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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
AND REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

KPMG

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Independent Auditors' Report

Review of Interim Financial Statements to the Shareholders of Rabigh Refining and Petrochemical Company

Introduction

We have reviewed the accompanying March 31, 2019 condensed interim financial statements of Rabigh Refining and Petrochemical Company ("the Company") which comprises:

- the condensed statement of profit or loss for the three month period ended March 31, 2019;
- the condensed statement of comprehensive income for the three month period ended March 31, 2019;
- the condensed statement of financial position as at March 31, 2019;
- the condensed statement of changes in equity for the three month period ended March 31, 2019;
- the condensed statement of cash flows for the three month period ended March 31, 2019; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is 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 that are 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 March 31, 2019 condensed interim financial statements of Rabigh Refining and Petrochemical Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

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Independent Auditors' Report

Review of Interim Financial Statements to the Shareholders of Rabigh Refining and Petrochemical Company (continued)

Other matter

The condensed interim financial statements of Rabigh Refining and Petrochemical Company for the three month period ended 31 March 2018 were reviewed by another auditor who expressed an unmodified conclusions thereon vide their report dated May 7, 2018.

For KPMG Al Fozan & Partners
Certified Public Accountants

Ebrahim Oboud Baeshen
License No. 382

Jeddah, Shabaan 25, 1440H
Corresponding to April 30, 2019

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Certified Public Accountants
KPMG Al Fozan & Partners

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
(All amounts in thousands of Saudi Riyals unless otherwise stated)

		Three-month period ended March 31,	
	Notes	**2019**	**2018**
Sales	4	**8,428,017**	9,856,347
Cost of sales		**(7,610,336)**	(9,084,290)
Gross profit		**817,681**	772,057
Other income, net		**17,500**	18,556
Selling and marketing expenses		**(125,614)**	(135,913)
General and administrative expenses		**(231,279)**	(258,580)
Operating profit		**478,288**	396,120
Financial charges		**(223,172)**	(103,043)
Financial income		**69,404**	74,125
Profit before Zakat and income tax		**324,520**	367,202
Zakat	11	**(15,849)**	(13,549)
Income tax	11	**(51,827)**	(57,507)
Net profit after Zakat and income tax		**256,844**	296,146
Earnings per share (Saudi Riyals) – Basic and diluted	5	**0.29**	0.34

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

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Three-month period ended March 31,	
	2019	**2018**
Net profit after Zakat and income tax	**256,844**	296,146
Remeasurement gain (loss) on defined benefit plan	-	-
Items that will not be reclassified to statement of profit or loss in subsequent periods	-	-
Total comprehensive income for the period	**256,844**	296,146

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

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	**45,011,552**	44,628,314
Right-of-use assets	7	**12,572,402**	393,774
Intangible assets		**108,330**	111,443
Long-term loans	8	**3,769,674**	3,861,749
Investment	8	**16,412**	16,412
Deferred tax asset		**447,047**	445,882
		61,925,417	49,457,574
Current assets			
Inventories		**3,470,003**	3,207,445
Trade receivables	8	**6,352,506**	6,004,714
Current portion of long-term loans	8	**430,134**	420,428
Prepayments and other receivables		**1,430,126**	2,084,488
Time deposits		**1,895,605**	1,655,605
Cash and cash equivalents		**1,030,343**	1,263,713
		14,608,717	14,636,393
Total assets		**76,534,134**	64,093,967
Equity and liabilities			
Equity			
Share capital	9	**8,760,000**	8,760,000
Statutory reserve	10	**249,465**	249,465
Employee share ownership plan		**(5,015)**	(6,241)
Retained earnings		**1,848,631**	1,538,796
Total equity		**10,853,081**	10,542,020
Non-current liabilities			
Loans, borrowings and other long-term liability	8	**26,670,822**	27,688,017
Lease liabilities		**12,165,213**	463,576
Employees' benefits		**527,202**	510,501
		39,363,237	28,662,094
Current liabilities			
Short-term borrowings	8	**14,558,459**	13,007,494
Current maturity of lease liabilities		**538,199**	19,540
Trade and other payables	8	**10,109,251**	10,163,333
Accrued expenses and other liabilities		**769,570**	1,425,990
Zakat and income tax payable		**342,337**	273,496
		26,317,816	24,889,853
Total liabilities		**65,681,053**	53,551,947
Total equity and liabilities		**76,534,134**	64,093,967

