Exhibit D-2

Board of Directors Report

2012

Rabigh Refining & Petrochemical Company (Petro Rabigh)

Contents of 2011 Board of Directors' Report (Petro Rabigh)

1. Company

Rabigh Refining and Petrochemical Company (Petro Rabigh) was established as a Saudi limited liability Company under Commercial Registration No. 4602002161 on 15-08-1426H (corresponding to September 19, 2005). The Company was converted into a joint stock Company pursuant to the Minister of Commerce and Industry's Resolution No 262/Q dated 22/10/1428H (corresponding to November 3, 2007). The objectives of the Company are the development, construction and operation of an integrated petroleum refining and petrochemical complex. The complex will manufacture refined petroleum products, petrochemical products and other hydrocarbon products including; gasoline, naphtha, jet fuel, diesel, fuel oil, polyethylene (PE), mono ethylene glycol (MEG), polypropylene (PP) and propylene oxide (PO).

2. Company's Business

Petro Rabigh's business is composed of two main activities; namely refining and petrochemical production. The two activities are fully integrated to maximize profit and minimize cost by converting low value products to higher margin products.

Refining:

The Company can process up to 400,000 barrels per day of Arabian Light crude oil and produce 134 million barrels of gasoline, naphtha, jet fuel, diesel and fuel oil annually.

Petrochemical Production:

The Company produces up to 2.4 million tons per annum of polyethylene, mono ethylene glycol, polypropylene and propylene oxide from crude oil, ethane and butane feedstock supplied by Saudi Aramco.

The following table indicates each of the two activities contribution to Petro Rabigh business in the year 2012 (Expressed in Thousand Saudi Arabian Riyals):

	2012 Sales	Contribution to Sales (%)
Refining	52,541,909	85%
Petrochemical Production	9,468,968	15%
Total	62,010,877	100%

3. Products Sales and Marketing

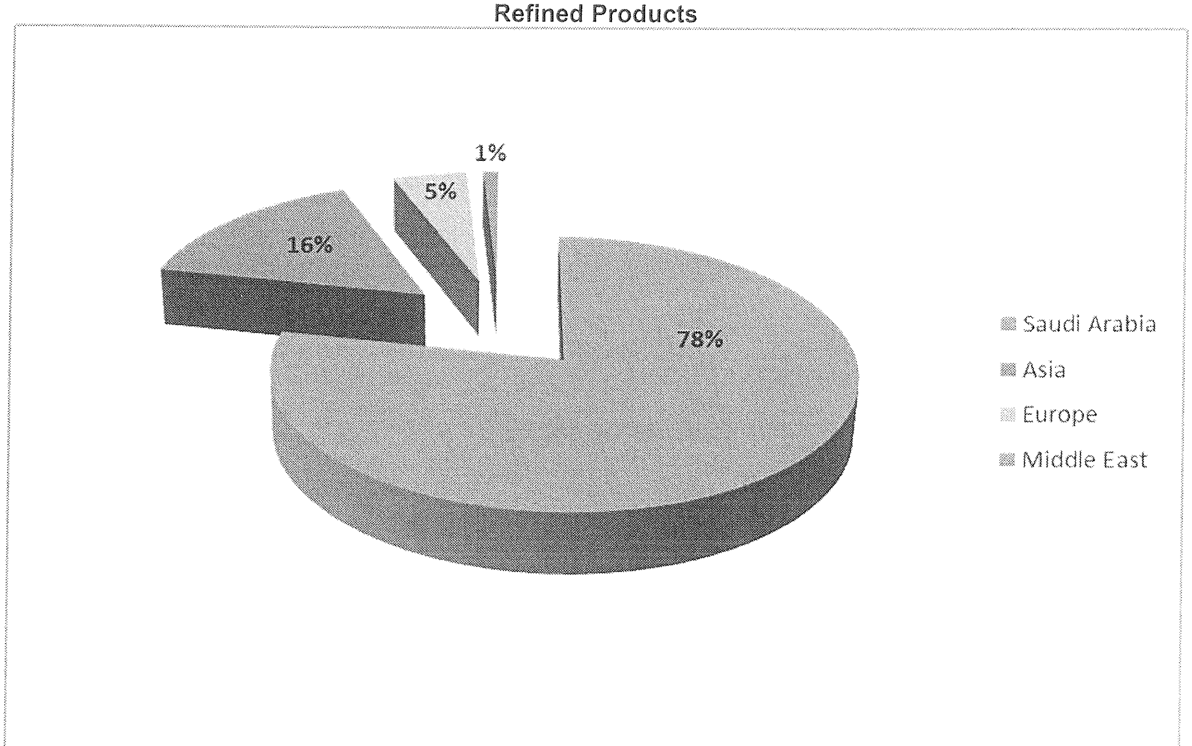
The marketing agreements between the Company and the two founding shareholders, namely Saudi Aramco and Sumitomo Chemical, are the key documents to govern the relationship between the Company and its marketers. Saudi Aramco is the sole marketer of the Company's refined products while Sumitomo Chemical is responsible for marketing a major portion of the petrochemical products. The remaining portions of the petrochemical products are marketed directly by the Company within the GCC and the Middle East. The Company is benefitting from the well-established marketing and distribution networks of both founding shareholders.

4. 2012 Geographical Sales Analysis

Refined Products

Refined Products Destinations	Volume (Bbl.)	%
Saudi Arabia	94,658,352	78%
Asia	19,341,945	16%
Europe	5,798,078	5%
Middle East	1,209,129	1%
Total	121,007,504	100%

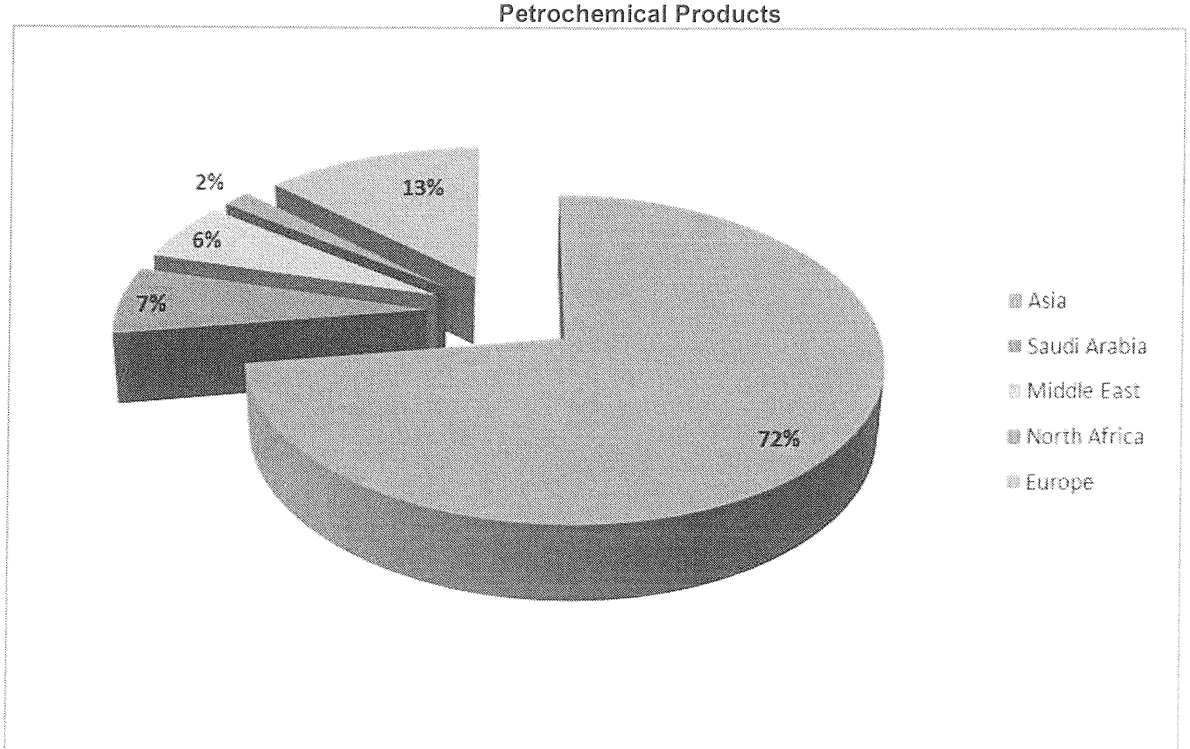
2012 Geographical Sales Analysis
Refined Products



Petrochemical Products

Petrochemical Destinations	Volume (MT)	%
Asia	1,593,505	72%
Saudi Arabia	150,912	7%
Middle East	129,464	6%
North Africa	37,436	2%
Europe	286,944	13%
Total	2,198,260	100%

2012 Geographical Sales Analysis
Petrochemical Products



5. 2012 Achievements

The following are the major achievements of Petro Rabigh during 2012:

1. Petro Rabigh successfully passed the financial completion test. This test determines the Company's ability to meet its financial obligations using revenues generated from its own operations, which supports the Company's financial position.

2. Production of refined products Increased in 2012 by 10% compared to 2011, while petrochemical production increased in 2012 by 20% compared to 2011.

3. Petro Rabigh received an award for developing a new technical system to test ships through the (SAP) system during the workshop which was held in the King Fahd Industrial Port in Yanbu in May. This invention enhances the quality and standards in the port of Rabigh. Petro Rabigh is considered as one of the first petrochemical companies to use this system, which gives added value to the Company in terms of reducing operational costs and improving the work environment and teamwork performance.

4. Petro Rabigh received an award for its commitment to hiring qualified Saudi talents by the Chairman of the Royal Commission for Yanbu and Jubail, in May 1, 2012.

6. Future Operating Plans

Petro Rabigh continues adhering to its strategy of capitalizing on its existing assets as well as exploring and researching for significant development opportunities to further maximize values to all stakeholders. The Company remains committed to announcing developments that could occur during 2013 through the official website of the Saudi Stock Exchange "Tadawul" and through its official website.

7. Potential Risks & Risk Management

The business of Petro Rabigh relies on oil refining and petrochemical production which is exposed to the following potential risks:

- Risks related to Credit, Liquidity and Trade:

  Credit Risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. It mainly comprises of cash and cash equivalents, trade and other receivables and term loan. Cash and cash equivalents are placed with national and international banks with sound credit ratings.

  Trade and other receivables are mainly due from founding shareholders, managed by agreed credit terms. Further during the year ended 31 December, 2011, the Company has entered into a Credit Insurance Policy with the Islamic Corporation for the Insurance of Export Credits and Investment, which will cover the Company's revenue and related receivables from the Middle East . It is not the practice of the Company to obtain collateral over receivables. As at 31 December 2012, there were minimal overdue debts equivalent to 3.28% (2011: 0.62%) of the trade receivables balance of Company's allowed credit periods.
  Fair Value and Cash Flow Interest Rate Risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company's interest rate risk arises mainly from long-term debts, which are at floating rates of interest. All debts are subject to re-pricing on a regular basis. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Company are not significant.

  Liquidity Risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risks may result from the inability to realise a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Company's future commitments. The Company aims to maintain the level of its cash and cash equivalents in excess of expected cash outflows of financial liabilities. The Company has contractual commitments of cash outflows related to its financial liabilities, mainly related to trade and other payables, finance lease obligations and long-term loans.

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Company's transactions are principally in United States Dollars and Saudi Arabian Riyals.

