

**RABIGH REFINING & PETROCHEMICAL COMPANY**  
(Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED  
FINANCIAL STATEMENTS**

For the three-month and twelve-month periods ended  
31 December 2009

*M. Takashita*

*Ami*

Telephone +966 2 658 1616  
Fax +966 2 605 0597  
Internet [www.kpmg.com.sa](http://www.kpmg.com.sa)

## REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

The Shareholders  
Rabigh Refining & Petrochemical Company  
Rabigh, Saudi Arabia

We have reviewed the accompanying interim balance sheet of Rabigh Refining & Petrochemicals Company (the Company) as at 31 December 2009 and the related interim statements of income, cash flows and changes in shareholder's equity for the three-month and twelve-month periods then ended and the attached condensed notes from 1 to 16 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. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

We conducted our review in accordance with auditing standard on interim financial reporting issued by the Saudi Organization for Certified Public Accountants. A review is limited primarily to analytical procedures applied to financial data and inquiries of Company personnel 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.

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 appropriate to the circumstances of the Company.

**For KPMG Al Fozan & Al Sadhan:**

Tareq Abdulrahman Al Sadhan  
License No. 352



Jeddah, January 19, 2010G  
Corresponding to Safar 4, 1431H

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

**INTERIM BALANCE SHEET (UNAUDITED)**

As at 31 December 2009

(Expressed in Saudi Riyals '000')

	Note	31 December 2009	31 December 2008
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,306,235	1,534,089
Trade Receivables		4,682,139	2,348,492
Inventories		2,670,455	974,108
Advances to suppliers		31,847	90,249
Prepayments and other current assets		257,004	127,388
<b>Total current assets</b>		<b>8,947,680</b>	<b>5,074,326</b>
<b>Non-current assets</b>			
Property, plant and equipment (net)	4	33,388,287	1,541,274
Leased assets (net)	5	6,300,732	6,547,614
Construction in progress	6	--	31,428,485
Intangible assets (net)		297,574	--
Long term investment	7	3,212,137	3,351,141
<b>Total non-current assets</b>		<b>43,198,730</b>	<b>42,868,514</b>
<b>Total assets</b>		<b>52,146,410</b>	<b>47,942,840</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable	8	9,454,877	6,672,054
Short term loan		894,940	--
Accrued expenses and other current liabilities		847,930	428,394
Zakat and income tax		--	--
Current portion of finance lease obligation		139,918	130,527
<b>Total current liabilities</b>		<b>11,337,665</b>	<b>7,230,975</b>
<b>Non-current liabilities:</b>			
Long-term loans	9	21,900,000	21,900,000
Loan from founding shareholders	10	4,575,000	3,000,000
Finance lease obligations		6,485,575	6,538,632
Provision for deferred employee service awards		12,062	5,775
Employees' termination benefits		5,290	3,617
<b>Total non-current liabilities</b>		<b>32,977,927</b>	<b>31,448,024</b>
<b>Total liabilities</b>		<b>44,315,592</b>	<b>38,678,999</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	8,760,000	8,760,000
Statutory reserve	11	2,409,000	2,409,000
Employee Share Ownership Plan	12	(31,467)	(31,500)
Accumulated losses		(3,306,715)	(1,873,659)
<b>Total Shareholder's equity</b>		<b>7,830,818</b>	<b>9,263,841</b>
<b>Total liabilities and Shareholder's equity</b>		<b>52,146,410</b>	<b>47,942,840</b>

The accompanying notes 1 to 16 form an integral part of these unaudited interim condensed financial statements.