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

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Employee share ownership plan	Retained earnings	Total
Balance as at January 1, 2019 (Audited)	**8,760,000**	**249,465**	**(6,241)**	**1,538,796**	**10,542,020**
Net profit after Zakat and income tax	-	-	-	**256,844**	**256,844**
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	**256,844**	**256,844**
Vesting of shares under employee share ownership plan	-	-	**1,226**	-	**1,226**
Income tax reimbursements	-	-	-	**52,991**	**52,991**
Balance as at March 31, 2019 (Unaudited)	**8,760,000**	**249,465**	**(5,015)**	**1,848,631**	**10,853,081**
Balance as at 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
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	296,146	296,146
Vesting of shares under employee share ownership plan	-	-	302	-	302
Income tax reimbursements	-	-	-	78,355	78,355
Balance as at March 31, 2018 (Unaudited)	8,760,000	183,745	(6,796)	1,523,661	10,460,610

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

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	Three-month period ended March 31, 2019	2018
Cash flows from operating activities			
Profit before zakat and income tax		**324,520**	367,202
Adjustments for non-cash items			
Depreciation		**560,445**	613,139
Financial charges		**223,172**	103,043
Financial income		**(69,404)**	(74,125)
Amortization		**3,113**	3,289
Provision for slow moving inventories		**1,147**	1,867
Loss on disposal of property and equipment		**65**	8,692
		1,043,058	1,023,107
Changes in working capital			
Trade receivables		**(347,792)**	(288,618)
Inventories		**(263,704)**	(697,243)
Prepayments and other receivables		**715,516**	(400,610)
Trade and other payables		**64,953**	1,810,335
Accrued expenses and other liabilities		**(754,685)**	61,948
Employees benefits		**17,927**	22,398
		(567,785)	508,210
Interest received		**41,273**	47,133
Interest paid		**(112,281)**	(1,421)
Net cash generated from operating activities		**404,265**	1,577,029
Cash flows from investing activities			
Purchase of property, plant and equipment		**(666,587)**	(221,080)
Time deposits		**(240,000)**	(438,827)
Long-term loan disbursements		**(13,983)**	(118,008)
Net cash utilized in investing activities		**(920,570)**	(777,915)
Cash flows from financing activities			
Repayments of loans and borrowings		**(1,168,750)**	-
Proceeds from loans and borrowings		**1,318,750**	1,262,625
Other net movement in loans, borrowings and other long-term liability		**270,167**	201,592
Repayment of lease liabilities		**(137,168)**	(10,628)
Dividend paid		**(64)**	-
Net cash generated from financing activities		**282,935**	1,453,589
Net change in cash and cash equivalents		**(233,370)**	2,252,703
Cash and cash equivalents at beginning of the period		**1,263,713**	1,158,263
Cash and cash equivalents at end of the period		**1,030,343**	3,410,966
Supplemental schedule of non-cash information			
Income tax reimbursable from shareholders		**52,991**	78,355
Addition to property, plant and equipment through accrued expenses and other liabilities		**98,327**	854,387
Long-term loan repayments settled against capacity payments	8.1.1	**99,065**	92,344
Addition to right-to-use assets	7.1	**12,357,463**	-

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

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 37 billion, the completion of which is estimated to be during second half of 2019. Also see Note 6.

2 Basis of preparation

These condensed interim financial statements of the Company have 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.

These condensed interim financial statements do 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, 2018. However, selected explanatory notes are included to explain the events and transactions that are significant to an understanding of changes in the Company's financial position and performance since the last annual financial statements.

2.1 New standards, interpretations and amendments

Standards, interpretations and amendments adopted

IFRS 16 – Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Company adopted IFRS 16 using the simple modified method of adoption with the date of initial application of January 1, 2019 and therefore comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. Under this method, the lease liability is measured based on the remaining lease payments discounted using the incremental borrowing rate as of the date of initial application; and the carrying amount of the right-of-use asset is an amount equal to the carrying amount of the lease liability on the date of initial application. Any prepayments, accruals or lease incentives relating to previous operating lease are adjusted against the right of use asset at the initial application date.