Fair Value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Company's financial statements are prepared under the historical cost method, differences may arise between the book values and the fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying.

- Risks Related to the Economic Situation:

  The Company realizes that it operates in a competitive market and the demand of Petro Rabigh products is influenced by global as well as local economic conditions. The major influential factor on demand of Petro Rabigh products is anticipated to be major economic recessions or stagnant local economic conditions. The downturn of both international and local economic conditions will likely initiate a decline in demand for both refined and petrochemical products and that would impact Petro Rabigh's planned sales and targeted revenues, and if coupled with upward inflationary risks it can further apply pressure on the demand of the Company's products as well as anticipated feedstock cost. therefore the company continuously and closely monitors market condition, supply and demand conditions, interest and exchange rates to forecast and plan for any potential downturns.

- Risks Related to Operations:

  The company sources of revenue rely on the operation of plants and facilities that are influenced by performance and plant capacity utilization, as well as strong engineering support and reliable information technology infrastructure.

  The safe operation of the plant is what influences the plant performances and capacity utilization, and to control any foreseen risk from unfavorable plant safety, the company has outsourced a third-party who is well known and have the reputation in the industry of their proven methods in process safety management. The third-party company will continue to monitor practices used in the integrated facility and will report its observations and recommendations in a timely manner and that will be followed by corrective actions by management, also, Petro Rabigh relies on internal departments as well as third parties to continually survey the safety practices and methods applied in the course of operation ensuring that it meets at least the minimum of best industry practices and international industry standards. The company relies on Information technology for plant operation, and to mitigate any risk of IT failure the company's IT Department takes the initiative to limit the risk associated with IT service disruptions from cyber threats like computer hacking/malicious codes and viruses. IT Infrastructure Security perimeter protections comprises of Firewalls, Intrusion Prevention Systems, Web, System & Email protection systems which are geared up to meet the perceived threat. In addition well established internal control mechanism is governed by robust IT processes benchmarked on global standards like ITIL & ISO27001.

- Risks Related to Governance:

The Board of Directors among its other responsibilities performs the role and responsibility of setting the company's strategic direction, and the implied risk on practicing this role is the delivery of ineffective or wrong information by the management to the Board of Directors which could lead to ineffective guideline setting which will produce an ineffective and inefficient strategy that will likely impact profitability and desired return on investment, hence, to manage and to mitigate this risk, the Company's Board of Directors is continuously overseeing and reviewing the Company's compliance to corporate governance rules and regulations through different approaches such as but not limited to:

a- Establishing Board and Executive Management committees which will meet periodically as well as prior to Board meetings with the purpose of continuous evaluation and review of various annual corporate plans such as Sales, Marketing, Compensation plans, Audit Reviews, etc.

b- The Company's established policies are not fixed over the entire life of the organization, and to avoid breaching of preset controls due to the dynamics of the business the company operates in, policies and procedures are reviewed by the Board on "as needed" basis, however, it is a mandate by the Board that all policies and procedures are subject to full review every three years from instatement day.

c- To ensure that the strategy plan as set by the Board is implemented effectively and to avoid the risk of the management diverting from the plan, each organization within Petro Rabigh takes the responsibility of setting key performance indicators (KPI's) which are directly aligned to key strategic objectives. The results of the KPI's are then aligned and are reviewed annually against the strategic plan.

- Risks Related to Regulations:

The company is operating in a dynamic environment and its business operation is governed by local as well as international regulations. To control the risk of immediate regulation impact on the company's operations, the company has established a Public and Government Affairs Department which is an organization that carries the responsibilities and is accountable for following up on the development of local and international regulations pertaining to the petrochemical and refining industry and is in charge of taking steps necessary to communicate to concerned management within a reasonable timeframe any change to regulations that is assessed to have direct or implied restrain on the company's operation as well as communicating the need to comply to certain regulations and suggesting the appropriate steps to do so, this includes local governmental regulations such as regulations and laws by the Ministry of Petroleum, Ministry of Commerce and Industry, The Capital Market Authority, etc. and International regulations such as trade and anti-dumping laws and regulations and environmental regulations, etc.

8. 2012 Financial Summary

Following is a brief description of the 2012 financial outcome in comparison to the previous year:

• Net profit for the twelve months was SR 488.9 million compared to a net profit of SR 65.9 million for the same period in 2011 which is equivalent to an increase of 641.9% .

• Earnings per share during the twelve months are SR 0.56 compared to earnings of SR 0.08 per share for the same period in 2011.

• The gross profit during the twelve months was SR 1,529.2 million compared to a gross profit of SR 984.2 million for the same period in 2011 which is equivalent to an increase of 55.4%.

• Operating profit during the twelve months was SR 654.0 million compared to a profit of SR 102.8 million for the same period during the previous year which is equivalent to an increase of 536.2%.

The reason for the increase in net profit for the year versus last year is due to improved gross profit as a result of increased production capacity in 2012 compared to 2011 when plant shutdown was experienced due to periodical Test and Inspection (T&I)

Balance Sheet:

(Expressed in Thousand Saudi Arabian Riyals)

	31 December 2012	31 December 2011	31 December 2010	31 December 2009	31 December 2008
Current Assets	16,486,444	16,264,531	12,212,302	8,947,680	5,055,939
Non-Current Assets	31,289,105	33,587,166	35,030,684	43,198,730	42,855,000
Total Assets	47,775,549	49,851,697	47,242,986	52,146,410	47,910,939
Current Liability	16,802,333	17,759,702	13,639,248	11,337,665	7,199,074
Long-Term Loans & other Liabilities	22,412,274	24,006,297	25,593,941	32,977,927	31,448,024
Equity	8,560,942	8,085,698	8,009,797	7,830,818	9,263,841
Total Liabilities & Equity	47,775,549	49,851,697	47,242,986	52,146,410	47,910,939

Income Statement:

(Expressed in Thousand Saudi Arabian Riyals)

	31 December 2012	31 December 2011	31 December 2010	31 December 2009	31 December 2008
Income	62,010,877	53,376,836	46,837,888	29,422,706	6,543,342
Refined Products	52,541,909	45,265,312	39,057,796	27,897,120**	6,543,342*
Petrochemical Products	9,468,968	8,111,524	7,780,092	1,525,586**	--
Cost of Goods Sold	(60,481,712)	(52,392,648)	(46,109,234)	(29,878,063)	(7,165,236)
Gross Profit (Loss)	1,529,165	984,188	728,654	(455,357)	(621,894)
General & Administrative Expenses	(875,201)	(881,397)	(841,452)	(753,630)	(679,664)
Other Income (losses) - Net	(165,106)	(36,898)	321,488	(224,069)	45,315
Net Profit (Loss)	488,858	65,893	208,690	(1,433,056)	(1,256,243)

* This only pertains to 4th Qtr, where the existing refinery was procured on October 1
** This only pertains to commercial sales, where pre-commercial sales were deducted from the Construction in Progress account

The financial statements of the Company have been prepared and kept in accordance with the Generally Accepted Accounting Principles applied in the Kingdom of Saudi Arabia under the supervision of the

Saudi Organization for Certified Public Accountants (SOCPA). These principles are constantly applied in the Company. There is no deviation from the accounting standards issued by SOCPA.

9. Loans

The Company has utilized all of the loans available to it from third-party lenders totaling SR 21,900 million. It has also drawn down a total of SR 2,287.5 million from each of its founding shareholders during 2008 and 2009.

The loan period for third party loans is 11 years starting 2011 and ending 2021. The Company started the repayment of these loans in June 2011 and will continue until 2021.

There is no set period for the founding shareholders loan as it will be repaid on demand after the first payment and after achieving the financial completion and meeting the criteria set by the financial institutions according to the Credit Facility Agreement which is mentioned in paragraph 12 (Related Party Transactions) in this report.

Loans from Commercial, Islamic and Governmental Financial Institutions:

The following table shows Petro Rabigh loans from commercial banks, Islamic banks and government agencies:

(Expressed in Thousand Saudi Arabian Riyals)

Lender	Repayments During 2012	31 December 2012	31 December 2011	31 December 2010	31 December 2009	31 December 2008
Japan Bank For International Cooperation	651,316	8,180,921	8,832,237	9,375,000	9,375,000	9,375,000
Commercial Banks	516,490	5,622,863	6,139,353	6,525,000	6,525,000	6,525,000
Public Investment Fund	260,526	3,272,368	3,532,894	3,750,000	3,750,000	3,750,000
Islamic Financial Institutions	178,100	1,938,918	2,117,018	2,250,000	2,250,000	2,250,000
Total	1,606,432	19,015,070	20,621,502	21,900,000	21,900,000	21,900,000

Loans from Founding Shareholders:

The following table lists Petro Rabigh loans from the founding shareholders:

(Expressed in Thousand Saudi Arabian Riyals)

Lender	Repayments During 2012	31 December 2012	31 December 2011	31 December 2010	31 December 2009	31 December 2008
Saudi Aramco	-	2,287,500	2,287,500	2,287,500	2,287,500	1,500,000
Sumitomo Chemical	-	2,287,500	2,287,500	2,287,500	2,287,500	1,500,000
Total	-	4,575,000	4,575,000	4,575,000	4,575,000	3,000,000

10. Accruals for Government Institutions and Zakat Assessment

The Department of Zakat and Income Tax (DZIT) has issued assessments for the years 2006 and 2008 by raising an aggregate Zakat liability of SR 32 million. The Company has filed an objection which was rejected by the DZIT and on the request of the Company the assessments were transferred to Preliminary Appeal Committee (PAC) for adjudication. Management believes its position regarding the DZIT adjustment is robust in the area of interpretation, and that it is too soon to be able to estimate a probable settlement amount. Any settlement amount eventually agreed with DZIT will not impact the future earnings of the Company, as it will be recoverable from the founding shareholder - Saudi Arabian Oil Company (SAUDI ARAMCO)

The DZIT has also issued queries for 2009 and 2010 financial years requiring certain information pertaining to various elements of financial statements. The declaration for 2011 financial year was already filed and the Company has obtained a certificate valid until April 30, 2013.

Following are accrued liabilities which consist of accrued, withholding taxes and the Company contribution to General Organization for Social Insurance:

(Expressed in Thousand Saudi Arabian Riyals)

	31 December 2012	31 December 2011	31 December 2010	31 December 2009	31 December 2008
Department of Zakat & Income	45,655	27,538	87,222	17,378	32,145
General Organization for Social Insurance	5,343	4,785	3,904	2,156	1,759
Total	50,998	32,323	91,126	19,534	33,904

11. Dividends Distribution Policy

The Company's annual profits shall be allocated, after deducting all general expenses and other costs including taxes and Zakat, as follows:

- 10% of the annual net profit shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when statutory reserve equals half of the Company's equity capital.

- The Ordinary General Assembly may, upon a request of the Board of Directors, set aside a percentage of the annual net profit to form an additional reserve to be allocated for purposes decided by the Ordinary General Assembly.

- All the remaining amounts of the annual net profits shall be distributed to shareholders as dividends unless the Ordinary General Assembly decides otherwise.

