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

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX MONTH PERIODS ENDED
JUNE 30, 2015 AND INDEPENDENT ACCOUNTANTS' LIMITED
REVIEW REPORT

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2015

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LIMITED REVIEW REPORT

July 26, 2015

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

Scope of review

We have reviewed the accompanying interim balance sheet of Rabigh Refining and Petrochemical Company (the "Company") as of June 30, 2015 and the interim income statement for the three-month and six-month periods ended June 30, 2015 and the interim statements of cash flows and changes in shareholders' equity for the six-month period then ended, and the related notes which form an integral part of these interim financial statements. These interim 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.

We conducted our limited review in accordance with the standard of 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. The scope of such limited review is substantially less than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, 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.

Review conclusion

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

PricewaterhouseCoopers

By:__________________
Ali A. Alotaibi
License Number 379

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص رقم ٢٥
PRICE WATER HOUSE COOPERS
CERTIFIED PUBLIC ACCOUNTANTS
LICENSE NO. 25

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
Interim balance sheet
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	June 30, 2015 (Unaudited)	June 30, 2014 (Unaudited)
Assets			
Current assets			
Cash and cash equivalents		**2,768,141**	729,280
Time deposits		**1,326,107**	1,030,606
Trade receivables		**4,391,844**	10,355,773
Inventories		**3,058,006**	3,934,337
Current portion of long-term loans	4	**224,960**	211,896
Prepayments and other receivables		**368,121**	350,022
		12,137,179	16,611,914
Non-current assets			
Property, plant and equipment	3	**39,146,348**	25,540,365
Leased assets		**486,916**	287,002
Intangible assets		**278,573**	186,160
Investment	4	**16,412**	8,556
Long-term loans	4	**4,203,711**	2,347,105
		44,131,960	28,369,188
Total assets		**56,269,139**	44,981,102
Liabilities			
Current liabilities			
Current maturity of loans and borrowings	5	**2,216,460**	2,086,343
Current maturity of liabilities against capital leases		**17,646**	10,617
Trade and other payables		**8,859,435**	12,935,279
Accrued expenses and other liabilities	3	**4,316,239**	426,375
Zakat and income tax payable	7	**70,755**	44,206
		15,480,535	15,502,820
Non-current liabilities			
Loans, borrowings and other long-term liability	5	**29,860,972**	19,548,281
Liabilities against capital leases		**523,430**	333,525
Provision for deferred employee service		**13,227**	16,770
Employees benefits		**131,457**	92,567
		30,529,086	19,991,143
Total liabilities		**46,009,621**	35,493,963
Shareholders' equity			
Share capital	6	**8,760,000**	8,760,000
Statutory reserve	6	**87,343**	19,200
Employee share ownership plan		**(13,650)**	(17,531)
Accumulated earnings		**1,425,825**	725,470
Total shareholders' equity		**10,259,518**	9,487,139
Total liabilities and shareholders' equity		**56,269,139**	44,981,102
Commitments	11		

The accompanying notes 1 to 13 form an integral part of these interim financial statements.

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

		Three-month period ended June 30,		Six-month period ended June 30,	
	Note	**2015 (Unaudited)**	2014 (Unaudited)	**2015 (Unaudited)**	2014 (Unaudited)
Sales	9,10	**8,495,540**	14,040,477	**16,143,549**	28,275,978
Cost of sales	9,10	**(7,755,218)**	(13,594,100)	**(14,825,784)**	(27,157,461)
Gross profit		**740,322**	446,377	**1,317,765**	1,118,517
Operating expenses					
Selling and marketing		**(26,691)**	(31,565)	**(59,984)**	(69,071)
General and administrative		**(219,865)**	(222,452)	**(538,678)**	(440,774)
Income from operations		**493,766**	192,360	**719,103**	608,672
Other income (expenses)					
Financial charges		**(67,430)**	(68,600)	**(137,414)**	(133,561)
Other income, net		**78,578**	48,215	**128,652**	109,910
Net income for the period		**504,914**	171,975	**710,341**	585,021
Earnings per share (Saudi Riyals):	8				
▪ Operating income		**0.56**	0.22	**0.82**	0.69
▪ Net income		**0.58**	0.20	**0.81**	0.67