The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). In addition, the company has also used practical expedients to apply a single discount rate to a portfolio of leases with similar characteristics and excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

Reconciliation of lease liability

At the date of initial application, the Company recognised additional right-of-use asset and lease liability of SAR 12,345 million. The weighted average rate applied is 3.28%.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

2 Basis of preparation (continued)

The following table represent the lease reconciliation as at January 1, 2019.

Minimum lease payments	**17,763,867**
Recognition exemptions:	
Short-term leases	**(1,604)**
Leases of low value assets	**(5,616)**
Effect of discounting using the incremental borrowing rate	**(5,411,833)**
Liabilities additionally recognised based on application of IFRS 16	**12,344,814**
Liabilities for leased assets acquired under finance lease	**483,116**
Total lease liabilities	**12,827,930**

Impact on comprehensive income

During the three-month period ended March 31, 2019, due to the adoption of IFRS 16 – leases, the Company's operating profit has improved by SAR 55.1 million, by way of decrease in operating lease rentals by SAR 228 million and increase in depreciation expense by SAR 172.9 million, whereas interest expense has increased by SAR 102.6 million.

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 statements 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*
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards	January 1, 2020
IFRS 3	Definition of a Business (amendments to IFRS 3)	January 1, 2020
IAS 1 and IAS 8	Definition of Material (amendments to IAS 1 and IAS 8)	January 1, 2020
IFRS 17	Insurance contracts	January 1, 2021
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

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 statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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 statements were 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.

The significant judgments exercised in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for the revision in the estimated useful lives of property, plant and equipment and adoption of IFRS 16 as described below.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

2 Basis of preparation (continued)

Useful lives of property, plant and equipment

During the three-month period ended March 31, 2019, the Company reviewed the estimated useful lives of property, plant and equipment. Based on an independent technical assessment, advice from the Company's technical teams and comparable market practices, the estimated useful lives of property, plant and equipment have been revised by the Company as follows:

	Upto December 31, 2018	Effective January 1, 2019
	Number of years	
Buildings and infrastructure	8-25	12-50
Plant, machinery and operating equipment	2-23	2-40
Vehicle and related equipment	3-6	6-25
Furniture and IT equipment	3-14	5-14

The change in estimated useful lives has resulted in decrease in depreciation and increase in net income for the three-month period ended March 31, 2019 by Saudi Riyals 209.9 million.

Extension options for leases

In case of lease contracts where extension options are also available to the Company, judgement is applied in evaluating whether it is reasonably certain to exercise the option. The Company reassesses whether it is reasonably certain to exercise the extension options, upon the occurrence of either a significant event or significant change in circumstances that are within the control of the Company.

Going concern

As at March 31, 2019, the Company's current liabilities exceed the current assets by Saudi Riyals 11,709 million, primarily due to the equity bridge loan amounting to Saudi Riyals 9,037.5 million, falling due on July 1, 2019, backed by the founding shareholders' guarantees.

The Company has assessed its ability to continue as a going concern and is not aware of any material uncertainties that may cast significant doubt and is satisfied that it has the resources to continue in business for the foreseeable future. Therefore, the financial statements of the Company continue to be prepared on going concern basis.

3 Significant accounting policies

The accounting policies adopted by the Company for the preparation of these condensed interim financial statements are consistent with those followed in preparation of the Company's annual financial statements for the year ended December 31, 2018, except for the adoption of new standards effective as of January 1, 2019 (see Note 2.1 (a)).