Also, there are no arrangements or agreements whereby any of the shareholders gives up his/her rights to the profits until December 31, 2012

12. Related Party Agreements and Transactions

As disclosed in the Company's prospectus and in the audited annual financial statements, the company entered into various agreements with Founding Shareholders including, among others:

Ethane Feedstock Supply Agreement:

On 28 January 2006, the Company entered into a Ethane Feedstock Supply Agreement with Saudi Aramco for the supply to the Company of all its requirements of ethane feedstock (not to exceed ninety-five million standard cubic feet per day of ethane feedstock) solely for use in the Rabigh project. The Company pay Saudi Aramco 0.75 USD/BTU from the effective date through 31 December 2015. There after the price shall be the price commonly applied by Saudi Aramco to all industrial customers in the Kingdom. This agreement is valid for 20 years and the term is renewable for another 10 years subject to agreement of both parties.

Butane Feedstock Supply Agreement:

On 28 January 2006, the Company entered into a Butane Feedstock Supply Agreement with Saudi Aramco for the supply to the Company of all its requirements of butane feedstock (not to exceed 12000 bpd of butane feedstock) solely for use in the Rabigh project. The Company pay Saudi Aramco the price commonly applied by Saudi Aramco to all industrial customers in the Kingdom. There after the price shall be the price commonly applied by Saudi Aramco to all industrial customers in the Kingdom. This agreement is valid for 20 years and the term is renewable for another 10 years subject to agreement of both parties.

Crude Oil Feedstock Supply Agreement:

On 28 January 2006, the Company entered into a Crude Oil Feedstock Supply Agreement with Saudi Aramco for the supply to the Company of its crude oil feedstock requirements, up to a maximum supply of 400,000 bpd, solely for use in the Rabigh Project. The price at which Saudi Aramco sells the crude feedstock to the Company is based, amongst other variable market factors, on the international crude oil prices. The COSA is valid for 30 years commencing from 1 October 2008.

Refined Products Lifting and Marketing Agreement:

On 2 March 2006, the Company signed a Refined Products Lifting & Marketing Agreement (RPLMA) with Saudi Aramco as sole "Marketer" of refined products from the Rabigh Refinery. The RPLMA is valid for 10 years from 1 October 2008, and is further extendable for another 5 years. Pursuant to this agreement, Saudi Aramco will lift and market globally, on behalf of the Company as "Seller", the refined products from the Rabigh Complex.

Petrochemical Products Lifting and Marketing Agreement:

On 11 March 2006, the Company signed a Petrochemical Products Lifting & Marketing Agreement (PPLMA) with Sumitomo Chemical as "Marketer" of petrochemical products from the Rabigh Refinery. The PPLMA is valid for 10 years from accumulated production date, and is further extendable for another 5 years. Pursuant to this agreement, Sumitomo Chemical will lift and market globally, on behalf of the Company as "Seller", the petrochemical products from the Rabigh Complex. An Assignment and Assumption Agreement dated February 23, 2009 assigns Sumitomo Chemical Asia as the "Marketer".

Credit Facility Agreement:

On 18 March 2006, the Company entered into a Credit Facility Agreement (CFA) with both of its Founding Shareholders. Under the provisions of this agreement, the Founding Shareholders agreed to grant to the Company a loan facility up to a maximum aggregate amount of SR 6.2 Billion for the development, design, construction and operation of the integrated petroleum refining and petrochemical project. The expiry of the commitment of the founding shareholders in respect of this facility was extended from July 1, 2011 to July 1, 2013

Terminal Lease Agreement:

The Company entered into a Terminal Lease Agreement with Saudi Aramco on 2 March 2006 in respect of the existing Rabigh Marine Terminal. Under this agreement, the Company has been granted certain exclusive rights by Saudi Aramco to use and operate the Rabigh Terminal Facilities and the Rabigh Terminal Site for a term of 30 years effective from 1 October 2008.

Secondment Agreements:

The Company has entered into Secondment Agreements with each of its Founding Shareholders (with Saudi Aramco dated 12 June 2006, and with Sumitomo Chemical dated 1 July 2006). Each of these agreements has a continuous term to apply until the date on which a Founding Shareholder ceases to be a shareholder of the Company. These agreements cover the requirement of the Company from time to time for the secondment of certain personnel to assist in the conduct of business and operations.

Services Agreements:

The Company has entered into Services Agreements with Founding Shareholders with effect from 1 August 2005 covering various operational and logistics support services. Each of these agreements has an initial term of 5 years and are renewable thereafter for consecutive additional periods of one year each.

These agreements cover the provision of various support services to the Company during the plant construction and initial operations phase of the Rabigh Project – such as Accounting & Finance, Human Resources, Engineering, Procurement and Construction, Legal, Information Technology, General Management, Technical Support and Pre-marketing Support. These agreements also cover the ongoing technical support needed for continuous operations and ongoing enhancements such as refining and petrochemical process know-how provided by Saudi Aramco and Sumitomo Chemical respectively and marketing technical services, engineering and safety best practices and training provided by both Founding Shareholders. The Company shall pay for these services at prices specified in each service authorization for the services to be provided.

Rabigh Refinery Complex Lease Agreement:

The Company has entered into Rabigh Refinery Complex Lease Agreement with Saudi Aramco dated November 1, 2005 for the lease of approximately 11.8 million square meters for a period of 99 years, with effect from November 1, 2005, and may be renewed thereafter for consecutive additional periods as agreed. The Company shall pay to Saudi Aramco rent in an amount equal to SR1 per square meter per annum starting from 1 October 2008.

Rabigh Community Lease Agreement:

The Company has entered into Rabigh Community Lease Agreement with Saudi Aramco dated 1 October 2008. This agreement has an initial term of 5 years with effect from 1 October 2008, and may be renewed thereafter for consecutive additional periods as agreed. The Company shall pay to Saudi Aramco rent of SR28.5 million per annum starting from 1 October 2008.

the above mentioned agreements and transactions result in receivables and payables balances with the related parties as set out in the balance sheet in trade and non-trade receivables, trade and other payables and accrued expenses and other current liabilities amounting to SR7,510 million (2011: 8,765 million), SR14,091 million (2011: 14,884 million) and SR454 million (2011: 438 million) respectively. These transactions are summarized as follows:

(Expressed in Thousand Saudi Arabian Riyals):

Nature of transaction	Amount of transaction	
	31 December 2012	31 December 2011
Saudi Arabian Oil Company		
Purchase of feedstock	55,628,479	49,139,340
Sale of refined products	52,541,909	45,265,312
Asset purchases	---	1,321
Interest expense	51,383	41,585
Secondees' and service costs	105,286	214,939
Sumitomo Chemical & its associates		
Purchase of stocks	96,868	121,936
Sale of petrochemical products	7,518,347	6,823,240
Interest expense	51,383	41,585
Secondees' and service costs	43,086	119,851

13. Results of the annual Audit of the effectiveness of the Internal Control System

Internal Auditing in Petro Rabigh is an independent, objective and consulting activity designed to monitor and improve the effectiveness of the system of internal controls in order to add value to the Company's operations. It helps the Company achieve its goals through the application of a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Additionally, Internal Auditing provides an incentive to improve the effectiveness and efficiency of the Company operations by providing recommendations based on analysis and assessments of data and business processes.

The Internal Auditing Office of the Company has audited the internal control procedures in major activities in 2012, in accordance to the annual audit plan approved by the Board Audit Committee. The results and recommendations were regularly and periodically communicated to the Board Audit Committee by the General Auditor. Executive management of the Company have agreed to implement Internal Auditing recommendations in a reasonable time frame in order to improve the internal control procedures.

There were no critical results found during the 2012 audit of the effectiveness of the internal control system.

14. Penalties and Prohibitions

The Company did not receive any penalties or preventive restrictions by an authority or any other supervisory or regulatory or judiciary body during 2012

15. Board of Directors & Senior Management

The Board of Directors was composed of eight members in its first term since establishment date and until November 2, 2012. On October 10, 2012 The Company's General Assembly elected the Company's Board of Directors for its second term which commences on November 3, 2012 and continues until November 2, 2015. The Board in its second term is composed of 9 members.

Also on September 8, The Board accepted the resignation of Board member and President & Chief Executive Officer of the Company Ziad S. Al-Labban and appointed Abdullah S. Al-Suwailem as a Board member and President & Chief Executive Officer effective September 9, 2012.

The following table shows the composition of the company's Board of Directors including the director's names, titles and their board membership classifications as well as Board meetings attendance during the period January 1 to November 2, 2012:

Name & Title	1st Meeting February 18, 2012	2nd Meeting April 19, 2012	3rd Meeting September 8, 2012	Total Meetings Attended
Abdulaziz F. Al-Khayyal Chairman Non-Executive	√	√	√	3
Hiromasa Yonekura Deputy Chairman Non-Executive	Proxy (Osamu Ishitobi)	√	√	2
Ziad S. Al-Labban* President & CEO Executive Director	√	√	√	3
Noriaki Takeshita Executive Director	√	√	√	3
Motassim A. Al-Ma'ashouq Non-Executive Director	√	√	√	3
Osamu Ishitobi Non-Executive Director	√	√	√	3
Saud A. Al-Ashgar Independent Director	√	√	√	3
Ahmed S. Al-Humaid Independent Director	√	√	√	3

*Resigned on September 8, 2012.

The following table shows the composition of the company's new Board of Directors in its second term (starting November 3, 2012 and continues until November 2, 2015) including the Director's names, titles and their Board membership classifications. The Board had its first meeting on December 22 which was the only meeting during the period November 3 to December 31, 2012:

Name & Title	1st Meeting December 22, 2012	Total Meetings Attended
Khalid G. Al Buainain Chairman Non-Executive Director	√	1

Hiromasa Yonekura Deputy Chairman Non-Executive Director	Proxy (Osamu Ishitobi)	0
Abdullah S. Al-Suwailem* President & CEO Executive Director	√	1
Osamu Ishitobi Non-Executive Director	√	1
Noriaki Takeshita** Non-Executive Director	√	1
Motaz A. Al-Mashouk Non-Executive Director	√	1
Abdulsalam Al-Mazro Independent Director	√	1
Saud A. Al-Ashgar Independent Director	√	1
Soliman A. Al-Hosain Independent Director	√	1

*Assumed the Role of President & CEO & Executive Director Effective September 9, 2012.
**In November 2012 Noriyaki Takeshita resigned from his executive position as Chief Financial Officer while he remained in his position in the Board as a Non- Executive Director

Board Directors' Membership on the Boards of other Joint Stock Companies

The following table shows the membership of Board Directors on the Boards of other Joint Stock Companies during the period January 1 to November 2, 2012:

Name	Company	Title
Abdulaziz F. Al-Khayyal	-	-
Hiromasa Yonekura	Sumitomo Chemical & Its Various Subsidiaries	Chairman of the Board
Ziad S. Al-Labban	-	-
Noriaki Takeshita	-	-
Motassim A. Al-Ma'ashouq	-	-
Osamu Ishitobi	Sumitomo Chemical & Its Various Subsidiaries	Vice Chairman of the Board
	AOC Holding Inc.	Director

Saud A. Al-Ashgar	S-Oil Corporation	Independent Director
Ahmed S. Al-Humaid	-	-

The following table shows the membership of Board Directors on the Boards of other Joint Stock Companies during the period November 3rd to December 31, 2012:-