The accompanying notes 1 to 13 form an integral part of these interim financial statements.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
Interim cash flow statement
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Six-month period ended June 30,	
	2015	**2014**
	(Unaudited)	(Unaudited)
Cash flow from operating activities		
Net income for the period	**710,341**	585,021
Adjustments for non-cash items		
Depreciation	**1,113,667**	1,110,377
Amortization	**13,138**	27,443
Provision for slow moving inventories	**6,732**	36,424
Provision for custom deposits	**107,010**	519
Provision for deferred employee service	**169**	169
	1,951,057	1,759,953
Changes in working capital		
Trade receivables	**2,003,230**	(1,184,330)
Inventories	**(265,341)**	(2,832)
Prepayments and other receivables	**98,965**	761,062
Trade and other payables	**(644,752)**	(260,770)
Accrued expenses and other liabilities	**3,824,605**	83,079
Zakat and income tax payable	**(68,059)**	(103,901)
Employees benefits	**24,831**	14,043
Net cash generated from operating activities	**6,924,536**	1,066,304
Cash flow from investing activities		
Purchase of property, plant and equipment	**(15,720,016)**	(74,674)
Additions to intangible assets	**(118,798)**	-
Investment	**(7,856)**	-
Time deposits	**(28,471)**	(1,030,606)
Net movement in loans balances	**(1,960,043)**	71,652
Net cash utilized in investing activities	**(17,835,184)**	(1,033,628)
Cash flow from financing activities		
Net movement in loans, borrowings and other long-term liability	**11,438,572**	(908,199)
Repayment of capital leases	**(5,380)**	(5,086)
Net cash generated from / (utilized in) financing activities	**11,433,192**	(913,285)
Net change in cash and cash equivalents	**522,544**	(880,609)
Cash and cash equivalents at beginning of the period	**2,245,597**	1,609,889
Cash and cash equivalents at end of the period	**2,768,141**	729,280
Supplemental schedule of non-cash information		
Transfer of capital spares from inventory to property, plant and equipment	**-**	16,579
Transfer of assets from property, plant and equipment to intangible assets	**-**	5,459
Accrued zakat and income tax debited to shareholders' equity account net of reimbursements	**8,534**	17,604

The accompanying notes 1 to 13 form an integral part of these interim financial statements.

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

	Note	Share capital	Statutory reserve	Employee share ownership plan (ESOP)	Accumulated earnings	Total
January 1, 2015 (Audited)		8,760,000	87,343	(15,498)	724,018	**9,555,863**
Vesting of shares under ESOP		-	-	1,848	-	**1,848**
Net income for the period		-	-	-	710,341	**710,341**
Zakat and income tax	7	-	-	-	(61,555)	**(61,555)**
Zakat and income tax reimbursements		-	-	-	53,021	**53,021**
June 30, 2015 (Unaudited)		**8,760,000**	**87,343**	**(13,650)**	**1,425,825**	**10,259,518**
January 1, 2014 (Audited)		8,760,000	19,200	(19,796)	158,053	8,917,457
Vesting of shares under ESOP		-	-	2,265	-	2,265
Net income for the period		-	-	-	585,021	585,021
Zakat and income tax		-	-	-	(87,459)	(87,459)
Zakat and income tax reimbursements		-	-	-	69,855	69,855
June 30, 2014 (Unaudited)		8,760,000	19,200	(17,531)	725,470	9,487,139

The accompanying notes 1 to 13 form an integral part of these 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, Jeddah, on Shaaban 15, 1426H (September 19, 2005).

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 666, 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 (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 30 billion. Currently, Phase II Expansion Project is under construction stage, the mechanical completion of which is estimated to be starting from December 2015 till mid of financial year 2016. Also see Note 3.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

The accompanying interim financial statements have been prepared under the historical cost convention on the accrual basis of accounting, as modified by revaluation of available-for-sale investments, if any, and in compliance with accounting standards promulgated by Saudi Organization for Certified Public Accountants (SOCPA).

The interim financial statements for the three-month and six-month period ended June 30, 2015 have been prepared in accordance with SOCPA's Standard of Accounting for Interim Financial Reporting, on the basis of integrated periods, which views each interim period as an integral part of the financial year. Accordingly, revenues, gains, expenses and losses of the period are recognized during the period. The accompanying interim financial statements include all adjustments, comprising mainly of normal recurring accruals, considered necessary by the management to present fair statements of financial position, results of operations and cash flows. The interim results of the operations for the three-month and six-month period ended June 30, 2015 may not represent a proper indication for the annual results of operations. The 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 Company's audited financial statements for the year ended December 31, 2014.