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of costs to dismantle, less any lease incentive received. The estimated useful life of right-of-use assets are determined on the same basis as those of property, plant and equipment, except for leasehold land for which the estimated useful life is considered to be the lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the Company's incremental borrowing rate (if the interest rate implicit in the lease is not available). Lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Any such re-measurement in the lease liability is adjusted against the carrying value of the right-of-use asset or charged to profit or loss if carrying value of the related asset is zero.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

3 Significant accounting policies (continued)

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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:

2019 (Unaudited)	**Refined products**	**Petrochemicals**	**Total**
Sales – external customers	**6,512,693**	**1,915,324**	**8,428,017**
Depreciation and amortization	**140,890**	**422,668**	**563,558**
Operating profit	**1,738**	**476,550**	**478,288**

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

March 31, 2019 (Unaudited)	**Refined products**	**Petrochemicals**	**Unallocated**	**Total**
Total assets	**26,893,343**	**45,730,278**	**3,910,513**	**76,534,134**
Total liabilities	**18,008,188**	**47,330,527**	**342,338**	**65,681,053**
Capital expenditure	**36,687**	**728,227**	**-**	**764,914**

December 31, 2018 (Audited)	**Refined products**	**Petrochemicals**	**Unallocated**	**Total**
Total assets	22,552,249	37,705,403	3,836,315	64,093,967
Total liabilities	13,059,778	40,218,677	273,492	53,551,947
Capital expenditure	323,631	2,752,404	-	3,076,035

The Company's revenue from external customers involve Saudi Riyals 8,354 million (March 31, 2018: Saudi Riyals 9,580 million) of revenue generated from 3 customers in the period ended March 31, 2019 (March 31, 2018: 3 customers).

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

2019 (Unaudited)	**Middle East**	**Asia Pacific**	**Others**	**Total**
Sales – external customers				
Refined products	**6,512,693**	**-**	**-**	**6,512,693**
Petrochemicals	**760,004**	**1,138,345**	**16,975**	**1,915,324**
Total	**7,272,697**	**1,138,345**	**16,975**	**8,428,017**

(All amounts in thousands of Saudi Riyals unless otherwise stated)

4 Segment information (continued)

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

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

4.2 Adjustments

Finance cost, financial income, Zakat and tax, cash and cash equivalents, time deposits and certain assets and liabilities are not allocated to operating segments as they are managed on a Company basis.

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

4.3 Reconciliation of profit

	2019 (Unaudited)	2018 (Unaudited)
Operating profit	**478,288**	396,120
Financial charges	**(223,172)**	(103,043)
Financial income	**69,404**	74,125
Profit before Zakat and income tax	**324,520**	367,202
Zakat	**(15,849)**	(13,549)
Income tax	**(51,827)**	(57,507)
Net profit after Zakat and income tax	**256,844**	296,146

5 Earnings per share

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

Diluted EPS is calculated by dividing the net profit 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.

	2019 (Unaudited)	2018 (Unaudited)
Profit for the period for basic and dilutive earnings per share	**256,844**	296,146
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)	**237**	321
Basic and diluted earnings per share	**0.29**	0.34

(All amounts in thousands of Saudi Riyals unless otherwise stated)

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, 2019	4,754,320	32,976,032	43,367	306,942	26,926,645	65,007,306
Additions	-	34,212	-	-	730,701	764,913
Transfers	-	13,404	-	-	(13,404)	-
Disposals	-	(71)	-	-	-	(71)
March 31, 2019	**4,754,320**	**33,023,577**	**43,367**	**306,942**	**27,643,942**	**65,772,148**
Accumulated depreciation						
January 1, 2019	2,502,751	17,629,516	35,282	211,443	-	20,378,992
Charge for the period	19,173	357,012	264	5,161	-	381,610
Released on disposals	-	(6)	-	-	-	(6)
March 31, 2019	**2,521,924**	**17,986,522**	**35,546**	**216,604**	**-**	**20,760,596**
Carrying Value						
At March 31, 2019 (Unaudited)	**2,232,396**	**15,037,055**	**7,821**	**90,338**	**27,643,942**	**45,011,552**
At December 31, 2018 (Audited)	2,251,569	15,346,516	8,085	95,499	26,926,645	44,628,314

6.1 Capital projects-in-progress

The capital projects-in-progress at March 31, 2019 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 8). 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, 2019, the Company has capitalized borrowing costs amounting to Saudi Riyals 283.1 million (period ended March 31, 2018: Saudi Riyals 212.8 million and year ended December 31, 2018: Saudi Riyals 927.3 million) in capital projects-in-progress relating to the construction of the Phase II Expansion Project.