*m. J. Khashits*

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

**INTERIM STATEMENT OF INCOME (UNAUDITED)**

For the three-month and twelve-month periods ended 31 December 2009  
(Expressed in Saudi Riyals '000')

	<u>Three-month period ended</u>		<u>Twelve-month period ended</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues	10,344,919	6,543,342	29,422,706	6,543,342
Cost of sales	(10,257,801)	(7,165,236)	(29,878,063)	(7,165,236)
Gross profit (loss) from sales	87,118	(621,894)	(455,357)	(621,894)
General and administrative expenses	(272,424)	(285,396)	(747,816)	(679,664)
Marketing and selling expenses	871	--	(5,814)	--
Net operating profit (loss)	(184,435)	(907,290)	(1,208,987)	(1,301,558)
Interest and other income	58,635	9,999	129,722	45,525
Financial charges	(199,518)	--	(351,097)	--
Foreign currency gain (loss)	1,580	(5,510)	(2,694)	(210)
Net loss before zakat and income tax	(323,738)	(902,801)	(1,433,056)	(1,256,243)
Zakat and income tax	--	--	--	--
Net loss after zakat and income tax	(323,738)	(902,801)	(1,433,056)	(1,256,243)
Loss per share (SR) - (see Note 13)	(0.37)	(1.03)	(1.64)	(1.46)

The accompanying notes 1 to 16 form an integral part of these unaudited interim condensed financial statements.

*M. Alkashiteh*

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

**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**

For the twelve-month period ended 31 December 2009

(Expressed in Saudi Riyals '000')

	31 December 2009	31 December 2008
<b>Cash flows from operating activities:</b>		
Net loss for the period	(1,433,056)	(1,256,243)
Depreciation	1,042,374	87,926
Amortization of intangible assets	22,720	--
Loss on retirement of property, plant and equipment	255	--
Provision for employees' termination benefits	1,791	3,656
Provision for deferred employee service awards	6,321	5,775
Changes in operating assets and liabilities:		
Trade receivables	(2,333,647)	(2,348,492)
Inventories	(1,696,347)	(974,108)
Advances to suppliers	58,402	330,630
Prepayments and other current assets	(148,003)	(37,132)
Accounts payable	2,587,967	5,553,228
Accrued expenses and other liabilities	426,798	(17,052)
Total adjustments	(1,464,425)	1,348,188
Zakat paid	--	--
Employee termination benefits – paid	(118)	(39)
Net cash provided by operating activities	(1,464,543)	1,348,149
<b>Cash flows from investing activities:</b>		
Property, plant and equipment	--	(1,002,505)
Construction of plant and other related assets	(1,226,054)	(8,234,576)
Leased assets	(89,020)	(6,555,543)
Long term investment	125,489	(900,299)
Net cash used in investing activities	(1,189,585)	(16,692,923)
<b>Cash flows from financing activities:</b>		
Proceeds from issue of share capital (net)	--	4,567,500
Long-term loans	--	2,456,250
Short term loan	894,940	--
Loan from founding shareholders	1,575,000	3,000,000
Finance lease obligations	(43,666)	6,669,159
Net cash provided by financing activities	2,426,274	16,692,909
Net (decrease) increase in cash and cash equivalents	(227,854)	1,348,135
Cash and cash equivalents at beginning of the period	1,534,089	185,954
Cash and cash equivalents at end of the period	1,306,235	1,534,089

The accompanying notes 1 to 16 form an integral part of these unaudited interim condensed financial statements.

*M. J. Al-Shehri*

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

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

For the twelve-month period ended 31 December 2009

(Expressed in Saudi Riyals '000')

	Capital	Statutory reserve	Other reserve (ESOP)	Accumulated losses	Total
Balance at 1 January 2008	6,570,000	--	--	(617,416)	5,952,584
Proceeds from IPO issue of shares	2,190,000	2,409,000	(31,500)	--	4,567,500
Net loss for the period	--	--	--	(1,256,243)	(1,256,243)
Balance at 31 December 2008	8,760,000	2,409,000	(31,500)	(1,873,659)	9,263,841
Balance at 1 January 2009	8,760,000	2,409,000	(31,500)	(1,873,659)	9,263,841
Vesting of IPO shares - (see Note 12)			33		33
Net loss for the period				(1,433,056)	(1,433,056)
Balance at 31 December 2009	8,760,000	2,409,000	(31,467)	(3,306,715)	7,830,818

The accompanying notes 1 to 16 form an integral part of these unaudited interim condensed financial statements.

