RABIGH REFINING AND PETROCHEMICAL COMPANY

(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month period ended
31 March 2011

KPMG Al Fozan & Al Sadhan
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REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

Scope of Review

We have reviewed the accompanying interim balance sheet of Rabigh Refining & Petrochemical Company (the Company) as at 31 March 2011, the related interim statements of income, cash flows and changes in shareholders' equity for the three-month period then ended and the attached condensed notes from 1 to 17 which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them and submitted to us together with all the information and explanations which we required.

We conducted our review in accordance with the Auditing Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

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

For KPMG Al Fozan & Al Sadhan:

Ebrahim Oboud Baeshen
License No. 382

KPMG Al Fozan & Al Sadhan
Certified Public Accountants
C.R. 46

Jeddah, Jamad Al-Awwal 17, 1432H
Corresponding to April 20, 2011

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

INTERIM BALANCE SHEET (UNAUDITED)
As at 31 March 2011
(Expressed in Saudi Arabian Riyals '000')

	Notes	2011	2010
ASSETS			
Current assets:			
Cash and cash equivalents		**3,405,672**	1,881,597
Trade receivables		**8,641,102**	5,903,653
Inventories		**3,715,022**	3,256,402
Current portion of long-term loan	6	**160,719**	154,080
Prepayments and other current assets		**329,676**	279,551
Total current assets		**16,252,191**	11,475,283
Non-current assets:			
Property, plant and equipment	4	**31,011,483**	33,055,595
Leased assets	5	**351,285**	366,639
Intangible assets		**287,621**	322,411
Long-term investment	6	**8,556**	8,556
Long-term loan	6	**2,856,701**	3,017,420
Total non–current assets		**34,515,646**	36,770,621
Total assets		**50,767,837**	48,245,904
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term bank debts		--	1,850,000
Current portion of finance lease obligations		**9,844**	8,381
Current portion of long-term loans	7	**1,278,496**	--
Trade and other payables		**14,155,451**	10,356,948
Accrued Zakat and income tax		**111,434**	--
Accrued expenses and other current liabilities		**910,960**	1,058,361
Total current liabilities		**16,466,185**	13,273,690
Non-current liabilities:			
Long-term loans	7	**20,621,504**	21,900,000
Loan from founding shareholders	8	**4,575,000**	4,575,000
Finance lease obligations		**368,342**	374,864
Provision for deferred employee service awards		**19,918**	13,635
Employees' end of service benefits		**23,464**	6,357
Total non-current liabilities		**25,608,228**	26,869,856
Total liabilities		**42,074,413**	40,143,546
Shareholders' equity:			
Share capital	9	**8,760,000**	8,760,000
Statutory reserve	9	**2,429,869**	2,409,000
Employee Share Ownership Plan	10	**(31,450)**	(31,467)
Accumulated losses		**(2,464,995)**	(3,035,175)
Total shareholders' equity		**8,693,424**	8,102,358
Total liabilities and shareholders' equity		**50,767,837**	48,245,904

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

INTERIM STATEMENT OF INCOME (UNAUDITED)

For the three-month period ended 31 March 2011
(Expressed in Saudi Arabian Riyals '000')

	Notes	2011	2010
Sales		**15,053,323**	10,676,411
Cost of sales		**(14,114,174)**	(10,516,921)
Gross profit		**939,149**	159,490
General and administrative expenses		**(203,849)**	(198,140)
Marketing and selling expenses		**(25,734)**	(11,112)
Total expenses		**(229,583)**	(209,252)
Operating income (loss)		**709,566**	(49,762)
Interest and other income	12	**61,524**	393,469
Financial charges		**(72,618)**	(72,167)
Net income		**698,472**	271,540
Earnings per share	13	**SR 0.80**	SR 0.31

The accompanying notes 1 to 17 form an integral part
of these interim condensed financial statements.

