT up to and inclusive of the financial year 2008.

The GAZT has issued assessments for the years 2009 upto 2016 by raising additional zakat and tax demand of Saudi Riyals 1,349.7 million and Saudi Riyals 387.8 million, respectively. The Company has filed an objection with Preliminary Objection Committee (POC) for the years 2009 and 2010 for which the Company believes its position to be robust in the areas of interpretation. For the years 2011 upto 2016, the Company has filed an objection with GAZT.

If any additional zakat and tax demand arises on finalization of assessments then it is recoverable to the extent of Saudi Riyals 809.8 million and Saudi Riyals 377.7 million, respectively from the Founding Shareholders of the Company.

11 Related party transactions and balances

Related parties comprise of founding shareholders of the Company being Saudi Aramco and Sumitomo Chemical, their subsidiaries and associates and other companies with common directorship with significant influence on other companies and key management personnel. Transactions with related parties arise mainly from purchases, sales of refined and petrochemical products, credit facilities, secondments and various lease arrangements and are undertaken at approved contractual terms.

In addition to Trade receivables (see Note 7.1.3), Trade and other payables (see Note 7.3.4) and loans from founding shareholders (see Note 7.3.2), the related party transactions result in receivable and payable balances as set out in the interim statement of financial position in non-trade receivables and accrued expenses and other liabilities amounting to Saudi Riyals 367.2 million (December 31, 2017: Saudi Riyals 314.5 million) and Saudi Riyals 147.2 million (December 31, 2017: Saudi Riyals 165 million), respectively.

Related party transactions are summarized as follows:

Nature of transactions (three-month period ended March 31)

	2018	**2017**
	(Unaudited)	(Unaudited)
Saudi Aramco and its associated companies		
Purchase of goods including LPG shortfall and through-put fee	**9,538,699**	5,716,064
Sale of refined products and petrochemical products	**9,155,176**	5,830,598
Financial charges	**26,244**	23,971
Rentals	**12,106**	11,949
Services provided to shareholders	**221**	321
Secondees' costs	**15,543**	13,487
Service and other cost charges, net	**29,131**	70,872
Sumitomo Chemical and its associated companies		
Purchase of goods	**88,732**	42,952
Sale of petrochemical products	**1,402,400**	674,676
Financial charges	**19,625**	17,195
Rentals	**709**	709
Services provided to shareholders	**221**	416
Secondees' costs	**55,751**	38,962
Service and other cost charges, net	**38,303**	2,651

(All amounts in Saudi Riyals thousands unless otherwise stated)

The land used for the integrated refinery and petrochemical complex and the land allotted for the Phase II Expansion Project is on operating lease from one of the founding shareholders for a period of 99 years.

Transactions with key management personnel

Transactions with key management personnel on account of short-term benefits amounted to Saudi Riyals 6.6 million (March 31, 2017: Saudi Riyals 2.8 million) and are included in secondees' cost above. The remuneration paid to directors amounted to Saudi Riyals Nil (March 31, 2017: Saudi Riyals Nil).

12 Commitments

(i) As at March 31, 2018, letters of credit issued on behalf of the Company in the normal course of business amounted to Saudi Riyals 1.03 million (December 31, 2017: Saudi Riyals 24.6 million).

(ii) As at March 31, 2018, capital commitments contracted for but not incurred amounted to Saudi Riyals 863 million (December 31, 2017: Saudi Riyals 1,185 million).

(iii) The Company has entered into various lease arrangements. The aggregate amount of commitments against these arrangements are as follows:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Less than one year	**537,427**	543,988
Between two to five years	**2,100,566**	2,108,106
More than five years	**6,843,463**	6,962,499
	9,481,456	9,614,593

13 Subsequent event

The Company's shareholders in their meeting held on April 24, 2018 approved the distribution of Saudi Riyals 438 million, as cash dividends (Saudi Riyal 0.5 per share) for the financial year 2017, representing 5% of the nominal share value. The eligibility of this dividend distribution is to shareholders listed on Tadawul (Saudi Stock Exchange) at the end of the second trading day following the date of the Company's shareholders' meeting.

14 Approval and authorization for issue

The condensed interim financial information were approved and authorized for issue by the Board Audit Committee, as delegated by the Board of Directors, on Shaban 21, 1439H (May 7, 2018).