

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED  
SEPTEMBER 30, 2022 AND INDEPENDENT AUDITOR'S REVIEW  
REPORT ON CONDENSED INTERIM FINANCIAL STATEMENTS

**RABIGH REFINING AND PETROCHEMICAL COMPANY**  
**(A Saudi Joint Stock Company)**  
**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022**

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## KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 4030290792

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص.ب 55078  
جده 21534  
المملكة العربية السعودية  
سجل تجاري رقم 4030290792  
المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Shareholders of Rabigh Refining and Petrochemical Company

## Introduction

We have reviewed the accompanying September 30, 2022 condensed interim financial statements of Rabigh Refining and Petrochemical Company ("the Company") which comprises:

- the condensed statement of profit or loss for the three-month and nine-month periods ended September 30, 2022;
- the condensed statement of comprehensive income for the three-month and nine-month periods ended September 30, 2022;
- the condensed statement of financial position as at September 30, 2022;
- the condensed statement of changes in equity for the nine-month period ended September 30, 2022;
- the condensed statement of cash flows for the nine-month period ended September 30, 2022; and
- the notes to the condensed interim financial statements.

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

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying September 30, 2022 condensed interim financial statements of **Rabigh Refining and Petrochemical Company** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

### KPMG Professional Services

Ebrahim Oboud Baeshen  
License No. 382



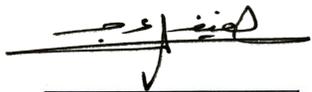
Jeddah, October 31, 2022  
Corresponding to Rabi Thani 6, 1444H

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس ماله (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبين ومراجعين قانونيين". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة

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

	Notes	Three-month period ended September 30,		Nine-month period ended September 30,	
		2022	2021	2022	2021
Sales	4	12,644,859	11,276,981	45,146,490	32,521,781
Cost of sales		(13,416,816)	(10,341,547)	(42,417,604)	(28,932,969)
<b>Gross (loss) profit</b>		<b>(771,957)</b>	<b>935,434</b>	<b>2,728,886</b>	<b>3,588,812</b>
Other income, net		27,639	23,986	74,054	81,804
Selling and marketing expenses		(203,088)	(249,751)	(687,699)	(623,712)
General and administrative expenses		(199,213)	(217,741)	(637,260)	(594,785)
<b>Operating (loss) profit</b>		<b>(1,146,619)</b>	<b>491,928</b>	<b>1,477,981</b>	<b>2,452,119</b>
Financial charges		(373,608)	(263,025)	(910,907)	(821,031)
Financial income	5	23,207	42,860	265,936	133,534
<b>(Loss) profit before Zakat and tax</b>		<b>(1,497,020)</b>	<b>271,763</b>	<b>833,010</b>	<b>1,764,622</b>
Zakat	12	22,206	(5,823)	(16,735)	(10,102)
Tax	12	61,366	(44,493)	(120,234)	(166,757)
<b>(Loss) profit after Zakat and tax</b>		<b>(1,413,448)</b>	<b>221,447</b>	<b>696,041</b>	<b>1,587,763</b>
<b>(Loss) earnings per share (Saudi Riyals) – Basic and diluted</b>	6	<b>(0.86)</b>	<b>0.19</b>	<b>0.53</b>	<b>1.38</b>



Abdullah Jaber Al Falfi  
Chairman – Board Audit Committee



Othman A. Al Ghamdi  
President and Chief Executive Officer

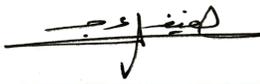


Akihiko Hiraoka  
Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these condensed interim financial statements.

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

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022	2021	2022	2021
(Loss) profit after Zakat and tax	(1,413,448)	221,447	696,041	1,587,763
Remeasurement loss on defined benefit plan	-	-	-	-
Items that will not be reclassified to statement of profit or loss in subsequent periods	-	-	-	-
Total comprehensive (loss) income for the period	(1,413,448)	221,447	696,041	1,587,763