2.2 Functional and presentation currency

The functional currency of the Company has been determined by the management as the United States Dollars (US Dollars). However, these interim financial statements are presented in Saudi Arabian Riyals (Saudi Riyals).

2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

(a) Provision for doubtful debts

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. For significant individual amounts, assessment is made on individual basis. Amounts which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time and the past recovery rates.

(b) Provision for slow moving inventories

Provision for slow moving inventories is maintained at a level considered adequate to provide for potential loss on inventory items. The level of allowance is determined and guided by the Company's policy and other factors affecting the obsolescence of inventory items. An evaluation of inventories, designed to identify potential charges to provision, is performed by the management on regular intervals. Management uses judgment based on the best available facts and circumstances including, but not limited to, evaluation of individual inventory items' age and obsolescence and its expected utilization and consumption in future. The amount and timing of recorded expenses for any period would therefore differ based on the judgments or estimates made.

(c) Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

(d) Impairment of non-financial assets

The Company assesses, at each reporting date or more frequently if events or changes in circumstances indicate, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost to sell, and its value in use, and is determined for the individual asset, unless the asset does not generate cash inflows which are largely independent from other assets or groups. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate source is used, such as observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets exist, it is based on discounted future cash flow calculations.

2.4 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 from the purchase date.

2.5 Time deposits

Time deposits, with original maturity of more than three months but not more than one year from the purchase date, are initially recognized in the balance sheet at fair value and are subsequently measured at amortized cost using the effective yield method, less any impairment in value.

2.6 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.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using weighted average basis and includes all cost incurred in the normal course of business in bringing each product to its present condition and location. In the case of work in process and finished goods, cost is the purchase cost, the cost of refining and processing, including the appropriate proportion of depreciation and production overheads based on normal opertaing capacity.

The net realisable value of inventories is based on the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation except construction work-in-progress which is carried at cost. 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 expenditures are recognized in the income statement when incurred. Spare parts that are considered essential to ensure continuous plant operation are capitalized and classified as plant, machinery and operating equipment.

Expenditure incurred on testing and inspection are capitalized as part of the respective items of property, plant and equipment and amortized over the period of four years.

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:

	Number of years
Buildings and infrastructure	8 - 25
Plant, machinery and operating equipment	2 - 23
Vehicles and related equipment	3 - 6
Furniture and IT equipment	3 -14

2.9 Leased assets

The Company accounts for property, plant and equipment acquired under capital leases by recording the assets and the related liabilities. These amounts are determined on the basis of the present value of minimum lease payments. Financial charges are allocated to the lease term in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation on assets under capital leases is charged to income statement applying the straight-line method at the rates applicable to the related assets as follows:

	Number of years
Community facilities	25
Marine terminal facilities	23
Desalination plant	17

2.10 Intangible assets

Intangible assets, having no physical existence however separately identifiable and providing future economic benefits, are initially recognized at purchase price and directly attributable costs. Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

Software and licenses

Software and licenses procured for various business use and having finite useful lives are presented as intangible assets. Software and licenses are amortized on a straight-line basis over their estimated useful lives.

Deferred charges

Deferred charges primarily relate to consultancy services for obtaining long term financing being used to finance the expansion project of Company's integrated petroleum refining and petrochemical complex. Deferred charges will be amortized on a straight-line basis over their estimated useful lives from commencement of commercial operations of Phase II Expansion Project.

Establishment expenses

Establishment expenses are charged to income statement unless attributable future benefits are determined in which case these are amortized over the shorter of seven years or estimated useful lives.

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

2.11 Investment - available for sale

The Company has an investment in equity securities which is not for trading purposes and the Company does not have significant influence or control and accordingly is classified as available for sale. The investment is initially recognized at cost, being the fair value of the consideration given including associated acquisition charges.

Subsequent to initial recognition, it is measured at fair value and net unrealized gains or losses (if any) other than impairment losses, are recognized in the shareholders' equity. In case fair value is not readily available, the cost is taken as reliable basis for subsequent measurement of fair value of security.

Impairment losses are recognised through the income statement. Impairment is not reversed through the income statement and subsequent gains are recognized in shareholders' equity.

2.12 Trade and other payables

Liabilities are recognized for amounts to be paid for goods or services received, whether billed by the supplier or not.

2.13 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other borrowing costs are charged to the income statement.

2.14 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.