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

INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the three-month period ended 31 March 2011
(Expressed in Saudi Arabian Riyals '000')

	2011	2010
Cash flows from operating activities		
Net income	**698,472**	271,540
Adjustment to reconcile net income to net cash from (used in) operating activities:		
Depreciation	**496,396**	487,492
Amortization of intangible assets	**10,166**	9,369
Gain on derecognition of leased assets / liabilities	--	(310,843)
Provision for deferred employee service awards and Employees Share Ownership Plan	**1,572**	1,573
Provision for employees end of service benefits	**13,754**	1,161
Changes in operating assets and liabilities:		
Increase in trade receivables	**(2,188,717)**	(1,221,514)
Increase in inventories	**(888,601)**	(585,947)
(Increase) in prepayments and other current assets	**(103,308)**	9,300
Increase in trade and other payables	**2,621,379**	814,899
Increase in accrued Zakat	**37,111**	--
Increase in accrued expenses and other current liabilities	**143,301**	210,431
	841,525	(312,539)
Employees end of service benefits - paid	**(1,125)**	(94)
Net cash from (used in) operating activities	**840,400**	(312,633)
Cash flows from investing activities		
Additions to construction in progress	**(19,610)**	--
Additions to property, plant and equipment	--	(97,137)
Net movement in long-term investment and other balances with RAWEC	**38,523**	32,081
Net cash from (used in) investing activities	**18,913**	(65,056)
Cash flows from financing activities		
Net movement in short-term bank debts	--	955,060
Repayment of finance lease obligations	**(2,127)**	(2,009)
Net cash (used in) from financing activities	**(2,127)**	953,051
Net increase in cash and cash equivalents	**857,186**	575,362
Cash and cash equivalents at 1 January	**2,548,486**	1,306,235
Cash and cash equivalents at 31 March	**3,405,672**	1,881,597

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
For the three-month period ended 31 March 2011
(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
Net income for the three-month period	--	--	--	698,472	698,472
Zakat charge for the period	--	--	--	(37,111)	(37,111)
Zakat reimbursable from shareholders	--	--	--	22,266	22,266
Balance at 31 March 2011	**8,760,000**	**2,429,869**	**(31,450)**	**(2,464,995)**	**8,693,424**
Balance at 1 January 2010	8,760,000	2,409,000	(31,467)	(3,306,715)	7,830,818
Net income for the three-month period	--	--	--	271,540	271,540
Balance at 31 March 2010	8,760,000	2,409,000	(31,467)	(3,035,175)	8,102,358

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

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 of the Company agreed on 28 Rabi Al Awal 1428H (corresponding to 16 April 2007) to change the legal status of the Company from Limited Liability Company to Joint Stock Company with an increased share capital of SR 6,570 million registered under the revised Commercial Registration issued by the Ministry of Commerce, Riyadh with effective date of 22 Shawal 1428H (corresponding to 3 November 2007).

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

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

The Company commenced its refining and petrochemical 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

These interim condensed financial statements have been prepared in accordance with the Standard for Interim Financial Information issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention using the accrual basis of accounting and the going concern concept.

The accompanying interim condensed financial statements include all adjustments comprising mainly of normal recurring accruals considered necessary by the Company's management to present a fair balance sheet, results of operations and cash flows. These interim condensed financial statements for the three-month period ended 31 March 2011 ('the period') should be read in conjunction with the Company's audited financial statements as at and for the year ended 31 December 2010.

The Company follows a fiscal year ending 31 December.

Functional and presentation currency

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

Use of estimates and judgments

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

2. BASIS OF PREPARATION (continued)

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those used for the preparation of the annual financial statements of the Company as at and for the year ended 31 December 2010 and are summarized as follows. Certain comparative amounts have been reclassify wherever necessary for the purpose of comparison.

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 measured at the lower of cost and net realisable value. The cost of inventories is principally based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of each asset. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

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

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

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

Leased assets

The Company accounts for tangible assets obtained under finance lease arrangements, including certain "build-operate-transfer" contracts, by capitalizing the assets and the related liability (lease obligations). The amounts to be capitalized are determined on the basis of the lower of fair value of assets at the inception of the lease and the discounted value of minimum lease payments. Finance charges are allocated to each accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Leased assets are depreciated over the shorter of the lease term and their estimated useful lives.

Operating leases

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

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
Software	5
Licenses	15 – 22.5

Long-term investment

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

Impairment of assets

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

Trade and other payables and accruals

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Zakat and income tax

Zakat and income tax computed in accordance with Saudi Arabian fiscal regulations are accrued and charged to retained earnings. The Founding Shareholders have agreed to reimburse their liability of Zakat and income tax from the proceeds of the future appropriations, such amount receivable from the shareholders will be credited to retained earnings.

Employees' end of service benefits

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from sale of products is recognized upon delivery or shipment of products.

Revenue from services (port charges) is recognized when services are rendered.

Expenses

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

Foreign currency translation

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

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

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.