Name	Company	Title
Khalid G. Al Buainain	S-Oil Corporation	Non-Executive Director
Hiromasa Yonekura	Sumitomo Chemical & Its Various Subsidiaries	Chairman of the Board
Abdullah S. Al-Suwailem	-	-
Osamu Ishitobi	Sumitomo Chemical & Its Various Subsidiaries	Vice Chairman of the Board
	AOC Holding Inc.	Director
Noriaki Takeshita	-	-
Motaz A. Al-Mashouk	-	-
Abdulsalam Al-Mazro	-	-
Saud A. Al-Ashgar	S-Oil Corporation	Independent Director
Soliman A. Al-Hosain	Arabian Industrial Fibers Co. (Ibn Rushd)	Non-Executive Director

Description of Board Directors & their Direct Relatives Interest in Company Stocks and/or Debt Instruments for the Period January 1 to November 2, 2012

No.	Name	Position	Period Start		Period End		Net Change	Change %
			Stocks	Debt Instruments	Stocks	Debt Instruments		
1	Abdulaziz F. Al-Khayyal	Chairman (Non-Executive Director)	126	-	126	-	-	-
2	Hiromasa Yonekura**	Deputy Chairman (Non-Executive Director	-	-	-	-	-	-
3	Ziad S. Al-Labban*	President & CEO (Executive Director)	350	-	350	-	-	-
6	Osamu Ishitobi**	Non-Executive Director	-	-	-	-	-	-
4	Noriaki Takeshita**	CFO (Executive Director)	-	-	-	-	-	-
5	Motassim A. Al-Ma'ashouq*	Non-Executive Director	168	-	168	-	-	-
7	Saud A. Al-Ashgar	Independent Director	85,400	-	85,400	-	-	-
8	Ahmed S. Al-Humaid	Independent Director	4,210	-	4,210	-	-	-

*Founding shareholder Saudi Aramco deposited 1000 shares for Board Membership Qualification on behalf of this member.
**Founding shareholder Sumitomo Chemical deposited 1000 shares for Board Membership Qualification on behalf of this member

Description of Board Directors & their Direct Relatives Interest in Company Stocks and/or Debt Instruments for the Period November 2 to December 31, 2012

No.	Name	Position	Period Start		Period End		Net Change	Change %
			Stocks	Debt Instruments	Stocks	Debt Instruments		
1	Khalid G. Al-Buainain*	Chairman (Non-Executive)	62,000	-	62,000	-	-	-
2	Hiromasa Yonekura**	Deputy Chairman (Non-Executive)	-	-	-	-	-	-
3	Abdullah S. Al-Suwailem*	President & CEO (Executive Director)	-	-	-	-	-	-
4	Osamu Ishitobi**	Non-Executive Director	-	-	-	-	-	-
5	Noriaki Takeshita**	Non-Executive Director	-	-	-	-	-	-
6	Motaz A. Al-Mashouk*	Non-Executive Director	-	-	-	-	-	-
7	Abdulsalam Al-Mazro	Independent Director	1,000	-	1,000	-	-	-
8	Saud A. Al-Ashgar	Independent Director	85,400	-	85,400	-	-	-
9	Soliman A. Al-Hosain	Independent Director	1000	-	1000	-	-	-

*Founding shareholder Saudi Aramco deposited 1000 shares for Board Membership Qualification on behalf of this member.
**Founding shareholder Sumitomo Chemical deposited 1000 shares for Board Membership Qualification on behalf of this member

Description of Senior Executives & their Direct Relatives Interest in Company Stocks and/or Debt Instruments

The following table shows the details of Senior Executives & their Direct Relatives during 2012:

No.	Name	Position	Year Start		Year End		Net Change	Change %
			Stocks	Debt Instruments	Stocks	Debt Instruments		
1	Abdullah M. Al-Qahtani	Vice President of Engineering & Support	-	-	-	-	-	-
2	Bassam A. Bokhari	Vice President of Human Resources & Corporate Affairs & Secretary of Nomination, Remuneration and Compensation Committee	252	-	252	-	-	-

3	Eyad M. Ajaj	Public & Government Affairs Manager & Corporate Manager	1,250	-	1,250	-	-	-
4	Omar H. Alauddin	Vice President of General Administration & Industrial Security	168	-	168	-	-	-
5	Anwar J. Al-Mudahki	General Auditor & Secretary of Audit Committee	-	-	-	-	-	-
6	Satoshi Takazawa	CFO	-	-	-	-	-	-
7	Tadaki Matsuo	Senior Vice President of Manufacturing	-	-	-	-	-	-
8	Takashi Shigemori	Vice President of Market Development	-	-	-	-	-	-

The following table shows the details of Senior Executives whose services ended during 2012. The column "Period End" indicates the last working day of the Executive as specified below the table:

No.	Name	Position	Period Start		Period End		Net Change	Change %
			Stocks	Debt Instruments	Stocks	Debt Instruments		
1	Abdulaziz H. Mutwalli*	Vice President of Engineering & Support	5,000	-	5,000	-	-	-
2	Osama O. Fakieh**	Vice President of Human Resources & Corporate Affairs	2,000	-	2,000	-	-	-

* Abdulaziz H. Mutwalli service ended on January 17th, 2012
** Osama O. Fakieh service ended on November 1st, 2012

Fees & Remuneration

The details of the Board meeting expenses, remuneration and Company executives' salaries are shown in the below table:

(Expressed in Thousand Saudi Arabian Riyals)

	Executives Board Members	Non-Executives Board Members	Independent Board Members	Five Senior Executive (Including CEO & CFO)
Salaries & Compensation	2,563	-	-	6,068

Allowances	-	-	78	-
Periodic Annual Remunerations	-	-	-	-
Incentives Plans	-	-	-	-
Other Compensations or Benefits	-	-	325*	-

*Independent Board members receive an annual bonus of SAR 150,000 each against their service on the Board.

Executive and Non-Executive Board members do not receive compensation nor remuneration against their services on the Board.

16. Board Audit Committee

The Board Audit Committee oversees financial, risk management and internal control aspects of the Company's operations. Its responsibilities include the review and discussion of the Company's interim and annual financial statements. The Board Audit Committee oversees the Company's external auditor and reviews the effectiveness of external and internal audit and has the authority to engage such external experts, as it deems necessary to fulfill its obligations of stewardship on the financial affairs of the Company.

The Board Audit Committee has responsibility for reviewing effectiveness of the Company's system of internal controls, accounting information systems and finance department competencies and capabilities in light of compliance with generally accepted accounting standards.

The Committee had 5 meetings during the period January 1 to November 2, 2012, the following table shows the composition of the company's Board Audit Committee (BAC) including the director's names, titles as well as committee meetings attendance during the said period:

Name	Title	Meeting Attended
Motassim A. Al-Ma'ashouq	Chairman of Board Audit Committee	5
Osamu Ishitobi	Member	4 + 1 Proxy (Ahmed S. Al-Humaid)
Saud A. Al-Ashgar	Member	5
Ahmed S. Al-Humaid	Member	5
Anwar J. Al-Mudahki	Secretary of the Committee (Non-Member)	5

The following table shows the composition of the company's Board Audit Committee (BAC) during the Board's second term (starting November 3rd, 2012 and continues until November 2nd, 2015) including the director's names, titles. The committee did not have any meetings during the period November 3rd to December 31st, 2012:

Name	Title
Saud A. Al-Ashgar	Chairman of Board Audit Committee
Noriaki Takeshita	Member
Motaz A. Al-Mashouk	Member
Sulaiman Al-Hossain	Member
Anwar J. Al-Mudahki	General Auditor & Secretary of the Committee (Non-Member)

Based on the comprehensive review conducted by the Board Audit Committee, the committee reports that the Company is applying an effective internal auditing system and that all its financial practices are in line with accepted accounting standards followed in the Kingdom of Saudi Arabia.

17. Nomination, Remuneration and Compensation Committee

The Committee, which has duration of three years, decides on how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board. The main duties of the Committee include, but are not limited, to the following:

- Recommending nomination of the independent Directors to the Board.
- Annually reviewing the required skills of the independent Directors of the Board and the time that a Director should dedicate to the Board's functions.
- Verifying annually the independence of the independent Directors and the absence of any conflict of interests if the Directors serve as directors on the Board of any other Company.
- Recommending to the Board clear policies for the remuneration for the Directors and senior executive officers using the performance criteria.

The Committee had 4 meetings during the period January 1 to November 2, 2012. The following table shows the composition of the company's Board Nomination, Remuneration & Compensation Committee (NRCC) including the director's names, titles as well as committee meetings attendance during the said period:

Name	Title	Meeting Attended
Motassim A. Al-Ma'ashouq	Chairman of Nomination, Remuneration and Compensation Committee	4
Ahmed S. Al-Humaid	Member	4
Ziad S. Al-Labban	Member	4
Osamu Ishitobi	Member	4
Osama O. Fakieh	Vice President of Human Resources & Corporate Affairs & Secretary of the Committee (Non-Member)	4

The following table shows the composition of the company's Board Nomination, Remuneration & Compensation Committee (NRCC) during the Board's second term (starting November 3, 2012 and continues until November 2, 2015) including the director's names, The committee did not have any meetings during the period November 3 to December 31, 2012:

Name	Title
Motaz A. Al-Mashouk	Chairman of Nomination, Remuneration and Compensation Committee
Saud A. Al-Ashgar	Member
Noriaki Takeshita	Member
Abdulsalam Al-Mazro	Member
Bassam A. Bokhari	Vice President of Human Resources & Corporate Affairs & Secretary of the Committee (Non-Member)

18. Human Resources

As of the end of December 2012, Petro Rabigh manpower totaled 2,769, including 115 participants in the Company's Apprenticeship and College Degree programs, with a Saudization level of 85%. Petro Rabigh has achieved significant progress towards the recruitment and development of a skilled workforce. The Company has established in-house and Out-Of-Company (OOC) training programs in collaboration with specialized institutes, especially in the operation and maintenance aspects of the plants. Special focus has been put on safety, certification training, and professional & leadership training. During 2012, a total number of 981 employees were enrolled in 47 in-house training programs, while 307 employees attended OOC programs.

As part of the Company's effort to qualify national manpower, four training programs were established: the Apprenticeship Program, the Professional Development Program, the College Degree Program for Non-Employees, and the College Continuation Program for Non-Employees. Since commencement of the Apprenticeship Program, a total of 876 trainees have enrolled.

19. Incentive Programs for Staff

Shares Ownership Incentive Program for Employees:

The Board of Directors has approved implementation of an employee share ownership plan (ESOP) which provides 800 shares to eligible employees at the end of a 5-year maturity period. To implement this, the Company arranged with a commercial bank to subscribe for 1.5 million shares during the IPO period at the offer price of SR21 per share. These ESOP shares are managed by Riyadh Capital under an open ended mutual fund which has offered to subscribe and hold such shares "on trust" for the employees as part of an Administrative Service Agreement. These shares, as service awards to employees, are amortized evenly over a period of five years and allocated to eligible employees until the vesting period has been fully met.

In 2011 the company purchased 25,128 shares at a the price of SR22.75 which were added to the program in order to meet the increase in hiring.

As of the end 2012, a total of 1,819 employees have joined the shares ownership Incentive Program, and a total of 9,493 shares were allocated to 14 terminated employees.

Home Ownership Incentive Program

The Board of Directors of Petro Rabigh approved implementing an incentive program for the Saudi employees from both genders to own housing units. The program aims at providing stability for staff and the convenience of living near the Company's facilities, which should positively reflect on their performance and continued employment with the Company. Per this program, the employee can own or build a housing unit for a single family. The Board of Directors approved 150 loans for 2013.