2.15 Zakat and income tax

In accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"), the Company is subject to zakat attributable to the Saudi shareholder and to income taxes attributable to the foreign shareholder. Provisions for zakat and income taxes are charged to the equity accounts of the Saudi and the foreign shareholders, respectively. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. Income taxes paid in advance are also charged to the foreign shareholder's equity account. The payments made by the Company in respect of zakat and income tax on behalf of Saudi and foreign shareholders, except for general public shareholders, are reimbursed by the respective shareholders and are accordingly adjusted in their respective equity accounts.

Deferred income taxes are recognized on all major temporary differences between financial income and taxable income during the period in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry forward losses are recognized to the extent that it is probable that future taxable income will be available against which such carry-forward tax losses can be utilized. Deferred income taxes are determined using tax rates which have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

2.16 End of service benefits

The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employee's length of service and the completion of a minimum service period. Provision is made for amounts payable under the Saudi Arabian labour law applicable to employees' accumulated periods of service at the balance sheet date and is charged to the income statement.

2.17 Employee savings program

The Company operates a thrift savings program (the "Program") on behalf of its employees and the Company matches the employee contribution with an equal, or lesser, contribution towards the Program that is commensurate with the employee's participation seniority in the Program. Participation in the Program by the regular employees who have completed their probationary period is optional and employee may choose the option to invest or not to invest in the Program. The contributions from the Company are recognized as employee expenses and are charged to the income statement. The Company has arranged with the local commercial bank, being the custodian bank, to manage the Program on behalf of the Company in accordance with Islamic Shari'ah Law.

2.18 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 income statement 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.

2.19 Revenue

Revenue from sale of products is recognized when significant risks and rewards of ownership have been transferred to the customer upon delivery or shipments of products and in accordance with the offtake agreements and other relevant arrangements with the Company's customers.

Revenue from port services is recognized when services are rendered.

2.20 Selling, marketing, general and administrative expenses

Selling, marketing and general and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting principles. Allocations between selling, marketing and general and administrative expenses and cost of sales, when required, are made on a consistent basis.

2.21 Operating leases

Rental expenses under operating leases are charged to the income statement over the period of the respective lease.

2.22 Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, which were not significant for period ended June 30, 2015 and 2014, are recognized in the income statement.

For the purpose of preparation of these financial statements in Saudi Riyals, the Company uses the conversion rate from US Dollars to Saudi Arabian Riyals at a fixed exchange rate of Saudi Riyals 3.75 / US Dollar 1.

(All amounts in Saudi Riyals thousands unless otherwise stated)

2.23 Segment reporting

(a) Business segment

A business segment is group of assets and operations:

(i) engaged in revenue producing activities;
(ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
(iii) financial information is separately available.

(b) Geographical segment

A geographical segment is group of assets and operations engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

3 Property, plant and equipment

		2015 (Unaudited)	2014 (Unaudited)
Property, plant and equipment		**23,202,090**	25,344,517
Construction work-in-progress	3.1	**15,944,258**	195,848
		39,146,348	25,540,365

3.1 Construction work-in-progress

The construction work-in-progress at June 30, 2015 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 are as follows:

	2015 (Unaudited)
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 26,880 million from various commercial banks and financial institutions in order to finance Phase II Expansion Project (also see Note 5.2). The Company has also acquired administrative expenses amounting to Saudi Riyals 21,757 thousands from founding shareholders. These expenses have been included as part of General and administrative expenses in the interim income statement for the period ended June 30, 2015.

During the six-month period ended June 30, 2015, the cumulative amount paid to the founding shareholders is Saudi Riyals 8,515 million. The cumulative outstanding amount as of June 30, 2015 payable to founding shareholders is Saudi Riyals 2,063 million which is included in the balance sheet as part of 'Trade and other payables' and 'Accrued expenses and other liabilities' to the extent of Saudi Riyals 235 million and Saudi Riyals 1,828 million, respectively.

3.2 Capitalization of borrowing costs

During the six-month period ended June 30, 2015, the Company has capitalized borrowing costs amounting to Saudi Riyals 627.6 million in construction work in progress relating to the construction of the Phase II Expansion Project.

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Investment and long term loans

	Note	2015 (Unaudited)	2014 (Unaudited)
Investment - available for sale:			
January 1	4.1	**8,556**	8,556
Additions	4.2	**7,856**	-
June 30		**16,412**	8,556

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

4.2 During the three-month period ended March 31, 2015, pursuant to Equity Support Agreement dated March 28, 2006 as amended subsequently on March 9, 2015, the Company has made equity participation in RAWEC which shall be converted into share capital of RAWEC on completion of certain formalities currently expected by mid of 2016.