  
Abdullah Jaber Al Faifi  
Chairman – Board Audit Committee

  
Othman A. Al Ghamdi  
President and Chief Executive Officer

  
Akihiko Hiraoka  
Chief Financial Officer

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

	Notes	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	42,876,825	44,090,232
Right-of-use assets	8	10,136,149	10,668,958
Intangible assets		308,243	370,866
Long-term loans	9	239,070	179,101
Investment	9	16,412	16,412
Deferred tax asset		32,810	140,992
		<u>53,609,509</u>	<u>55,466,561</u>
<b>Current assets</b>			
Inventories		4,640,610	3,806,450
Trade receivables	9	5,914,449	8,257,121
Current portion of long-term loans	9	8,121	5,223
Prepayments and other receivables		1,652,914	1,854,707
Cash and cash equivalents		4,425,759	3,971,961
		<u>16,641,853</u>	<u>17,895,462</u>
<b>Total assets</b>		<u><b>70,251,362</b></u>	<u><b>73,362,023</b></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	10	16,710,000	8,760,000
Statutory reserve	11	252,134	252,134
Employees' share ownership plan		(5,339)	(4,510)
Accumulated losses		(30,593)	(701,713)
<b>Total equity</b>		<u><b>16,926,202</b></u>	<u><b>8,305,911</b></u>
<b>Non-current liabilities</b>			
Loans, borrowings and other long-term liability	9	12,903,942	19,830,200
Lease liabilities	8	10,198,339	10,645,187
Employees' benefits		849,563	779,645
		<u>23,951,844</u>	<u>31,255,032</u>
<b>Current liabilities</b>			
Current maturity of loans and borrowings	9	13,265,983	18,898,428
Current maturity of lease liabilities	8	602,263	588,445
Trade and other payables	9	14,425,923	12,397,978
Accrued expenses and other liabilities		1,050,360	1,874,415
Zakat and tax payable		28,787	41,814
		<u>29,373,316</u>	<u>33,801,080</u>
<b>Total liabilities</b>		<u><b>53,325,160</b></u>	<u><b>65,056,112</b></u>
<b>Total equity and liabilities</b>		<u><b>70,251,362</b></u>	<u><b>73,362,023</b></u>

  
 Abdullah Jaber Al Faifi  
 Chairman – Board Audit Committee

  
 Othman A. Al Ghamdi  
 President and Chief Executive Officer

  
 Akihiko Hiraoka  
 Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these condensed interim financial statements.

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

	Note	Share capital	Statutory reserve	Employees' share ownership plan	Accumulated losses	Total
Balance as at January 1, 2022 (Audited)		8,760,000	252,134	(4,510)	(701,713)	8,305,911
Net profit after Zakat and tax		-	-	-	696,041	696,041
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	696,041	696,041
Increase in share capital	10	7,950,000	-	(1,618)	-	7,948,382
Transaction cost		-	-	-	(47,013)	(47,013)
Vesting of shares under employees' share ownership plan		-	-	789	-	789
Zakat and income tax reimbursements		-	-	-	22,092	22,092
Balance as at September 30, 2022 (Unaudited)		16,710,000	252,134	(5,339)	(30,593)	16,926,202
Balance as at January 1, 2021 (Audited)		8,760,000	252,134	(4,611)	(2,804,040)	6,203,483
Net profit after Zakat and tax		-	-	-	1,587,763	1,587,763
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	1,587,763	1,587,763
Vesting of shares under employees' share ownership plan		-	-	67	-	67
Zakat and income tax reimbursements		-	-	-	11,174	11,174
Balance as at September 30, 2021 (Unaudited)		8,760,000	252,134	(4,544)	(1,205,103)	7,802,487