6.3 Pre-commissioning (loss) income

During the three-month period ended March 31, 2019, pre-commissioning loss related to Phase II Expansion Project amounting to Saudi Riyals 58.8 million (period ended March 31, 2018: income amounting to Saudi Riyals 111.8 million and year ended December 31, 2018: income amounting to Saudi Riyals 961.6 million) is included in Capital projects-in-progress.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

7 Leases

7.1 Right-of-use assets

	Land, buildings and infrastructure	Plant and machinery	Vehicles	Total
Cost				
January 1, 2019	514,535	106,015	-	620,550
Additions (see Note 2.1)	719,910	11,554,823	82,730	12,357,463
March 31, 2019	**1,234,445**	**11,660,838**	**82,730**	**12,978,013**
Accumulated depreciation				
January 1, 2019	162,848	63,928	-	226,776
Charge for the period (see Note 2.1)	8,758	163,245	6,832	178,835
March 31, 2019	**171,606**	**227,173**	**6,832**	**405,611**
Carrying value				
At March 31, 2019 (Unaudited)	**1,062,839**	**11,433,665**	**75,898**	**12,572,402**
At December 31, 2018 (Audited)	351,687	42,087	-	393,774

7.2 Lease liabilities

Lease liabilities as at March 31, 2019 are as follows:

	March 31, 2019			December 31, 2018
	Future minimum lease payments	Interest	Present value of minimum lease payments	Present value of minimum lease payments
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Land, buildings and infrastructure	**2,845,028**	**1,708,676**	**1,136,352**	428,704
Plant and machinery	**15,404,598**	**3,913,821**	**11,490,777**	54,412
Vehicles	82,571	6,287	76,284	-
	18,332,197	5,628,784	12,703,413	483,116

At March 31, 2019, the lease liabilities are presented in the statement of financial position as follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Current portion	**538,199**	19,540
Non-current portion	**12,165,214**	463,576
	12,703,413	483,116

7.3 The future minimum lease payments together with the present value of minimum lease payments as of March 31, 2019 are as follows:

	March 31, 2019		December 31,2018	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Within one year	**964,416**	**538,199**	46,997	19,540
Two to five years	**3,822,998**	**2,293,375**	188,016	83,739
More than five years	**13,544,783**	**9,871,839**	571,503	379,837
Total minimum lease payments	**18,332,197**	**12,703,413**	806,516	483,116
Less: finance charges	**(5,628,784)**	**-**	(323,400)	-
Present value of minimum lease payments	12,703,413	12,703,413	483,116	483,116

(All amounts in thousands of Saudi Riyals unless otherwise stated)

7 Leases (continued)

Details of major classes of leases is as follows:

(a) Land, building and infrastructure

(i) **Community:** The land and facilities lease for community is with Saudi Aramco for a period of 25 years. The undiscounted minimum lease payments for land and facilities are Saudi Riyals 330.8 million and Saudi Riyals 363.3 million respectively.

(ii) **Marine Terminal:** The land and facilities lease for marine terminal is with Saudi Aramco for a period of 30 years. The undiscounted minimum lease payments for land and facilities are Saudi Riyals 15.8 million and Saudi Riyals 372.9 million respectively.

(iii) **Complex Land:** The Complex land lease is with Saudi Aramco for a period of 99 years. The undiscounted minimum lease payments are Saudi Riyals 1,734.6 million.

(iv) **Plus Tech Park Land:** The Plus Tech Park land lease is with Saudi Aramco and Rabigh Conversion Industry Management Company (RCIMS) for a period of 30 years. The undiscounted minimum lease payments are Saudi Riyals 27.8 million.

(b) Plant and machinery

(i) **Power, steam and water:** The lease is with Rabigh Arabian Water and Electricity Company (RAWEC) for a period of 25 years. The undiscounted minimum lease payments are Saudi Riyals 15,341.4 million.

(ii) **Desalination plant:** The Company has taken over the interest and obligations of Saudi Aramco in respect of the Desalination plant for the Refinery Complex, with a remaining term of 17 years. The undiscounted minimum lease payments are Saudi Riyals 63.2 million.