*m. Takashita*

## **RABIGH REFINING AND PETROCHEMICAL COMPANY**

(Saudi Joint Stock Company)

### **NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the twelve-month period ended 31 December 2009

(Expressed in Saudi Riyals '000')

---

#### **1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

- 1.1 Rabigh Refining and Petrochemical Company ("the Company" or "PetroRabigh") is a company registered in Saudi Arabia under Commercial Registration No. 4602002161 issued from Ministry of Commerce, Jeddah, on 15-08-1426H (19 September 2005). The founding shareholders of the Company agreed on 28-03-1428H (corresponding to 16 April 2007) to change the legal status of the Company from Limited Liability Company to a Joint Stock Company with an increased share capital of SR 6,570 million under the revised Commercial Registration issued by the Ministry of Commerce, Riyadh with effective date of 22-10-1428H (03 November 2007).
- 1.2 The Company launched an Initial Public Offering of 219 million shares, equivalent to 25% of its post-issue enlarged capital, at SAR 21 per share from 5 to 12 January 2008 ("the IPO") based on approval of application for admission of the shares to the Official List by the Capital Market Authority. The net proceeds from the IPO after deducting the offering expenses will be used by the Company to finance its operation. Following the successful IPO, the total authorized capital was increased from 657 million to 876 million shares at a par value of SAR 10 per share under the revised Commercial Registration issued by the Ministry of Commerce, Riyadh with effective date of 14-01-1429H (23 January 2008).
- 1.3 The objects for which the Company is formed are the development, construction and operation of an integrated petroleum refining and petrochemical complex, including the manufacturing of refined petroleum products, petrochemical products and other hydrocarbon products.
- 1.4 The Company's registered office is located at the following address:

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



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

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
For the twelve-month period ended 31 December 2009  
(Expressed in Saudi Riyals '000')

---

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

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

**(b) Basis of measurement**

These interim 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 statement of financial position, results of operations and cash flows. These interim condensed financial statements for the three month and twelve month periods ended 31 December 2009 ('the period') should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2008.

The Company follows a fiscal year ending 31 December.

**(c) Functional and presentation currency**

The functional currency of the Company has been determined by management to be the US Dollar. However, these financial statements are presented in Saudi Riyals (SR) in accordance with the SOCPA standards. All financial information presented in SR has been rounded to the nearest thousand, except where indicated.





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

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the twelve-month period ended 31 December 2009

(Expressed in Saudi Riyals '000')

---

**2. BASIS OF PREPARATION (continued)**

**(d) 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.

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.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements mainly comprise the Leased Assets (see Note 5) and Employee Share Ownership Plan (see Note 12).

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are in accordance with Standards for Interim Financial Information issued by the Saudi Organization for Certified Public Accountants (SOCPA) and are consistent with those used for the preparation of annual financial statements. Significant accounting policies adopted by the Company are summarized as follows:

**(a) 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.



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

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
For the twelve-month period ended 31 December 2009  
(Expressed in Saudi Riyals '000')

---

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) 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 manufactured inventories 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.

**(c) Long-term investment**

Long-term investment is recorded at cost.

**(d) Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation. 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.

## **RABIGH REFINING AND PETROCHEMICAL COMPANY**

(Saudi Joint Stock Company)

### **NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the twelve-month period ended 31 December 2009

(Expressed in Saudi Riyals '000')

---

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

	<u>Years</u>
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


##### **(e) Leased assets**

The Company accounts for tangible assets obtained under finance lease arrangements, including some "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 amortized over the shorter of the lease term and their estimated useful lives.

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

##### **(f) Intangible assets**

Intangible assets are non monetary assets which have no physical existence but 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 against cash and measured on the purchase price and all other directly attributable costs spent for its use.