Long-term loans: RAWEC	Note	2015 (Unaudited)	2014 (Unaudited)
January 1	4.3	**2,343,370**	2,540,933
Additions	4.4	**2,026,125**	-
Repayments		**(102,164)**	(95,281)
June 30		**4,267,331**	2,445,652
Less: current portion		**(213,843)**	(204,445)
Non-current portion		**4,053,488**	2,241,207
Loans to employees	4.5	**161,340**	113,349
Less: current portion		**(11,117)**	(7,451)
Non-current portion		**150,223**	105,898
Total non-current portion		**4,203,711**	2,347,105

4.3 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 settled through offsetting of monthly utilities payments to RAWEC from June 30, 2008 to November 30, 2023.

4.4 During the six-month period ended June 30, 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 will be settled through offsetting of monthly utilities payments to RAWEC from July 31, 2016 to June 30, 2031. The loan is secured by the assets of RAWEC.

4.5 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 five 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Loans, borrowings and other long-term liability

	Note	2015 (Unaudited)	2014 (Unaudited)
Loans from banks and financial institutions:			
January 1	5.1	**15,412,097**	17,408,638
Additions	5.2	**12,434,988**	-
Repayments		**(1,043,171)**	(953,369)
June 30		**26,803,914**	16,455,269
Less: current portion		**(2,123,312)**	(2,086,343)
Non-current portion		**24,680,602**	14,368,926
Loans from founding shareholders	5.3	**5,164,848**	5,163,860
Other long term liability	5.4	**15,522**	15,495
Total non-current portion, June 30		**29,860,972**	19,548,281

5.1 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.

5.2 During the period ended June 30, 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 26,880 million out of which drawdowns amounting to Saudi Riyals 12,435 million have been made by the Company. The loans amounting to Saudi Riyals 9,960 million are repayable in semi-annual repayments commencing from June 20, 2018 and will run up to June 2031, whereas the loan of Saudi Riyals 2,475 million has final maturity of July 1, 2019.

The aforementioned loans are denominated in US Dollars and bear financial charges based on prevailing market rates. The loan agreements include financial and operational covenants 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 39,146 million and Saudi Riyals 4,094 million, respectively.

5.3 Loans from founding shareholders

	2015 (Unaudited)	2014 (Unaudited)
Loans:		
Saudi Arabian Oil Company	**2,287,500**	2,287,500
Sumitomo Chemical Company	**2,287,500**	2,287,500
Accumulated interest:		
Saudi Arabian Oil Company	**340,304**	294,430
Sumitomo Chemical Company	**340,304**	294,430
	5,255,608	**5,163,860**
Less: current portion of accumulated interest		
Saudi Arabian Oil Company	**(45,380)**	-
Sumitomo Chemical Company	**(45,380)**	-
Non-current portion	**5,164,848**	**5,163,860**

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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

5.4 Other long-term liability

	2015 (Unaudited)	2014 (Unaudited)
Withholding tax on accumulated interest of Sumitomo Chemical	**17,910**	15,495
Less: current portion	**(2,388)**	-
	15,522	15,495

6 Share capital and statutory reserve

The Company's share capital of Saudi Riyals 8.76 billion at June 30, 2015 and 2014 consists of 876 million fully paid and issued shares of Saudi Riyals 10 each.

In accordance with the Company's Articles of Association and 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.

7 Zakat and income tax

7.1 Charges in the period

Zakat and income tax charges accrued in the financial statements for the period ended June 30, 2015 amount to Saudi Riyals 21.3 million (June 30, 2014: Saudi Riyals 43.2 million) and Saudi Riyals 40.2 million (June 30, 2014: Saudi Riyals 44.2 million), respectively.

7.2 Status of assessments

The Company's zakat and tax assessments have been finalized by Department of Zakat and Income Tax (DZIT) up to and inclusive of the financial year 2008. The DZIT has raised additional zakat and tax liability of Saudi Riyals 43.7 million and Saudi Riyals 80.7 million, respectively for the financial years 2009 and 2010, pursuant to which the Company has filed an objection and believes its position to be robust. The additional zakat and tax liability is recoverable from Saudi Aramco and Sumitomo Chemical Company to the extent of Saudi Riyals 26.2 million and Saudi Riyals 80.7 million, respectively.