Employee Lot Allowance

Part of the Home Ownership Program (HOP) the Company provides an amount of SR200,000 as land lot allowance. This amount is considered as a personal loan. The employee will only be required to repay this loan, or a prorated amount, if he/she leaves the Company before completing 5 year of continuous services from the amount receiving date

Employee Savings Plan

The company offers its employees the opportunity to enroll in a savings plan program where the employee contributes a percentage not exceeding 10% of his/her basic salary. The Company then rewards the employee at the rate of 10% for each year of continuous service, up to 100% of the monthly employee's contribution starting with the 10th year of continuous service.

The Balance as of December 31, 2012 for the above mentioned Programs and Funds is as follows:

(Expressed in Thousand Saudi Arabian Riyals):

Description	Balance
Shares Ownership Incentive Program for Employees	31,873
Employee Housing Loan-HOP (10% Fund)	4,055
Employee Lot Allowance (HOP)	21,577
Employer's contribution to ETP	10,800

20. Safety, Health and Environmental Protection

Safety

During 2012, Petro Rabigh received the Gold Award Certificate from the Royal Society for the Prevention of Accidents (RoSPA). This award is a recognition of Petro Rabigh's safety improvement initiatives and health & safety management system activities.

Health and Environmental Protection

In line with applicable Environment & Health regulations, Ambient Air quality was continuously monitored by two Air Quality Monitoring Stations (Fixed & Mobile) and Point Source Emission Testing was conducted twice in 2012. Water discharges and groundwater were periodically monitored and reported in accordance with local and international legal requirements. Marine Environment Survey & Study was carried out annually addressing biodiversity, water quality and bioaccumulation by an authorized third party and no adverse environmental impact was reported due to Petro Rabigh operation activities.

Occupational Health Programs and environmental health assessments were timely performed to protect the health and wellbeing of Petro Rabigh employees and community.

Wastes Generation were minimized through the implementation of (4Rs concept/Resource Conservation; to reduce, reuse, recover and recycle) with the objective of protecting the environment and revenue generation.

Petro Rabigh successfully maintained the integrated management systems (IMS) certifications in ISO 9001:2008 (Quality Management Systems), ISO 14001:2004 (Environmental management systems) and OHSAS 18001:2007 (Occupational Health & Safety Management Systems) for the second consecutive year. Petro Rabigh also supported Responsible Care (RC) initiative in coordination with GPCA by reporting HSE performance metrics to stakeholders.

20. Corporate Social Responsibility

Petro Rabigh performs the following on-going CSR activities:

- **Petro Rabigh School Bus Services:** Launched in October 2008, for both male and female students residing in charity housing in and around Rabigh as they did not have reliable means of transportation.
- **Petro Rabigh Supply of Drinking Water:** Supplied to Rabigh Municipality as well as remote schools and other establishments.
- **Petro Rabigh CSR Irrigation Water for Gardens**: A low pressure network was built to supply an average rate of 350 m^3 of water per day to the Rabigh community. The project has greatly improved the availability of water in demanding periods of the year.
- **Petro Rabigh CSR Bachelor Degree Program for Non-Employees (CDPNE)** Petro Rabigh awards 4 scholarships every year to students from the Rabigh area, to pursue their studies and gain a Bachelor degree.
- **Petro Rabigh CSR Summer Training Programs** Petro Rabigh, since 2008. arranges a 6 week summer training program for 24 high school students from Rabigh and the dependents of Petro Rabigh employees. The program covers English, Computer Skills & Safety Procedures.

21. Communications with Shareholders

Petro Rabigh pays special attention to its shareholders, as it applies several measures to ensure similar access of information through "Tadawul" and the corporate web site; www.petrorabigh.com. The Company also provides comprehensive information on its activities and operations in the quarterly and annual financial statements and reports. Furthermore, the Company is keen on communicating with shareholders, answering their questions and providing them with all the required information in a timely manner and within the disclosure and transparency regulations and rules issued by the Capital Market Authority (CMA).

The company dedicated a Toll-free telephone number for shareholder's inquiries and/or complaints which is: **800-440-9000.**

22. Compliance to Corporate Governance Regulations

The company complies to all Corporate Governance regulations that are issued by the Capital Market Authority, except for the following regulations:

Corporate Governance Article	Status of Compliance	Justification
Chapter 4 – Article 10 – C: Did the Board of Directors approve an internal Corporate Governance code for the Company?	Not in Compliance	The Company follows the Corporate Governance code issued by the Capital Market Authority while an internal Corporate Governance code is currently under preparation for the Board's approval during 2013.
Chapter 4 – Article 10 – H-5: Did the Company outline a written policy that regulate the relationship with stakeholders with a view to protecting their respective rights covering the Company's Social Contributions?	Not in Compliance	Since its establishment, the Company conducted a number of social contributions. These initiatives went through evaluation and approval processes that ensured the protection of stakeholders' rights, in addition the Company disclosed these initiatives in its annual reports. However, there is no written policy, and it is targeted to develop and approve such a policy during 2013.
Chapter 4 – Article 11 – F: Did Board of ensure that a procedure is laid down for orienting the new board members of the company's business and, in particular, the financial and legal aspects, in addition to their training, where necessary.	Not in Compliance	There is no documented procedure although the Company conducted an orientation session for all new Board member that covered all aspects of the Company as well providing responses to all their queries as well as providing them with a tour at the company's complex. However, this orientation process is currently being documented in order to be followed in the future.

23. Declarations of the Board of Directors

The Board of Directors declares the following:

1- There are no businesses or contracts where Petro Rabigh is a party and a Board Member, the CEO or the CFO or any person related to any of them has interest in.

2- That the Accounting records have been properly prepared and in accordance to the Generally Accepted Accounting Principles (GAAP).

3- That the internal control system has been prepared on sound basis and is being implemented effectively.

4- That there are no doubts about the company's ability to pursue its activities.

5- That there are no arrangements or agreements through which any of the company's shareholders waives any profit rights.

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

FINANCIAL STATEMENTS
31 December 2012
with
INDEPENDENT AUDITORS' REPORT

KPMG Al Fozan & Al Sadhan
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Kingdom of Saudi Arabia

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Internet www.kpmg.com.sa

License No. 46/11/323 issued 11/3/1992

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Rabigh Refining and Petrochemical Company ("the Company") which comprise the balance sheet as at December 31, 2012 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended and the attached notes 1 through 27 which form an integral part of the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and in compliance with Article 123 of the Regulations for Companies and the Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management has provided us with all the information and explanations that we require relating to our audit of these financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements taken as a whole:

1) present fairly, in all material respects, the financial position of the Company as at December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the circumstances of the Company; and

2) comply with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of financial statements.

For KPMG Al Fozan & Al Sadhan:

Ebrahim Oboud Baeshen
License No. 382

Jeddah, 9 Rabi Al-Thani 1434H
Corresponding to 19 February 2013

RABIGH REFINING AND PETROCHEMICAL COMPANY
(Saudi Joint Stock Company)

BALANCE SHEET
As at 31 December 2012
(Expressed in Saudi Arabian Riyals '000)

	Notes	2012	2011
ASSETS			
Current assets			
Cash and cash equivalents	5	**4,235,672**	2,710,282
Trade receivables	6	**7,810,280**	9,059,849
Inventories	7	**3,986,076**	4,029,544
Long-term loan, current portion	12	**183,250**	173,117
Prepayments and other current assets	8	**271,166**	291,739
Total current assets		**16,486,444**	16,264,531
Non-current assets			
Property, plant and equipment	9	**28,119,084**	30,196,943
Leased assets	10	**316,956**	336,925
Intangible assets	11	**263,026**	317,779
Investment	12	**8,556**	8,556
Long-term loans	12	**2,581,483**	2,726,963
Total non-current assets		**31,289,105**	33,587,166
Total assets		**47,775,549**	49,851,697
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Finance lease obligations, current portion	10	**11,239**	10,416
Long-term loan from banks and financial institutions, current portion	15	**1,606,432**	1,606,432
Trade and other payables	13	**14,409,235**	15,401,808
Accrued Zakat	21	**27,952**	14,367
Accrued expenses and other current liabilities	14	**747,475**	726,679
Total current liabilities		**16,802,333**	17,759,702
Non-current liabilities			
Long-term loan from banks and financial institutions	15	**17,408,638**	19,015,070
Loan from Founding Shareholders	15	**4,575,000**	4,575,000
Finance lease obligations	10	**349,228**	360,467
Provision for Deferred Employee Service Awards	17	**30,102**	23,799
Provision for employees' end of service benefits		**49,306**	31,961
Total non-current liabilities		**22,412,274**	24,006,297
Total liabilities		**39,214,607**	41,765,999
Shareholders' equity			
Share capital	16	**8,760,000**	8,760,000
Statutory reserve	16	**2,485,344**	2,436,458
Employee Share Ownership Plan	17	**(31,873)**	(31,965)
Accumulated losses		**(2,652,529)**	(3,078,795)
Total shareholders' equity		**8,560,942**	8,085,698
Total liabilities and shareholders' equity		**47,775,549**	49,851,697

The accompanying notes 1 to 27 form
an integral part of these financial statements.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(Saudi Joint Stock Company)

STATEMENT OF INCOME
For the year ended 31 December 2012
(Expressed in Saudi Arabian Riyals '000)

	Notes	2012	2011
Sales	4 & 23	**62,010,877**	53,376,836
Cost of sales	4 & 23	**(60,481,712)**	(52,392,648)
Gross profit		**1,529,165**	984,188
General and administrative expenses	18	**(780,787)**	(797,391)
Marketing and selling expenses		**(94,414)**	(84,006)
Total expenses		**(875,201)**	(881,397)
Operating profit		**653,964**	102,791
Interest and other income, net	19	**217,603**	247,055
Financial charges, net	20	**(382,709)**	(283,953)
Net income for the year		**488,858**	65,893
Earnings per share	22	**0.56**	0.08

The accompanying notes 1 to 27 form
an integral part of these financial statements.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2012
(Expressed in Saudi Arabian Riyals '000)

	Notes	2012	2011
Cash flows from operating activities			
Net income for the year		**488,858**	65,893
Adjustments to reconcile net income to net cash from operating activities			
Provision for doubtful debts		**14,205**	14,205
Depreciation	9 & 10	**2,127,304**	2,057,793
Amortization	11	**54,876**	49,041
Loss on retirement of property, plant and equipment	19	**8,300**	1,759
Provision for Deferred Employee Service Awards and Employee Share Ownership Plan		**6,395**	4,938
Provision for employees' end of service benefits		**22,199**	24,917
Financial charges, net		**382,709**	283,953
		3,104,846	2,502,499
Changes in operating assets and liabilities			
Decrease (increase) in trade receivables		**1,235,364**	(2,621,668)
Decrease (increase) in inventories		**43,468**	(1,203,123)
Decrease (increase) in prepayments and other current assets		**20,573**	(65,372)
(Decrease) increase in trade and other payables		**(914,875)**	3,437,477
Increase (decrease) in accrued Zakat		**15,594**	(59,955)
Increase (decrease) in accrued expenses and other current liabilities		**(90,970)**	(134,139)
		3,414,000	1,855,719
Employees' end of service benefits paid		**(4,854)**	(3,791)
Net cash from operating activities		**3,409,146**	1,851,928
Cash flows from investing activities			
Additions to property, plant and equipment		**(131,565)**	(367,066)
Proceeds from disposal of property, plant and equipment		**253**	--
Net movement in long-term investments and other balances with RAWEC		**135,347**	155,863
Net cash from (used in) investing activities		**4,035**	(211,203)
Cash flows from financing activities			
Repayment of long-term loan from banks and financial institutions		**(1,606,432)**	(1,278,498)
Interest paid		**(270,943)**	(190,794)
Repayment of finance lease obligations		**(10,416)**	(9,637)
Net cash used in financing activities		**(1,887,791)**	(1,478,929)
Net increase in cash and cash equivalents		**1,525,390**	161,796
Cash and cash equivalents as at 1 January	5	**2,710,282**	2,548,486
Cash and cash equivalents as at 31 December	5	**4,235,672**	2,710,282