## **RABIGH REFINING AND PETROCHEMICAL COMPANY**

(Saudi Joint Stock Company)

### **NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the twelve-month period ended 31 December 2009

(Expressed in Saudi Riyals '000')

---

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Amortization is calculated on a straight line basis from the cost of these assets over their estimated useful lives or term of agreement on the right to use which range from 5 years to 22 years and 5 months.

**(g) Construction in progress**

Construction in progress represents expenses incurred for the development, construction and preparation of the Company's integrated petroleum refining and petrochemical complex. All the costs which are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management, including interest on borrowings obtained to finance construction of the plant, are charged to construction in progress.

**(h) Employees' termination benefits**

Employees' termination benefits, calculated in accordance with labour regulations of the Kingdom of Saudi Arabia, are accrued and charged to the statement of income.

**(i) 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.

**(j) 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.



**RABIGH REFINING AND PETROCHEMICAL COMPANY**

(Saudi Joint Stock Company)

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the twelve-month period ended 31 December 2009

(Expressed in Saudi Riyals '000')

---

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**(k) Zakat and Income Tax**

Zakat and income tax are computed in accordance with Saudi Arabian fiscal regulations, are accrued and charged to retained earnings.

**(l) 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.

**4. PROPERTY, PLANT AND EQUIPMENT - NET**

	31 December <u>2009</u>	31 December <u>2008</u>
Buildings, roads and infrastructure	4,225,858	432,820
Plant, machinery and operating equipment	28,858,784	1,025,869
Motor and construction equipment	38,308	47,723
Furniture and IT equipment	247,547	34,862
Capital projects in progress	<u>17,790</u>	<u>—</u>
	<u>33,388,287</u>	<u>1,541,274</u>

*n/akehite* *am*

**RABIGH REFINING AND PETROCHEMICAL COMPANY**

(Saudi Joint Stock Company)

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the twelve-month period ended 31 December 2009

(Expressed in Saudi Riyals '000')

---

**5. LEASED ASSETS - NET**

Leased assets at December 31 acquired under finance lease terms and detailed as under:

	31 December <u>2009</u>	31 December <u>2008</u>
Desalination and power plants	6,027,608	6,261,933
Marine terminal facilities	<u>273,124</u>	<u>285,681</u>
	<u>6,300,732</u>	<u>6,547,614</u>

The aggregate present value of the leased assets was estimated to be SR 6.8 billion which has been capitalized as leased assets cost. The total remaining (minimum) lease payments will be SR 11.9 billion.

Leased assets include the major desalination and water plant operated by RAWEC (see Note 7) under a "build, own, operate and transfer" contract entered into between the Company and RAWEC. This original contract was assessed as containing a finance lease in respect of the plant. the Company is in the legal process of approving and signing formal revisions to this contract. These changes may result in a derecognition of the leased asset, and the related lease obligation, from the Company's balance sheet at a future reporting date.

**RABIGH REFINING AND PETROCHEMICAL COMPANY**

(Saudi Joint Stock Company)

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the twelve-month period ended 31 December 2009

(Expressed in Saudi Riyals '000')

**6. CONSTRUCTION IN PROGRESS**

Construction in progress at December 31 is detailed as under:

	31 December <u>2009</u>	31 December <u>2008</u>
Plants	--	25,485,754
Utilities	--	4,304,350
Interest on borrowings	<u>--</u>	<u>1,638,381</u>
	<u>--</u>	<u>31,428,485</u>

The Company has principally completed the petrochemical plant complex, start up and commissioning up to the fourth Quarter of 2009 and has reclassified it to property, plant and equipment.

**7. LONG TERM INVESTMENT**

	31 December <u>2009</u>	31 December <u>2008</u>
Investment in RAWEC:		
- Equity participation	8,556	8,556
- Subordinated loans	46	50
- Long term loans	<u>3,203,535</u>	<u>3,342,535</u>
	<u>3,212,137</u>	<u>3,351,141</u>

The Company has 1% equity stake in Rabigh Arabian Water and Electric Company ("RAWEC") based on Shareholders' Agreement and Equity Support Agreement. In addition, the Company provides loan finance under a Facilities Agreement. The long term loan is being amortized through monthly settlements from RAWEC.