(c) Vehicles

The Company has leases with Eradat Transport LLC and Al Jomaih Automotive Company for leases of buses and cars for a period of 5 years. The undiscounted minimum lease payments are Saudi Riyals 82.6 million.

7.4 During the period ended March 31, 2019, the Company's expenses relating to short-term leases and low value assets are Saudi Riyals 410 thousands and Saudi Riyals 800 thousands respectively.

8 Financial assets and financial liabilities

8.1 Financial assets measured at amortized cost

Long-term loans:	**Note**	**March 31, 2019 (Unaudited)**	December 31, 2018 (Audited)
Loan to RAWEC	8.1.1	**3,966,414**	4,065,479
Loans to employees	8.1.2	**233,394**	216,698
Long-term loans		**4,199,808**	4,282,177
Less: current portion of long-term loans		**(430,134)**	(420,428)
Non-current portion of long-term loans		**3,769,674**	3,861,749
Trade receivables	8.1.3	**6,352,506**	6,004,714

8.1.1 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.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

8 Financial assets and financial liabilities (continued)

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, 2019, loan amounting to Saudi Riyals 99.9 million (March 31, 2018: Saudi Riyals 93.3 million) have been offset against monthly utility payments to RAWEC amounting to Saudi Riyals 296.1 million (March 31, 2018: Saudi Riyals 293.5 million).

8.1.2 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.

8.1.3 Trade receivables of the Company are as follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Trade	**56,558**	112,836
Less: loss allowance	**(28,410)**	(28,410)
	28,148	84,426
Related parties	**6,324,358**	5,920,288
	6,352,506	6,004,714

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	**6,380,916**	**6,222,857**	**109,000**	**7,467**	**5,821**	**-**	**7,361**	**28,410**
Less: loss allowance	**(28,410)**	**-**	**-**	**-**	**-**	**-**	**-**	**(28,410)**
March 31, 2019 (Unaudited)	**6,352,506**	**6,222,857**	**109,000**	**7,467**	**5,821**	**-**	**7,361**	**-**
December 31, 2018 (Audited)	**6,004,714**	**5,973,936**	**3,081**	**20,245**	**89**	**207**	**7,156**	**-**

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.

8.2 Financial assets measured at fair value through profit and loss

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Investment in RAWEC	**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 RAWEC, a Saudi limited liability company.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

8 Financial assets and financial liabilities (continued)

8.3 Financial liabilities measured at amortized cost

Loans, borrowings and other long-term liability

	Note	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Loans from banks and financial institutions:	8.3.1		
Opening balance		**35,113,716**	35,030,991
Additions		**1,649,386**	4,389,835
Repayments		**(1,168,750)**	(4,307,110)
Closing balance		**35,594,352**	35,113,716
Less: current portion		**(14,558,459)**	(13,007,494)
Non-current portion		**21,035,893**	22,106,222
Loans from founding shareholders	8.3.2	**5,607,750**	5,555,980
Other long-term liability	8.3.3	**27,179**	25,815
Total non-current portion		**26,670,822**	27,688,017
Trade and other payables	8.3.4	**10,109,251**	10,163,333

8.3.1 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 28,417.5 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 9,037.5 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 45,012 million and Saudi Riyals 2,926 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, 2019 and December 31, 2018, the facility is unutilized.

8.3.2 Loans from founding shareholders

	March 31, 2019 (Unaudited)	December 31, 2018 (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	**516,375**	490,490
Sumitomo Chemical Company Limited	**516,375**	490,490
	5,607,750	5,555,980

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

(All amounts in thousands of Saudi Riyals unless otherwise stated)

8 Financial assets and financial liabilities (continued)

the Inter-creditor Agreement. The loan is secured by promissory note issued by the Company in favour of each shareholder equivalent to drawdowns.

8.3.3 Other long-term liability

Other long-term liability represents withholding tax on accumulated interest relating to Sumitomo Chemical Company in accordance with Saudi Arabian Income Tax Law.

8.3.4 Trade and other payables

	March 31, 2019	December 31, 2018
	(Unaudited)	(Audited)
Trade payables:		
- Related parties	**8,873,435**	8,837,625
- Others	**1,161,848**	1,260,690
	10,035,283	10,098,315
Other payables – related parties	**73,968**	65,018
	10,109,251	10,163,333

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.