The accompanying notes 1 to 27 form
an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2012
(Expressed in Saudi Arabian Riyals '000)

	Share capital	Statutory reserve	Employee Share Ownership Plan	Accumulated losses	Total
Balance at 1 January 2011	8,760,000	2,429,869	(31,450)	(3,148,622)	8,009,797
New ESOP shares	--	--	(572)	--	(572)
Vesting of shares under ESOP (note 17)	--	--	57	--	57
Net income for the year	--	--	--	65,893	65,893
Transfer to statutory reserve	--	6,589	--	(6,589)	--
Zakat charge for the year (note 21)	--	--	--	(14,367)	(14,367)
Zakat reimbursable from shareholders	--	--	--	24,890	24,890
Balance at 31 December 2011	8,760,000	2,436,458	(31,965)	(3,078,795)	8,085,698
Vesting of shares under ESOP (note 17)	--	--	92	--	92
Net income for the year	--	--	--	488,858	488,858
Transfer to statutory reserve	--	48,886	--	(48,886)	--
Zakat charge for the year (note 21)	--	--	--	(25,942)	(25,942)
Zakat reimbursable from shareholders	--	--	--	12,236	12,236
Balance at 31 December 2012	**8,760,000**	**2,485,344**	**(31,873)**	**(2,652,529)**	**8,560,942**

The accompanying notes 1 to 27 form
an integral part of these financial statements.

1. REPORTING ENTITY AND OPERATIONS

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 from the Ministry of Commerce, Jeddah, on 15 Shaaban 1426H (corresponding to 19 September 2005). The Founding Shareholders (see note 4) of the Company resolved on 28 Rabi Al Awal 1428H (corresponding to 16 April 2007) to change the legal status of the Company from a Limited Liability Company to a Joint Stock Company with an increased share capital of SR 6,570 million registered under the revised Commercial Registration issued by the Ministry of Commerce, Riyadh with effective date of 22 Shawal 1428H (corresponding to 3 November 2007).

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

The Company is engaged in the operation of an integrated petroleum refining and petrochemical complex, including the manufacturing of refined petroleum products, petrochemical products and other hydrocarbon products. The Company commenced its refined and petrochemical products operations effective 1 October 2008 and 1 July 2009 respectively.

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

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

2. BASIS OF PREPARATION

Statement of compliance

The accompanying financial statements have been prepared in accordance with the generally accepted accounting standards (the Standards) in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA).

2. BASIS OF PREPARATION (continued)

Basis of measurement

These financial statements have been prepared under the historical cost convention except for available for sale investment which is stated at fair value, using the accrual basis of accounting and the going concern concept.

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 financial statements are presented in Saudi Arabian Riyals (SR). All financial information presented in SR has been rounded to the nearest thousands, except where indicated.

Use of estimates and judgments

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

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

The key areas requiring significant management judgments and estimates are as follows:

Impairment of accounts receivable

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due.

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.

2. BASIS OF PREPARATION (continued)

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceeds their recoverable amount, an impairment loss is recognized in the statement of income. The recoverable amount is the higher of an asset's net selling price and the value in use. The net selling price is the amount obtained from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment of available for sale investments

The Company exercises judgement to consider the impairment of available for sale investments as well as their underlying assets. This includes the assessment of objective evidence which causes other than temporary decline in the value of investments. Any significant and prolonged decline in the fair value of the equity investment below its cost is considered as objective evidence for the impairment. The determination of what is 'significant' and 'prolonged' requires judgement. The Company also considers impairment to be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently to all periods presented in the financial statements:

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.

Trade receivables

Trade receivables are carried at original amounts less provision made for doubtful accounts. A provision for doubtful accounts is established when there is a significant doubt that the Company will be able to collect all amounts due according to the original terms of agreement.

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories, determined on weighted average basis, in case of:

- raw materials, goods in transit, spare parts and consumables - invoice value and other costs incurred in bringing them to their existing location and condition; and
- work-in-process and finished goods - direct materials, labour and applicable production overheads based on normal operating capacity.

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

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of each asset. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognized in the statement of income when incurred.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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:

	Years
Buildings and infrastructure	8 – 25
Plant, machinery and operating equipment	6 – 23
Vehicles and related equipment	3 – 6
Furniture and IT equipment	3 – 14

Capital projects in progress are stated at cost.

Leases

Leased assets

Leases for which the Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, leased assets are depreciated over the shorter of the lease term and their following estimated useful lives:

	Years
Desalination and power plant	17
Marine terminal facilities	30
Medical equipment	3

Other leases classified as operating leases are not recognized in the balance sheet.

Lease payments

Minimum lease payments made under the finance leases are apportioned between the finance expense and the reduction of outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

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

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

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

	Years
Softwares	5
Licenses	15 - 22.5

Investment

The Company's investment in equity securities which is not for trading purposes and the Company does not have significant influence or control 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 other than impairment losses, are recognized in the shareholders' equity. In case of a fair value of equity security is not readily available, the cost is taken as reliable basis for subsequent measurement of fair value of the security.

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

Trade and other payables

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Zakat and income tax

Zakat and income tax are provided for in accordance with Saudi Arabian fiscal regulations. Zakat is debited to the Saudi Founding Shareholders and the general public, while income tax is debited to the foreign Founding Shareholders ' equity account.

Employees' end of service benefits

The Company provides end of service benefits to its employees. The entitlement to these benefits is usually 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. The charge for the period is transferred to the statement of income on an actual basis.

Employee Share Ownership Plan

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

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

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

Revenue recognition

Revenue from sale of products is recognized when significant risks and rewards of ownership have been transferred to the customer upon delivery or shipment of products.

Revenue from port services is recognized when services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses

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

Foreign currency translation

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

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

Segment reporting

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

4. ARRANGEMENTS WITH FOUNDING SHAREHOLDERS

The Founding Shareholders of the Company are Saudi Arabian Oil Company ("Saudi Aramco") and Sumitomo Chemical Company Limited ("Sumitomo Chemical"), with each having 50% of the share capital of the Company prior to the IPO in January 2008. Saudi Aramco and Sumitomo Chemicals each own 37.5% of the share capital of the Company post IPO.

The Company has entered into various agreements with Founding Shareholders including, among others:

(a) Crude Oil Feedstock Supply Agreement

On 28 January 2006, the Company entered into a Crude Oil Feedstock Supply Agreement (COSA) with Saudi Aramco for the supply to the Company of its crude oil feedstock requirements, up to a maximum supply of 400,000 bpd, solely for use in the Rabigh Project. The price at which Saudi Aramco sells the crude feedstock to the Company is based, amongst other variable market factors, on the international crude oil prices. The COSA is valid for 30 years commencing from 1 October 2008.

4. ARRANGEMENTS WITH FOUNDING SHAREHOLDERS (continued)

(b) Refined Products Lifting and Marketing Agreement

On 11 March 2006, the Company signed a Refined Products Lifting & Marketing Agreement (RPLMA) with Saudi Aramco as sole "Marketer" of refined products from the Rabigh Refinery. The RPLMA is valid for 10 years from 1 October 2008, and is further extendable for another 5 years. Pursuant to this agreement, Saudi Aramco will lift and market globally, on behalf of the Company as "Seller", the refined products from the Rabigh Complex.

(c) Petrochemical Products Lifting and Marketing Agreement

On 11 March 2006, the Company signed a Petrochemical Products Lifting & Marketing Agreement (PPLMA) with Sumitomo Chemical as "Marketer" of petrochemical products from the Rabigh Refinery. The PPLMA is valid for 10 years from accumulated production date, and is further extendable for another 5 years. Pursuant to this agreement, Sumitomo Chemical will lift and market globally, on behalf of the Company as "Seller", the petrochemical products from the Rabigh Complex. An Assignment and Assumption Agreement dated 23 February, 2009 assigns Sumitomo Chemical Asia as the "Marketer".

(d) Credit Facility Agreement

On 18 March 2006, the Company entered into a Credit Facility Agreement (CFA) with both of its Founding Shareholders. Under the provisions of this agreement, the Founding Shareholders agreed to grant to the Company a loan facility up to a maximum aggregate amount of SR 6,206 thousands for the development, design, construction and operation of the integrated petroleum refining and petrochemical project. The commitment of Founding Shareholders in respect of this facility expire on 1 July 2013.

(e) Terminal Lease Agreement

The Company entered into a Terminal Lease Agreement with Saudi Aramco on 2 March 2006 in respect of the existing Rabigh Marine Terminal. Under this agreement, the Company has been granted certain exclusive rights by Saudi Aramco to use and operate the Rabigh Terminal Facilities and the Rabigh Terminal Site for a term of 30 years effective from 1 October 2008.

(f) Secondment Agreements

The Company has entered into Secondment Agreements with each of its Founding Shareholders that with Saudi Aramco dated 12 June 2006, and with Sumitomo Chemical dated 1 July 2006. Each of these agreements has a continuous term to apply until the date on which a Founding Shareholder ceases to be a shareholder of the Company. These agreements cover the requirement of the Company from time to time for the secondment of certain personnel to assist in the conduct of business and operations.

4. ARRANGEMENTS WITH FOUNDING SHAREHOLDERS (continued)

(g) Services Agreements

The Company has entered into Services Agreements with Founding Shareholders with effect from 1 August 2005 covering various operational and logistics support services. Each of these agreements has an initial term of 5 years and are renewable thereafter for consecutive additional periods of one year each.

These agreements cover the provision of various support services to the Company during the plant construction and initial operations phase of the Rabigh Project – such as Accounting & Finance, Human Resources, Engineering, Procurement and Construction, Legal, Information Technology, General Management, Technical Support and Pre-marketing Support. These agreements also cover the ongoing technical support needed for continuous operations and ongoing enhancements such as refining and petrochemical process know-how provided by Saudi Aramco and Sumitomo Chemical respectively and marketing technical services, engineering and safety best practices and training provided by both Founding Shareholders. The Company shall pay for these services at prices specified in each service authorization for the services to be provided.

(h) Rabigh Refinery Complex Lease Agreement

The Company has entered into Rabigh Refinery Complex Lease Agreement with Saudi Aramco dated 1 November 2005 for the lease of approximately 11.8 million square meters for a period of 99 years, with effect from 1 November 2005, and may be renewed thereafter for consecutive additional periods as agreed. The Company shall pay to Saudi Aramco rent in an amount equal to SR 1 per square meter per annum starting from 1 October 2008.

(i) Rabigh Community Lease Agreement

The Company has entered into Rabigh Community Lease Agreement with Saudi Aramco dated 1 October 2008. This agreement has an initial term of 5 years with effect from 1 October 2008, and may be renewed thereafter for consecutive additional periods as agreed. The Company shall pay to Saudi Aramco rent of SR 28.5 million per annum starting from 1 October 2008.