(Expressed in Saudi Arabian Riyals '000')

4. PROPERTY, PLANT AND EQUIPMENT

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

	2011	2010
Operating assets – at net book value:		
- Buildings, roads and infrastructure	**4,220,113**	4,389,905
- Plant, machinery and operating equipment	**26,480,459**	28,330,352
- Motor and construction equipment	**14,837**	33,501
- Furniture and IT equipment	**254,619**	281,941
Capital projects in progress – at cost	**41,455**	19,896
	31,011,483	33,055,595

4.2 The land used for the Refinery and the Petrochemical plant is on operating lease from one of the Founding Shareholders for a period of 99 years.

(Expressed in Saudi Arabian Riyals '000')

5. LEASED ASSETS

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

	2011	2010
Desalination and power plant	**90,418**	96,655
Marine terminal facilities	**257,427**	269,984
Medical equipment	**3,440**	--
	351,285	366,639

The aggregate present value of the leased assets was estimated to be SR 399.9 million (2010: SR 383.2 million), which has been capitalized as leased assets cost. The total remaining (minimum) lease payments will be SR 671.4 million (2010: SR 695.6 million).

Leased assets at 31 December, 2009 included the major desalination and water plant (the Plant) operated by Rabigh Arabian Water and Electric Company (RAWEC) (see Note 6) under a "build, own, operate and transfer" contract (the Contract) entered into between the Company and RAWEC. This original contract was assessed as containing a finance lease in respect of the Plant. During the period ended 31 December, 2010, the Company has signed a "Memorandum of Understanding" (MOU) with RAWEC to revise the Contract. According to the revised contract the Plant will continue to be utilized by the Company under an operating lease expiring on 1 June, 2033. Consequently, the leased asset amounting to SR 5.929 billion and related lease obligation amounting to of SR 6.24 billion were derecognized from the books of the Company, resulting in a gain of SR 311 million to the Company for the year ended 31 December 2010. The Company is in the process of finalizing and signing formal revisions to the Contract.

(Expressed in Saudi Arabian Riyals '000')

6. LONG-TERM INVESTMENT AND LOAN

The Company has a 1% equity stake in Rabigh Arabian Water and Electric Company (RAWEC) in accordance with the Shareholders' Agreement. In addition, the Company has provided a loan under a Facilities Agreement in the total amount of SR 3.9 billion which carries interest at 5.765% per annum and is being settled through offset against monthly utilities related payments to RAWEC from 30 June 2008 to 30 November 2023.

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

	2011	2010
Long-term investment	**8,556**	8,556
Long-term loan:		
Current portion	**160,719**	154,080
Non-current portion	**2,856,701**	3,017,420
	3,017,420	3,171,500

7. LONG -TERM LOANS

The Company has entered into loan facility agreements, secured through guarantees of the Founding Shareholders, with various commercial banks and financial institutions in order to finance approximately 60% of the estimated costs of the Rabigh Development Project (the Project). The financing agreements include certain covenants which, among other things, require certain financial ratios to be maintained.

The total facilities under these long-term agreements of SR 21.9 billion were drawn down in full by 31 December 2008. Repayments under the loan facilities will commence in June, 2011 and will run up to 2021. The loan facilities are classified in the balance sheet as follows:

	2011	2010
Current portion	**1,278,496**	--
Non-current portion	**20,621,504**	21,900,000
	21,900,000	21,900,000

(Expressed in Saudi Arabian Riyals '000')

8. LOAN FROM FOUNDING SHAREHOLDERS

	31 March 2011	31 March 2010
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

Loans from the Founding Shareholders are availed of as part of the existing credit facility for the development, design, construction and operation of the Project. Repayment of the principal and the accrued commission to the founding shareholders shall be made after the first repayment to the commercial banks and financial institutions has been made (see Note 7).

9. SHARE CAPITAL AND STATUTORY RESERVE

The Company's share capital of SR 8.76 billion at 31 March 2011 (31 March 2010: SR 8.76 billion) consists of 876 million fully paid and issued shares of SR 10 each (31 March 2010: 876 million shares of SR 10 each).

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

10. EMPLOYEE SHARE OWNERSHIP PLAN

During the year ended 31 December 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

10. EMPLOYEE SHARE OWNERSHIP PLAN (Continued)

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.

11. ZAKAT AND INCOME TAX

a) Charge for the period

Significant components of Zakat base are comprised of Shareholders' equity, provisions at the beginning of the year and adjusted net income, less deductions for the net book value of property, plant and equipment, investments and certain other items.