  
Abdullah Jaber Al Faifi  
Chairman – Board Audit Committee

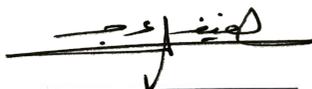
  
Othman A. Al Ghamdi  
President and Chief Executive Officer

  
Akihiko Hiraoka  
Chief Financial Officer

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

	Notes	Nine-month period ended	
		September 30,	
		2022	2021
<b>Cash flows from operating activities</b>			
Profit before Zakat and tax		833,010	1,764,622
<b>Adjustments for non-cash items</b>			
Depreciation		2,209,005	2,365,503
Financial charges		910,907	821,031
Financial income		(265,936)	(133,534)
Amortization		62,624	61,286
Provision for slow moving inventories		43,735	5,399
Bad debts		-	28
Loss on disposal of property, plant and equipment		185	4,284
Gain on derecognition of right-of-use assets and lease liabilities		(45)	-
Provision for deferred employee service		1,618	-
		<u>3,795,103</u>	<u>4,888,619</u>
<b>Changes in:</b>			
Inventories		(877,896)	(1,044,356)
Trade receivables		2,342,672	(3,296,253)
Prepayments and other receivables		224,607	(264,888)
Trade and other payables		1,981,653	3,879,610
Accrued expenses and other liabilities		(852,502)	(126,944)
Employees' benefits		69,089	24,360
		<u>6,682,726</u>	<u>4,060,148</u>
Zakat and income tax paid		(41,814)	-
Interest received		265,214	118,975
Interest paid		(629,910)	(595,767)
Net cash from operating activities		<u>6,276,216</u>	<u>3,583,356</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(463,590)	(331,472)
Net movement in long-term loans		(59,199)	62,584
Net cash used in investing activities		<u>(522,789)</u>	<u>(268,888)</u>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings		1,782,500	9,810,575
Repayments of loans and borrowings		(8,588,704)	(12,659,362)
Increase in share capital, net	10	1,985,882	-
Transaction cost		(47,013)	-
Repayment of lease liabilities		(432,279)	(420,878)
Dividend paid		(15)	(8)
Net cash used in financing activities		<u>(5,299,629)</u>	<u>(3,269,673)</u>
<b>Net increase in cash and cash equivalents</b>		<u>453,798</u>	<u>44,795</u>
Cash and cash equivalents at beginning of the period		<u>3,971,961</u>	<u>1,016,142</u>
<b>Cash and cash equivalents at end of the period</b>		<u>4,425,759</u>	<u>1,060,937</u>
<b>Supplemental schedule of non-cash information</b>			
Loans and other liability converted into share capital	10	<u>5,962,500</u>	-
Zakat and income tax reimbursable from shareholders		<u>22,092</u>	<u>11,174</u>
Addition to property, plant and equipment through accrued expenses and other liabilities		<u>91</u>	<u>3,814</u>
Long-term loan repayments settled against capacity payments	9.1.1	-	<u>339,983</u>
Addition to intangible assets through property, plant and equipment	7	-	<u>21,538</u>
Addition to right-of-use assets	8.1	-	<u>11,767</u>

  
Abdullah Jaber Al Faihi  
Chairman – Board Audit Committee

  
Othman A. Al Ghamdi  
President and Chief Executive Officer

  
Akihiko Hiraoka  
Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these condensed interim financial statements.

**RABIGH REFINING AND PETROCHEMICAL COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the three-month and nine-month periods ended September 30, 2022 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

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**1 General information**

Rabigh Refining and Petrochemical Company (“the Company” or “PetroRabigh”) is a company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4602002161 issued by the Ministry of Commerce and Investment, Jeddah, on Shaaban 15, 1426H (September 19, 2005) subsequently revised by Ministry of Commerce and Investment, Riyadh on Shawal 22, 1428H (November 3, 2007).

The Company is engaged in the development, construction and operation of an integrated refining and petrochemical complex (the Complex), including the manufacturing and sales of refined and petrochemical products.

The Company’s registered address is P.O. Box 101, Rabigh 21911, Kingdom of Saudi Arabia.

**2 Basis of preparation**

These condensed interim financial statements of the Company have been prepared in accordance with IAS 34 “Interim Financial Reporting” as endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA) in the Kingdom of Saudi Arabia as well as other standards and pronouncements issued by SOCPA.

These condensed interim financial statements do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s last annual financial statements for the year ended December 31, 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Company’s financial position and performance since the last annual financial statements. An interim period is considered as an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

**2.1 New standards, interpretations and amendments**

**Standards, interpretations and amendments issued but not yet effective**

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Company intends to adopt these standards, where applicable, when they become effective.

<b><i>Standard / Interpretation</i></b>	<b><i>Description</i></b>	<b><i>Effective from periods beginning on or after the following date</i></b>
IFRS 17	Insurance contracts	January 1, 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	January 1, 2023
IAS 8	Definition of Accounting Estimate - Amendment	January 1, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction`	January 1, 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The Company is currently assessing the implications of adopting the above-mentioned standards, amendments or interpretations on the Company’s financial statements on adoption.

**2.2 Critical accounting estimates and judgments**

The preparation of Company’s condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Company based its assumptions and estimates on parameters available when the condensed interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Also see Note 14.

The significant judgments exercised in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended December 31, 2021.

**RABIGH REFINING AND PETROCHEMICAL COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the three-month and nine-month periods ended September 30, 2022 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**3 Significant accounting policies**

The accounting policies used by the Company for the preparation of these condensed interim financial statements are consistent with those followed in preparation of the Company's annual financial statements for the year ended December 31, 2021, except for the adoption of the following amendments effective as at January 1, 2022 and do not have material impact on these condensed interim financial statements:

<b>Standard / Interpretation</b>	<b>Description</b>
IAS 37	Onerous contracts – cost of fulfilling a contract
IFRS Standards	Annual improvements to IFRS standards 2018 – 2020
IAS 16	Property, plant and equipment: proceeds before intended use
IFRS 3	Reference to the conceptual framework

**4 Segment information**

**4.1 Operating segment**

The Company operates an integrated refinery and petrochemical complex. The primary format for segment reporting is based on operating segments and is determined on the basis of management's internal reporting structure. The Management Committee (collectively considered to be the Chief Operating Decision Maker) monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. The Company's segment profit measure is operating profit (loss).