(Expressed in Saudi Arabian Riyals '000)

5. CASH AND CASH EQUIVALENTS

	2012	2011
Cash in hand	**620**	582
Cash at banks:		
– current accounts	**119,138**	227,200
– short-term deposits	**4,115,914**	2,482,500
	4,235,672	2,710,282

The short-term deposits are held with commercial banks. These short-term deposits have an original maturity not exceeding three months.

6. TRADE RECEIVABLES

	2012	2011
Saudi Aramco - (see note 4 (b))	**6,200,923**	7,122,433
Sumitomo Chemical Asia - (see note 4 (c))	**1,290,871**	1,568,367
Other customers	**346,896**	383,254
	7,838,690	9,074,054
Provision for doubtful debts – other customers	**(28,410)**	(14,205)
	7,810,280	9,059,849

7. INVENTORIES

	2012	2011
Raw materials	**329,122**	332,106
Goods in-transit	**23,095**	22,015
Work-in-process	**864,828**	1,004,690
Finished goods	**1,852,566**	1,896,739
Spare parts and consumables	**916,465**	773,994
	3,986,076	4,029,544

8. PREPAYMENTS AND OTHER CURRENT ASSETS

	2012	2011
Prepayments	**74,490**	79,192
Advances to suppliers	**52,156**	41,643
Deposits	**107,010**	114,414
Other receivables	**37,510**	56,490
	271,166	291,739

(Expressed in Saudi Arabian Riyals '000)

9. 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						
At 1 January 2012	4,730,433	29,834,184	62,310	315,847	42,575	34,985,349
Additions / transfers, net (note 9.2)	7,923	14,997	--	1,389	13,720	38,029
Retirement	(6,101)	(5,252)	--	--	--	(11,353)
At 31 December 2012	4,732,255	29,843,929	62,310	317,236	56,295	35,012,025
Depreciation						
At 1 January 2012	719,948	3,937,043	57,015	74,400	--	4,788,406
Charge for the year	280,802	1,794,748	1,507	30,278	--	2,107,335
Released on retirement	(2,080)	(720)	--	--	--	(2,800)
At 31 December 2012	998,670	5,731,071	58,522	104,678	--	6,892,941
Carrying value						
At 31 December 2012	**3,733,585**	**24,112,858**	**3,788**	**212,558**	**56,295**	**28,119,084**
At 31 December 2011	4,010,485	25,897,141	5,295	241,447	42,575	30,196,943

(Expressed in Saudi Arabian Riyals '000)

9. PROPERTY, PLANT AND EQUIPMENT (continued)

9.1 Depreciation charge for the year has been allocated as follows:

	2012	2011
Cost of sales	**2,021,713**	1,941,398
General and administrative expenses	**85,622**	97,248
	2,107,335	2,038,646

9.2 This includes an amount of SR 123 thousand (2011: 74.906 million) transferred to intangible assets (note 11).

9.3 The land used for the Refining and Petrochemical plant is on an operating lease for annual rental of SR 11.8 million (2011: 11.8 million) from one of the Founding Shareholders for a period of 99 years (see note 4(h) & 23).

10. LEASES

10.1 Finance leases

10.1.1 Leased assets at 31 December 2012 acquired under finance lease are detailed as under:

	Desalination and power plant	Marine terminal facilities	Medical equipment	Total
Cost				
At 1 January and 31 December	106,015	288,820	3,528	398,363
Depreciation				
At 1 January 2012	20,274	40,810	354	61,438
Charge for the year	6,236	12,558	1,175	19,969
At 31 December 2012	26,510	53,368	1,529	81,407
Carrying value				
At 31 December 2012	**79,505**	**235,452**	**1,999**	**316,956**
At 31 December 2011	85,741	248,010	3,174	336,925

(Expressed in Saudi Arabian Riyals '000)

10. LEASES (continued)

10.1.2 Finance lease obligations are payable as follows:

	2012			2011
	Future minimum lease payments	Interest	Present value of minimum lease payments	Present value of minimum lease payments
Marine terminal facilities	**492,429**	**221,572**	**270,857**	275,505
Desalination and power plant	**123,850**	**35,714**	**88,136**	92,751
Medical equipment	**1,680**	**206**	**1,474**	2,627
	617,959	**257,492**	**360,467**	370,883

At 31 December, the finance lease obligations are presented in the balance sheet as follows:

	2012	2011
Current portion	**11,239**	10,416
Non-current portion	**349,228**	360,467
	360,467	370,883

10.1.3 The future minimum lease payments as of 31 December are as follows:

Year	2012	2011
2012	--	30,541
2013	**30,514**	30,514
2014	**28,834**	28,834
2015	**28,834**	28,834
2016	**28,861**	28,834
2017 and thereafter	**500,916**	500,943
	617,959	648,500

(Expressed in Saudi Arabian Riyals '000)

10. LEASES (continued)

10.1.4 On 1 October 2008, the Company has taken over the interest and obligations of Saudi Aramco through a in respect of the Desalination plant for the Refinery Complex, with a remaining term of 17 years. The aggregate present value of this leased asset was estimated to be SR 106 million which has also been capitalized as leased assets cost. The total undiscounted minimum lease payments will be SR 123.8 million (2011: SR 133.6 million).

10.1.5 Marine terminal facilities were acquired under a finance lease agreement from Saudi Aramco over a period of 30 years (see note 4(e)). The total undiscounted minimum lease payments will be SR 492.4 million (2011: SR 511.5 million).

10.1.6 Medical equipment under a finance lease agreement from International Medical Center are acquired over a period of 3 years. The total undiscounted minimum lease payments will be SR 1.7 million (2011: SR 3.4 million).

10.1.7 Depreciation charge in respect of finance leased assets for the year has been allocated as follows:

	2012	2011
Cost of sales	**6,235**	6,237
General and administrative expenses (note 18)	**13,734**	12,910
	19,969	19,147

10.2 Operating leases

10.2.1 Non-cancellable operating lease rentals are as follows:

	2012	2011
Less than one year	**579,974**	574,489
Between one to five years	**2,141,674**	2,121,074
More than five years	**8,547,722**	9,035,023
	11,269,370	11,730,586

10.2.2 The Company has entered into operating leases for land, a water and energy conversion plant and site facilities, with options to renew the leases on expiry of relevant lease periods. Operating lease rental charged to the statement of income for the year ended 31 December 2012 amounts to SR 574.8 million (2011: SR 593.8 million).

(Expressed in Saudi Arabian Riyals '000)

11. INTANGIBLE ASSETS

	Softwares	Licenses	Total
Cost			
At 1 January 2012	220,292	209,114	429,406
Transfer from property, plant and equipment (note 9.2)	123	--	123
At 31 December 2012	220,415	209,114	429,529
Amortization			
At 1 January 2012	81,274	30,353	111,627
Amortization for the year	44,078	10,798	54,876
At 31 December 2012	125,352	41,151	166,503
Carrying value			
At 31 December 2012	**95,063**	**167,963**	**263,026**
At 31 December 2011	139,018	178,761	317,779

Amortization for the year has been allocated as follows:

	2012	2011
Cost of sales	**27,877**	22,042
General and administrative expenses (note 18)	**26,999**	26,999
	54,876	49,041

12. LONG-TERM INVESTMENT AND LOAN BALANCES WITH RAWEC

The Company has entered into various agreements namely Water and Energy Conversion Agreement (WECA), Facility Agreement and RAWEC Shareholders' Agreement (the agreements) with Rabigh Arabian Water and Electricity Company (RAWEC), a Saudi limited liability company (the Contractor) and other developers, to develop a build, own, operate and transfer basis, a plant that will utilise fuel oil, steam condensate and sea water to produce desalinated water, steam and electric power, to be supplied to the Company under the WECA dated 7 August, 2005. The Company and RAWEC subsequently amended the WECA, initially through a "Memorandum of Understanding" (MOU) to revise the Contract on 1 January 2010 and the amended WECA was signed by both parties on 30 October 2011. According to the amended WECA, the water and energy conversion plant will continue to be utilized by the Company under an operating lease expiring on 1 June, 2033 (see note 10.2.2). Through these agreements, the Company provided a portion of project finance through drawdowns over the construction period of the project. The project achieved commercial closing date on 1 June 2008.

(Expressed in Saudi Arabian Riyals '000)

12. LONG-TERM INVESTMENT AND LOAN BALANCES WITH RAWEC (continued)

The investment in RAWEC and the loan outstanding at 31 December comprised the following:

	2012	2011
Long-term investment	**8,556**	8,556
Long-term loan:		
Current portion	**183,250**	173,117
Non-current portion:		
RAWEC loan facility	**2,540,933**	2,724,184
Loans to employees	**40,550**	2,779
	2,581,483	2,726,963
	2,764,733	2,900,080

The Company has provided a loan under the Facility Agreement in the total amount of SR 3.9 billion which carries interest at 5.765% per annum and is being settled through offsetting of monthly utilities related payments of operating lease relating to the water and energy conversion plant to RAWEC from 30 June 2008 to 30 November 2023. The loan is secured by a charge over all the assets of the RAWEC.

The Company has launched an Employee Home Ownership Program which is offered to eligible Saudi employees to provide interest free home loans. The cost of the land is advanced to employees free of cost as long as the employee serves the Company for a minimum period of five (5) years while the construction cost of the house is amortized and repayable only at 90% of the loan to the Company over a period of seventeen (17) years free of interest. Ownership of the housing unit is transferred to the employee upon full payment of the amounts due.

13. TRADE AND OTHER PAYABLES

	2012	2011
Trade payables:		
- Related parties (see note 4 (a) and 23)	**13,972,769**	14,852,332
- Others	**398,942**	517,370
	14,371,711	15,369,702
Other payables - related parties (see note 23)	**37,524**	32,106
	14,409,235	15,401,808

Other payables principally relate to payments made by Founding Shareholders on behalf of the Company in respect of seconded employees and other charges (see notes 4 (f) and 4(g)).

(Expressed in Saudi Arabian Riyals '000)

14. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2012	2011
Retentions	**107,785**	191,909
Withholding tax payable	**17,704**	13,171
Accrued interest on long-term loan (see notes 15.1 & 15.2)	**460,533**	359,271
Provision for deductibles	**80,622**	86,711
Others	**80,831**	75,617
	747,475	726,679

15. LONG-TERM LOANS

15.1 Loan from banks and financial institutions

	2012	2011
Japan Bank for International Cooperation	**8,180,921**	8,832,237
Other commercial banks	**5,622,863**	6,139,353
Public Investment Fund	**3,272,368**	3,532,894
Islamic financial institutions	**1,938,918**	2,117,018
	19,015,070	20,621,502

The Company has entered in a consortium loan agreement with various commercial banks and financial institutions for development, design, construction and operation of Rabigh Development Project. The facilities available under the loan agreement have been utilized in full and drawdowns made which finished in 1 July 2008. The loan carries interest at agreed market rates.

Bi-annual repayments commenced from June 2011 till the year of maturity, i.e. December 2021. The consortium loan agreement include financial and operational covenants, which among other things; require certain financial ratios to be maintained.

The loan is secured by the following:

- cash and cash equivalents with a carrying value of SR 4,235 million (see note 5);
- property, plant and equipment with a carrying value of SR 28,119 million (see note 9); and
- guarantees from the Founding Shareholders.