The DZIT has further issued queries for financial years 2011 through 2013 requiring certain information which the Company has duly submitted.

The Company has paid an advance income tax amounting to Saudi Riyals 6.7 million for the year ending 2015.

8 Earnings per share

Earnings per share for the six-month period ended June 30, 2015 and 2014 have been computed by dividing the operating income and net income for the period by the weighted-average number of ordinary shares issued and outstanding at period end.

9 Segment reporting

9.1 Business segment

The Company operates an integrated refinery and petrochemical complex. The primary format for segment reporting is based on business segments (refined products and petrochemicals) and is determined on the basis of management's internal reporting structure. The Company's operating and financial reporting systems are structured to produce financial and operational information appropriate for an integrated refining and petrochemical complex. Therefore, the Company does not distinguish financial and non-financial information at the level of assets and liabilities. In the opinion of management providing information at the level of assets and liabilities will not affect the decisions of the users of the financial statements in view of its nature of operations.

(All amounts in Saudi Riyals thousands unless otherwise stated)

The segment information relating to the three-month and six-month period ended June 30 is as follows:

	For the three-month period ended			For the six-month period ended		
	Refined products	Petrochemicals	Total	Refined products	Petrochemicals	Total
2015 (Unaudited)						
Sales	6,508,042	1,987,498	8,495,540	12,316,652	3,826,897	16,143,549
Cost of sales	(6,553,471)	(1,201,747)	(7,755,218)	(12,224,249)	(2,601,535)	(14,825,784)
Gross (loss) profit	(45,429)	785,751	740,322	92,403	1,225,362	1,317,765
Selling and marketing	(228)	(26,463)	(26,691)	(543)	(59,441)	(59,984)
General and administrative	(103,509)	(116,356)	(219,865)	(261,601)	(277,077)	(538,678)
(Loss) income from operations	(149,166)	642,932	493,766	(169,741)	888,844	719,103
Financial charges	(25,947)	(41,483)	(67,430)	(53,187)	(84,227)	(137,414)
Other income, net	25,410	53,168	78,578	49,930	78,722	128,652
Net (loss) income for the period	(149,703)	654,617	504,914	(172,998)	883,339	710,341

	For the three-month period ended			For the six-month period ended		
	Refined products	Petrochemicals	Total	Refined products	Petrochemicals	Total
2014 (Unaudited)						
Sales	11,627,115	2,413,362	14,040,477	23,355,248	4,920,730	28,275,978
Cost of sales	(12,060,412)	(1,533,688)	(13,594,100)	(24,130,267)	(3,027,194)	(27,157,461)
Gross (loss) profit	(433,297)	879,674	446,377	(775,019)	1,893,536	1,118,517
Selling and marketing	(569)	(30,996)	(31,565)	(797)	(68,274)	(69,071)
General and administrative	(136,902)	(85,550)	(222,452)	(253,309)	(187,465)	(440,774)
(Loss) income from operations	(570,768)	763,128	192,360	(1,029,125)	1,637,797	608,672
Financial charges	(25,828)	(42,772)	(68,600)	(50,319)	(83,242)	(133,561)
Other income, net	23,450	24,765	48,215	54,349	55,561	109,910
Net (loss) income for the period	(573,146)	745,121	171,975	(1,025,095)	1,610,116	585,021

9.2 Geographical segment

The segment information relating to the three-month and six-month period ended June 30 is as follows:

	For the three-month period ended				For the six-month period ended			
	Middle East	Asia Pacific	Others	Total	Middle East	Asia Pacific	Others	Total
2015 (Unaudited)								
Sales								
Refined products	6,508,042	-	-	6,508,042	12,316,652	-	-	12,316,652
Petrochemicals	1,080,427	907,071	-	1,987,498	2,026,329	1,800,568	-	3,826,897
Total	7,588,469	907,071	-	8,495,540	14,342,981	1,800,568	-	16,143,549

	For the three-month period ended				For the six-month period ended			
2014 (Unaudited)								
Sales								
Refined products	11,627,115	-	-	11,627,115	23,355,248	-	-	23,355,248
Petrochemicals	820,156	1,577,521	15,685	2,413,362	1,371,016	3,534,029	15,685	4,920,730
Total	12,447,271	1,577,521	15,685	14,040,477	24,726,264	3,534,029	15,685	28,275,978

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 Related party transactions and balances

10.1 Related party transactions

Transactions with related parties arise mainly from purchases, sales of refined and petrochemical products, credit facilities, terminal lease, secondments and community lease agreements.