9 Share capital

The Company's authorised and issued share capital of Saudi Riyals 8.76 billion at March 31, 2019 and December 31, 2018 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.

10 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.

11 Zakat and income tax

11.1 Charge in the period

Zakat and tax for the three-month period ended March 31 is as follows:	**2019**	2018
	(Unaudited)	(Unaudited)
Zakat for the period	**15,849**	13,549
Income tax for the period	**52,992**	78,355
Deferred tax credit for the period	**(1,165)**	(20,848)
	67,676	71,056

Income tax and deferred tax has been recognised as follows:

	2019	2018
	(Unaudited)	(Unaudited)
Condensed interim statement of profit or loss:		
- Income tax	**52,992**	78,355
- Deferred tax credit	**(1,165)**	(20,848)
	51,827	57,507

(All amounts in thousands of Saudi Riyals unless otherwise stated)

11 Zakat and income tax (continued)

11.2 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 2018. 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 up to 2016 by raising additional Zakat, tax and delay fine demand of Saudi Riyals 1,349.7 million and Saudi Riyals 387.8 million, respectively. The Company had filed an appeal with the Higher Appeal Committee, now replaced by Higher Committee of Tax for Conflict and Disputes (HCTCD) against assessment for the years 2009 and 2010 and submitted a bank guarantee amounting to Saudi Riyals 43.5 million. The General Secretariat of Tax Committees (GSTC) has requested certain information from the Company in respect of the appeal relating to the years 2009 and 2010 in order to facilitate a hearing at the newly formed HCTCD. The Company has duly submitted the information to GSTC.

The Company's objection for the years 2011 to 2016 has been transferred by the GAZT to the recently formed Internal Settlement Committee (ISC). The ISC has requested certain information from the Company in respect of the appeal, which the Company has duly submitted. The management expects a favorable outcome of the objections against additional demands for the years 2009 to 2010 and 2011 to 2016 respectively.

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.

12 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 8.1.3), Trade and other payables (see Note 8.3.4) and loans from founding shareholders (see Note 8.3.2), 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 297.5 million (December 31, 2018: Saudi Riyals 382.4 million) and Saudi Riyals 298 million (December 31, 2018: Saudi Riyals 229.8 million), respectively.

Related party transactions are summarized as follows:

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

	2019 (Unaudited)	2018 (Unaudited)
Saudi Aramco and its associated companies		
Purchase of goods including LPG shortfall and through-put fee	**8,594,263**	9,538,699
Sale of refined products and petrochemical products	**8,513,359**	9,155,176
Financial charges	**39,762**	26,244
Rentals	**714**	12,106
Services provided to shareholders	**266**	221
Secondees' costs	**12,411**	15,543
Service and other cost charges, net	**19,180**	29,131
Sumitomo Chemical and its associated companies		
Purchase of goods	**58,825**	88,732
Sale of petrochemical products	**1,627,284**	1,402,400
Financial charges	**25,997**	19,625
Rentals	**66**	709
Services provided to shareholders	**266**	221
Secondees' costs	**29,359**	55,751
Service and other cost charges, net	**22,441**	38,303

12 Related party transactions and balances (continued)

Transactions with key management personnel

Transactions with key management personnel on account of short-term benefits amounted to Saudi Riyals 5.2 million (March 31, 2018: Saudi Riyals 6.6 million) and are included in secondees' cost above. The remuneration paid to directors amounted to Saudi Riyals Nil (March 31, 2018: Saudi Riyals Nil).

13 Commitments

(i) As at March 31, 2019, letters of credit issued on behalf of the Company in the normal course of business amounted to Saudi Riyals 16.87 million (December 31, 2018: Saudi Riyals 16.9 million).

(ii) As at March 31, 2019, capital commitments contracted for but not incurred amounted to Saudi Riyals 274.5 million (December 31, 2018: Saudi Riyals 360.3 million).

14 Approval and authorization for issue

The condensed interim financial statements were approved and authorized for issue by the Board Audit Committee, as delegated by the Board of Directors, on Shabaan 25, 1440H (April 30, 2019).