(Expressed in Saudi Arabian Riyals '000)

15. LONG-TERM LOANS (continued)

15.1 Loan from banks and financial institutions (continued)

At December 31, the loan is presented in the financial statements as follows:

	2012	2011
Current portion	**1,606,432**	1,606,432
Non-current portion	**17,408,638**	19,015,070
	19,015,070	20,621,502

15.2 Loan from Founding Shareholders

Loan from the Founding Shareholders are availed as part of the Credit Facility Agreement (see note 4d) and carries interest at agreed rates. Repayment shall be made on demand, after the first repayment made as per the Consortium Loan Agreement (see note 15.1), financial completion date and achieving the criteria set by the financial institutions under the Inter-creditor Agreement.

	2012	2011
Saudi Arabian Oil Company	**2,287,500**	2,287,500
Sumitomo Chemical Company	**2,287,500**	2,287,500
	4,575,000	4,575,000

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

16. SHARE CAPITAL AND STATUTORY RESERVE

16.1 The Company's share capital of SR 8.76 billion at 31 December 2012 (2011: SR 8.76 billion) consists of 876 million fully paid and issued shares of SR 10 each (2011: 876 million shares of SR 10 each).

16.2 The net proceeds from the issuance of new shares during the IPO in January 2008 resulted in a share premium of SR 2,409 million, which has been transferred to statutory reserve in accordance with the Company's Articles of Association.

16.3 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 10% of its net income to a statutory reserve until such reserve equal 50% of its share capital. This reserve is not available for distribution.

(Expressed in Saudi Arabian Riyals '000)

17. EMPLOYEE SHARE OWNERSHIP PLAN

During year ended December 31, 2008, the Board of Directors approved the implementation and operation of an Employee Share Ownership Plan ("ESOP"), which provides 5-year service awards to certain levels of staff.

The Company arranged with a commercial bank to subscribe for 1.5 million shares during the IPO at the offer price of SR 21 per share. These ESOP shares are held by the bank in trust for the staff that will become eligible for an award under the plan. Any of the ESOP shares that do not become issuable to eligible employees will be dealt with by the bank in accordance with the Company's instructions, and any disposal proceeds will be for the account of the Company. The Company recognized the liability through provision by amortizing the total cost of the ESOP shares on a straight line basis over a period of 5 years.

Until these ESOP shares become vested and are transferred to staff, they are accounted for as a deduction from shareholders' equity. During the year, the Company has vested 4,365 (2011: 2,728) shares to employees' beneficiaries due to accidental death.

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2012	2011
Salaries and other staff benefits - (note 23)	**411,825**	395,235
Depreciation (note 9 and 10)	**99,356**	110,158
Professional fees	**7,930**	10,398
Repair and maintenance	**83,171**	66,171
Communications	**49,062**	47,576
Rent	**27,746**	29,318
Recruitment, apprentice and training expenses - (note 23)	**6,202**	13,765
Amortization (note 11)	**26,999**	26,999
Bad debts	**14,205**	14,205
Travelling	**13,294**	12,265
Others	**40,997**	71,301
	780,787	797,391

19. INTEREST AND OTHER INCOME, NET

	2012	2011
Interest and dividend income	**173,959**	181,537
Port charges	**37,138**	33,077
Scrap sales and others	**14,806**	34,200
Loss on retirement of property, plant and equipment	**(8,300)**	(1,759)
	217,603	247,055

(Expressed in Saudi Arabian Riyals '000)

20. FINANCIAL CHARGES, NET

	2012	2011
Interest on loan from banks and financial institutions (note 15.1)	**255,853**	177,283
Interest on loan from Founding Shareholders (notes 15.2 & 23)	**105,471**	85,358
Interest on finance lease obligations (note 10.1.2)	**20,125**	20,877
Other finance charges – net	**1,260**	435
	382,709	283,953

21. ZAKAT AND INCOME TAX

a) Zakat

The significant components of Zakat base are as follows:

	2012	2011
Capital (Saudi Share - 62.5%) (2011: 62.5%)	**5,475,000**	5,475,000
Statutory reserve	**1,522,786**	1,518,668
Adjusted net loss	**(848,858)**	(1,944,105)
Saudi shareholder's loan and similar items	**14,005,703**	14,991,428
Deduction for property, plant & equipment	**(9,700,988)**	(12,103,206)
Deduction for investment	**(5,348)**	(5,348)
Deduction for inventories	**(418,024)**	(341,257)
Adjusted brought forward losses	**(8,912,212)**	(7,016,481)
	1,118,059	574,699

Zakat for the year ended December 31, 2012 is as follows:

	2012	2011
- Current year	**27,954**	14,367
- Prior year	**(2,012)**	--
	25,942	14,367

(Expressed in Saudi Arabian Riyals '000)

21. ZAKAT AND INCOME TAX (continued)

b) Income tax

The Company has an adjusted tax loss relating to the Foreign Shareholder of SR 223 million (2011: SR 952 million) for the year. Accordingly, no income tax has been accrued for the year.

c) Status of assessments

The Department of Zakat and Income Tax (DZIT) has issued assessments for the years 2006 and 2008 by raising an aggregate Zakat liability of SR 32 million. The Company has filed an objection which was rejected by the DZIT and on the request of the Company the assessments were transferred to Preliminary Appeal Committee (PAC) for adjudication. Management believes its position regarding the DZIT adjustment to be robust in the area of interpretation, and that it is too soon to be able to estimate a probable settlement amount. Any settlement amount eventually agreed with DZIT will not impact on the future earnings of the Company, as it will be recoverable from a founding shareholder - Saudi Arabian Oil Company.

The DZIT has also issued queries for 2009 and 2010 financial years requiring certain information pertaining to various elements of financial statements. The declaration for 2011 financial year was already filed and the Company has obtained a certificate valid until April 30, 2013.

22. EARNINGS PER SHARE

Earnings per share is computed by dividing the net income for the year by the weighted average number of ordinary shares outstanding of 876 million (2011: 876 million). The calculation for diluted earnings per share is not applicable to the Company.

23. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions mainly represent purchase and sales of goods and services which are undertaken at mutually agreed terms and approved by management from the following entities:

Name of entity	Relationship
Saudi Arabian Oil Company	Founding Shareholder
Sumitomo Chemical Company Limited	Founding Shareholder
Sumitomo Chemical Engineering Company Limited	Affiliate of Founding Shareholder
Sumitomo Chemical Asia Pte Limited	Affiliate of Founding Shareholder
Rabigh Conversion Industry Management Services Co.	Affiliate of Founding Shareholder
Sumika Alchem Company Limited	Affiliate of Founding Shareholder
Sumika Chemical Analysis Service Limited	Affiliate of Founding Shareholder

(Expressed in Saudi Arabian Riyals '000)

23. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Significant transactions with the Founding Shareholders and affiliates arise from the contracts and arrangements set out in note 4. In addition to the loan from Founding Shareholders, as set out in note 15.2, the above mentioned transactions result in receivables and payables balances with the related parties as set out in the balance sheet in trade and non-trade receivables, trade and other payables and accrued expenses and other current liabilities amounting to SR 7,510 million (2011: 8,765 million), SR 14,091 million (2011: 14,884 million) and SR 454 million (2011: 438 million) respectively. These transactions are summarized as follows:

Nature of transaction	Amount of transactions	
	2012	2011
Saudi Aramco		
Purchase of feedstock	**55,628,479**	49,139,340
Sale of refined products	**52,541,909**	45,265,312
Asset purchases	--	1,321
Interest expense	**51,383**	41,585
Secondees' and services costs	**105,286**	214,939
Sumitomo Chemical and its Affiliates		
Purchase of goods	**96,868**	121,936
Sale of petrochemical products	**7,518,347**	6,823,240
Interest expense	**51,383**	41,585
Secondees' and services costs	**43,086**	119,851

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 amount to SR 8.4 million (2011: SR 8.2 million), are included in secondees and services cost above.

The remuneration paid to the independent directors amounted to SR 574 thousand (2011: SR 324 thousand).

(Expressed in Saudi Arabian Riyals '000)

24. SEGMENT REPORTING

The Company operates an integrated petroleum refining and petrochemical complex. The primary format for segment reporting is based on business segments (refined products and petrochemicals) is determined on the basis of management's internal reporting structure. The Company does not distinguish financial and non-financial information beyond gross profit or loss as the operating and financial accounting systems are structured to produce financial and operational information appropriate for an integrated petroleum refining and petrochemical complex. Accordingly, assets and liabilities are also not split into segments. In the opinion of management providing information beyond gross profit or loss levels will not affect the decisions of the users of the financial statements in view of its nature of operations. The segment information relating to the year ended December 31 is as follows:

	Refined products	Petrochemicals	Total
2012			
Sales	**52,541,909**	**9,468,968**	**62,010,877**
Cost of sales	**(53,685,730)**	**(6,795,982)**	**(60,481,712)**
Gross (loss) profit	**(1,143,821)**	**2,672,986**	**1,529,165**
2011			
Sales	45,265,312	8,111,524	53,376,836
Cost of sales	(46,838,921)	(5,553,727)	(52,392,648)
Gross (loss) profit	(1,573,609)	2,557,797	984,188

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments carried on the balance sheet include cash and cash equivalents, trade and other receivables, investments, loans, trade and other payables, accruals and other liabilities and long-term debts.

The Company is exposed to credit, liquidity and market risks.

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. It mainly comprises of cash and cash equivalents, trade and other receivables and term loan. Cash and cash equivalents are placed with national and international banks with sound credit ratings.

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Trade and other receivables are mainly due from Founding Shareholders, managed by agreed credit terms (see note 4 (b) and (c)). The Company has a Credit Insurance Policy with Islamic Corporation for the Insurance of Export Credits and Investment, to cover Company's receivables from Middle East. It is not the practice of the Company to obtain collateral over receivables. As at 31 December 2012, there were minimal overdue debts equivalent to 3.28% (2011: 0.62%) of the trade receivables balance of Company's allowed credit periods.

Fair value and cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company's interest rate risk arises mainly from long-term debts, which are at floating rates of interest. All debts are subject to re-pricing on a regular basis. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Company are not significant.

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risks may result from the inability to realise a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Company's future commitments. The Company aims to maintain the level of its cash and cash equivalents in excess of expected cash outflows of financial liabilities. The Company has contractual commitments of cash outflows related to its financial liabilities, mainly related to trade and other payables (see note 13), finance lease obligations (see note 10) and long-term loans (see note 15).

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Company's transactions are principally in United States Dollars and Saudi Arabian Riyals.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the accompanying financial statements are prepared under the historical cost method, differences may arise between the book values and the fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingency

26.1.1 During the year 2011, the Company had deposited an amount of SR 198 million in a bank - current account (see note 5) against claims relating to foreign contractors which were involved in the construction projects of the plant. At 31 December 2012, the amount deposited is SAR 57 million (2011: SR 198 million) in the bank account intended for settlement of the remaining above mentioned liabilities.

26.2 Commitments

26.2.1 As at December 31, 2012, capital commitments contracted for but not incurred for the construction of the petrochemical plant and facilities amounts to SR 109.3 million (2011: SR 109.6 million).

27. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Board of Directors of the Company in their meeting held on 9 Rabi Al-Thani 1434H (corresponding to 19 February 2013).