Related party transactions are undertaken at contractual terms and are approved by the Company's management and management of the following entities.

Name of entity	Relationship
Saudi Arabian Oil Company	Founding Shareholder
Sumitomo Chemical Company	Founding Shareholder
Sadara Chemical Company	Associate of Founding Shareholder
Yanbu Aramco Sinopec Refining Company	Associate of Founding Shareholder
Aramco Overseas Co. BV	Associate of Founding Shareholder
Saudi Aramco Products Trading Company	Associate of Founding Shareholder
Sumitomo Chemical Engineering Company Limited	Associate of Founding Shareholder
Sumitomo Chemical Polymer Compounds Saudi Arabia Co. Limited	Associate of Founding Shareholder
Sumitomo Chemical Asia Pte Limited	Associate of Founding Shareholder
Rabigh Conversion Industry Management Services Company	Associate of Founding Shareholder
Sumika Alchem Company Limited	Associate of Founding Shareholder
Sumika Chemical Analysis Service Limited	Associate of Founding Shareholder
Sumika Middle East Co. Limited	Associate of Founding Shareholder

In addition to the Phase II Expansion Project (see Note 1 and 3) and loans from the founding shareholders (see Note 5), the above mentioned transactions results in receivable and payable balances with the related parties as set out in the balance sheet in trade and non-trade receivables, trade and other payables, loans and borrowings, accrued expenses and other liabilities amounting to Saudi Riyals 4,457 million (2014: Saudi Riyals 10,016 million), Saudi Riyals 7,130 million (2014: Saudi Riyals 12,532 million), Saudi Riyals 5,274 million (2014: Saudi Riyals 5,164 million) and Saudi Riyals 2,004 million (2014: Saudi Riyals 97.6 million), respectively.

These related party transactions are summarized as follows:

Nature of transactions (six-month period ended June 30)

	2015 (Unaudited)	2014 (Unaudited)
Saudi Arabian Oil Company and its associated companies		
Purchase of goods including LPG shortfall and through-put fee	**12,688,113**	24,865,836
Sale of refined products and petrochemical products	**13,899,470**	23,526,646
Financial charges	**36,910**	22,006
Rentals	**26,218**	37,486
Services provided to shareholders	**16,169**	27,211
Secondees' costs	**32,712**	30,382
Service and other cost charges, net	**1,411**	15,705

	2015 (Unaudited)	2014 (Unaudited)
Sumitomo Chemical Company Limited and its associated companies		
Purchase of goods	**35,299**	27,748
Sale of petrochemical products	**1,774,435**	3,292,854
Financial charges	**22,779**	22,006
Services provided to shareholders	**13,878**	25,193
Secondees' costs	**29,332**	19,225
Service and other cost charges, net	**37,358**	44,668

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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

Transactions with key management personnel

Key management personnel of the Company comprise key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. Transactions with key management personnel on account of salaries and other short-term benefits amounted to Saudi Riyals 4.2 million (2014: Saudi Riyals 4.2 million) and are included in secondees' and services cost above.

The remuneration paid to independent directors amounted to Saudi Riyals 0.45 million (2014: Saudi Riyals 0.55 million).

11 Commitments

(i) As at June 30, 2015, capital commitments contracted for but not incurred for the construction and expansion of the existing facilities amounted to Saudi Riyals 4,247 million (2014: Saudi Riyals 173.7 million).

(ii) Non-cancellable operating lease rentals are as follows:

	2015 (Unaudited)	2014 (Unaudited)
Less than one year	**569,018**	576,090
Between one to five years	**2,164,908**	2,063,967
More than five years	**7,602,634**	7,898,714
	10,336,560	10,538,771

12 Dividends

On July 1, 2015, the Board of Directors recommended the distribution of Saudi Riyals 438 million, as cash dividends (Saudi Riyal 0.5 per share) for the first half of 2015 representing, 5% of the nominal share value. The eligibility for this dividend distribution is to shareholders listed on Tadawul (Saudi Stock Exchange) on the end of trading day of July 27, 2015. The payment of cash dividend will be announced at a later date.

13 Approval and authorization for issue

These interim financial statements were approved and authorized for issue by the Board Audit Committee, as delegated by the Board of Directors, on Shawwal 10, 1436H (July 26, 2015).