The Company's operating segments comprised of refined products and petrochemicals. Information as at and for the three-month and nine-month periods ended September 30, is summarized below:

	<b>For the three-month period ended</b>			<b>For the nine-month period ended</b>		
	<b>Refined products</b>	<b>Petrochemicals</b>	<b>Total</b>	<b>Refined products</b>	<b>Petrochemicals</b>	<b>Total</b>
<b>September 30, 2022 (Unaudited)</b>						
Sales – external customers	8,653,583	3,991,276	12,644,859	32,122,265	13,024,225	45,146,490
Depreciation and amortization	139,040	620,227	759,267	416,017	1,855,612	2,271,629
Operating (loss) profit	(351,386)	(795,233)	(1,146,619)	1,476,021	1,960	1,477,981

	<b>For the three-month period ended</b>			<b>For the nine-month period ended</b>		
	<b>Refined products</b>	<b>Petrochemicals</b>	<b>Total</b>	<b>Refined products</b>	<b>Petrochemicals</b>	<b>Total</b>
<b>September 30, 2021 (Unaudited)</b>						
Sales – external customers	6,925,364	4,351,617	11,276,981	19,666,995	12,854,786	32,521,781
Depreciation and amortization	144,744	617,074	761,818	461,089	1,965,700	2,426,789
Operating (loss) profit	(251,772)	743,700	491,928	(715,559)	3,167,678	2,452,119

<b>September 30, 2022 (Unaudited)</b>	<b>Refined products</b>	<b>Petrochemicals</b>	<b>Unallocated</b>	<b>Total</b>
Total assets	21,611,608	44,158,371	4,481,383	70,251,362
Total liabilities	18,668,779	34,627,595	28,786	53,325,160
Capital expenditure	73,169	390,512	-	463,681

<b>December 31, 2021 (Audited)</b>	<b>Refined products</b>	<b>Petrochemicals</b>	<b>Unallocated</b>	<b>Total</b>
Total assets	23,210,164	46,011,747	4,140,112	73,362,023
Total liabilities	21,595,430	42,744,913	715,769	65,056,112
Capital expenditure	135,977	342,285	-	478,262

**RABIGH REFINING AND PETROCHEMICAL COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the three-month and nine-month periods ended September 30, 2022 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**4 Segment information (continued)**

The Company's revenue from external customers amounts to Saudi Riyals 44,647 million (September 30, 2021: Saudi Riyals 31,731 million) generated from 5 customers in the period ended September 30, 2022 (September 30, 2021: 6 customers).

Geographical information for the three-month and nine-month periods ended September 30, is as follows:

<b>Three-month period ended September 30, 2022 (Unaudited)</b>	<b>Middle East</b>	<b>Asia Pacific</b>	<b>Others</b>	<b>Total</b>
Sales – external customers				
Refined products	7,606,856	1,046,727	-	8,653,583
Petrochemicals	1,105,718	2,808,927	76,631	3,991,276
<b>Total</b>	<b>8,712,574</b>	<b>3,855,654</b>	<b>76,631</b>	<b>12,644,859</b>

<b>Nine-month period ended September 30, 2022 (Unaudited)</b>	<b>Middle East</b>	<b>Asia Pacific</b>	<b>Others</b>	<b>Total</b>
Sales – external customers				
Refined products	28,768,084	3,342,078	12,103	32,122,265
Petrochemicals	3,324,825	9,366,834	332,566	13,024,225
<b>Total</b>	<b>32,092,909</b>	<b>12,708,912</b>	<b>344,669</b>	<b>45,146,490</b>

<b>Three-month period ended September 30, 2021 (Unaudited)</b>	<b>Middle East</b>	<b>Asia Pacific</b>	<b>Others</b>	<b>Total</b>
Sales – external customers				
Refined products	6,925,364	-	-	6,925,364
Petrochemicals	428,168	3,762,557	160,892	4,351,617
<b>Total</b>	<b>7,353,532</b>	<b>3,762,557</b>	<b>160,892</b>	<b>11,276,981</b>

<b>Nine-month period ended September 30, 2021 (Unaudited)</b>	<b>Middle East</b>	<b>Asia Pacific</b>	<b>Others</b>	<b>Total</b>
Sales – external customers				
Refined products	18,509,083	1,145,528	12,384	19,666,995
Petrochemicals	1,122,020	11,370,816	361,950	12,854,786
<b>Total</b>	<b>19,631,103</b>	<b>12,516,344</b>	<b>374,334</b>	<b>32,521,781</b>

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

**4.2 Adjustments**

Financial charges, financial income, Zakat and tax, cash and cash equivalents, loans and borrowings and certain assets and liabilities are not allocated to operating segments as they are managed on a Company-wide basis.