**RABIGH REFINING AND PETROCHEMICAL COMPANY**

(Saudi Joint Stock Company)

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the twelve-month period ended 31 December 2009

(Expressed in Saudi Riyals '000')

---

**8. ACCOUNTS PAYABLE**

	31 December <u>2009</u>	31 December <u>2008</u>
Trade accounts payable:		
- to related parties	9,003,559	6,149,505
- to third parties	<u>343,833</u>	<u>414,437</u>
	9,347,392	6,563,942
Other payables to related parties	<u>107,485</u>	<u>108,112</u>
	<u>9,454,877</u>	<u>6,672,054</u>

The above balances result principally from the crude oil feedstock supply agreement with Saudi Aramco and payments made by the two Founding Shareholders on behalf of the Company in respect of seconded employees and other charges.

**9. 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 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 are expected to commence in 2010 and will run up to 2021.



**RABIGH REFINING AND PETROCHEMICAL COMPANY**

(Saudi Joint Stock Company)

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the twelve-month period ended 31 December 2009

(Expressed in Saudi Riyals '000')

---

**10. LOAN FROM FOUNDING SHAREHOLDERS**

	31 December <u>2009</u>	31 December <u>2008</u>
Saudi Arabian Oil Company	2,287,500	1,500,000
Sumitomo Chemical Company	<u>2,287,500</u>	<u>1,500,000</u>
	<u>4,575,000</u>	<u>3,000,000</u>

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 9).

**11. SHARE CAPITAL AND STATUTORY RESERVE**

The Company's share capital of SR 8.76 billion at 31 December 2009 (2008: SR 8.76 billion) consists of 876 million fully paid and issued shares of SR 10 each (2008: 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.

**12. EMPLOYEE SHARE OWNERSHIP PLAN**

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

## **RABIGH REFINING AND PETROCHEMICAL COMPANY**

(Saudi Joint Stock Company)

### **NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the twelve-month period ended 31 December 2009

(Expressed in Saudi Riyals '000')

---

#### **12. EMPLOYEE SHARE OWNERSHIP PLAN (continued)**

To implement this, the Company arranged for 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 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 straight line basis over a period of 5 years.

Until these ESOP shares become vested and are transferred to the staff member, they are accounted for as a deduction from shareholders' equity.

#### **13. LOSS PER SHARE**

Loss per share for the three-month and twelve-month periods ended 31 December 2009 have been computed separately by dividing the net loss for such period by the weighted-average number of ordinary shares outstanding during the respective periods of 876 million shares (2008: 3-month – 876 million shares; 12-month – 863 million shares).

#### **14. CONTINGENCIES AND COMMITMENTS**

The Company has the following commitment as at the period ended 31 December 2009.

	31 December <u>2009</u>	31 December <u>2008</u>
Letter of Guarantee	104,775	104,775

## **RABIGH REFINING AND PETROCHEMICAL COMPANY**

(Saudi Joint Stock Company)

### **NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the twelve-month period ended 31 December 2009

(Expressed in Saudi Riyals '000')

---

#### **15. ZAKAT AND INCOME TAX**

##### **Status of assessments**

Following its review of the Company's Zakat declaration for 2006, the DZIT issued a 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 had requested additional documents to enable them to reconsider their assessment. The Company has provided the DZIT with the additional information

However, the DZIT had requested further information in relation to the 2006 tax year in addition to a request pertaining to the 2007 tax year. The Company has provided the DZIT with further information.

Management believes its position regarding the DZIT adjustments 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 upon the future earnings of the Company, as it will be recoverable from a Founding Shareholder - Saudi Arabian Oil Company.

#### **16. BOARD OF DIRECTORS' APPROVAL**

These interim condensed financial statements were approved by the Board Audit Committee as delegated by the Board of Directors on 19 January 2010.