Zakat charge for the period ended 31 March 2011 amounting to SR 37,111 Thousands (2010: Nil). There is no income tax charge for the period.

b) Status of assessments

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

However, the DZIT requested further information in relation to the 2006 tax year in addition to a request pertaining to the 2007 tax year. The Company provided the DZIT with this additional information. On 23 May 2010, the Company received a revised assessment from DZIT for the period 2006 increasing the amount to SR 32 million and new assessment for the year 2008 amounting to SR 2 million. The Company has filed an objection position paper and supporting documents regarding the assessment on 14 July 2010.

(Expressed in Saudi Arabian Riyals '000')

11. ZAKAT AND INCOME TAX (Continued)

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.

12. INTEREST AND OTHER INCOME

	2011	2010
Interest income	**46,017**	46,044
Port charges	**8,343**	9,356
Sale of scrap materials	**7,164**	27,226
Gain on derecognition of leased assets and related lease obligations (Note 5)	--	310,843
	61,524	393,469

(Expressed in Saudi Arabian Riyals '000')

13. EARNINGS PER SHARE

Earnings per share for the three-month period ended 31 March 2011 is computed by dividing the net income for each period by the weighted-average number of ordinary shares outstanding during the respective periods of 876 million shares (2010: 876 million shares).

14. SEGMENT REPORTING

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

	Refined products	Petrochemicals	Total
March 31, 2011			
Revenue	**12,677,378**	**2,375,945**	**15,053,323**
Cost of sales	**(12,636,399)**	**(1,477,775)**	**(14,114,174)**
Gross profit	**40,979**	**898,170**	**939,149**
March 31, 2010			
Revenue	8,913,808	1,762,603	10,676,411
Cost of sales	(9,348,730)	(1,168,191)	(10,516,921)
Gross (loss) profit	(434,922)	594,412	159,490

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

(Expressed in Saudi Arabian Riyals '000')

15. RELATED PARTY TRANSACTIONS AND BALANCES

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

Name of entity	Relationship
Saudi Aramco	Founding shareholder
Sumitomo Chemical Co.	Founding shareholder
Sumitomo Chemical Engineering Co.	Associate of Founding Shareholder
Sumitomo Chemical Asia Pte Ltd	Associate of Founding Shareholder
Rabigh Conversion Industry Management Services Co.	Associate of Founding Shareholder
Sumika Alchem Co. Ltd.	Associate of Founding Shareholder
Sumika Chemical Analysis Service	Associate of Founding Shareholder

Significant transactions with the Founding Shareholders arise from purchase of crude oil feedstock, sale of refined and petrochemical products, credit facilities, terminal lease, secondment and service refinery complex lease and community lease agreements. In addition to the loan from founding shareholders, as set out in Note 8, 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 8,336.9 million, SR 13,672.3 million and SR 562.8 million respectively. These transactions are summarized as follows:

Nature of transaction	Amount of transactions	
	31 March 2011	31 March 2010
Saudi Aramco		
Purchase of feedstock	**13,842,746**	10,141,012
Sale of refined products	**12,677,378**	8,913,808
Interest expense	**10,349**	10,259
Secondees' and services costs	**74,875**	80,358
Sumitomo Chemical and its Associates		
Purchase of goods	**52,412**	12,481
Sale of petrochemical products	**1,998,443**	1,296,399
Interest expense	**10,349**	10,259
Secondees' and services costs	**23,249**	106,599

(Expressed in Saudi Arabian Riyals '000')

15. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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 amounts to SR 2.1 million (2010: SR 2.0 million), are included in secondees and services cost above.

16. COMMITMENT

16.1 The Company has the following commitments as at 31 March 2011.

	2011	2010
Letters of guarantee	**104,755**	104,775

Remaining estimated commitments under existing contracts for the construction of the petrochemical plant and facilities amounted to SR 130.4 million as of 31 March, 2011 (2010: SR 89.8 million).

16.2 The Company's obligations under operating leases are analysed as follows:

	2011	2010
Within one year	**592,595**	590,869
Between 2 to 5 years	**2,154,525**	2,228,468
More than 5 years	**9,426,314**	9,944,966
	12,173,434	12,764,303

17. APPROVAL AND AUTHORIZATION FOR ISSUE

These interim condensed financial statements were approved and authorised for issue by the Board Audit Committee, as delegated by the Board of Directors, on 20 April 2011.