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

**4.3 Reconciliation of net (loss) profit**

	<b>Three-month period ended September 30,</b>		<b>Nine-month period ended September 30,</b>	
	<b>2022 (Unaudited)</b>	<b>2021 (Unaudited)</b>	<b>2022 (Unaudited)</b>	<b>2021 (Unaudited)</b>
Operating (loss) profit	(1,146,619)	491,928	1,477,981	2,452,119
Financial charges	(373,608)	(263,025)	(910,907)	(821,031)
Financial income	23,207	42,860	265,936	133,534
<b>Net (loss) profit before Zakat and tax</b>	<b>(1,497,020)</b>	<b>271,763</b>	<b>833,010</b>	<b>1,764,622</b>
Zakat	22,206	(5,823)	(16,735)	(10,102)
Tax	61,366	(44,493)	(120,234)	(166,757)
<b>Net (loss) profit after Zakat and tax</b>	<b>(1,413,448)</b>	<b>221,447</b>	<b>696,041</b>	<b>1,587,763</b>

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**5 Financial income**

	<b>Three-month period ended September 30,</b>		<b>Nine-month period ended September 30,</b>	
	<b>2022 (Unaudited)</b>	2021 (Unaudited)	<b>2022 (Unaudited)</b>	2021 (Unaudited)
Interest on loans and refinancing fee from Rabigh Arabian Water and Electricity Company (RAWEC)	-	42,858	<b>236,250</b>	133,505
Interest on time deposits	<b>23,207</b>	2	<b>29,686</b>	29
	<b>23,207</b>	42,860	<b>265,936</b>	133,534

The Company entered into various agreements namely Water and Energy Conversion Agreement (WECA), Facility Agreement and RAWEC Shareholders' Agreement ("Phase I Agreements"), dated August 7, 2005 as amended on October 31, 2011 to develop a plant, on build, own and operate basis, to supply desalinated water, steam and power to the Company, and an Amended and Restated Agreement ("Phase II Expansion Project Agreement"), dated March 28, 2006 as amended subsequently on March 9, 2015 with RAWEC to expand the existing independent water, steam and power facilities to meet the requirements of Phase II Expansion Project. Pursuant to these agreements, the Company provided loans to RAWEC amounting to Saudi Riyals 3.9 billion (Phase I) carrying interest rate of 5.76% per annum and Saudi Riyals 3.3 billion (Phase II Expansion Project) carrying interest rate of 5.7% per annum. The loans were being settled in monthly repayments against capacity payments. These loans were secured by the assets of RAWEC.

The Company and RAWEC entered into a Memorandum of Understanding (MOU), which was formally signed on January 11, 2022, whereby RAWEC intends to borrow under a refinancing facility made available to RAWEC by a commercial bank to prepay the entire loan and its related interest cost accrued on the loan amount to the Company. Further, in accordance to the terms and conditions of the MOU, RAWEC would also pay the Company; a refinancing fee (the "refinancing fee") amounting to Saudi Riyals 236.25 million in order to share the future benefits of its refinancing in a fair and equitable manner, subject to release of all the securities on RAWEC's assets (the "securities") by the Company. On December 30, 2021, RAWEC paid off the entire loan outstanding to the Company in accordance with the MOU. On June 22, 2022, the Company released the securities on RAWEC's assets while the latter paid the refinancing fee of Saudi Riyals 236.25 million on July 7, 2022. Accordingly, the Company has recorded the refinancing fee in these condensed interim financial statements.

**6 (Loss) earnings per share**

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

Diluted (loss) earnings per share is calculated by dividing the net (loss) profit by the weighted average number of ordinary shares outstanding during the periods plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The weighted average number of shares has been retrospectively adjusted for the prior periods to reflect the element of the rights issue as required by IAS 33, "Earnings per share" as follows:

	<b>Three-month period ended September 30,</b>		<b>Nine-month period ended September 30,</b>	
	<b>2022 (Unaudited)</b>	2021 (Unaudited)	<b>2022 (Unaudited)</b>	2021 (Unaudited)
Issued ordinary shares at January 1	<b>876,000</b>	876,000	<b>876,000</b>	876,000
Rights issue adjustment	<b>761,101</b>	275,215	<b>438,957</b>	275,215
<b>Weighted average number of shares (thousands)</b>	<b>1,637,101</b>	1,151,215	<b>1,314,957</b>	1,151,215

The weighted average number of shares for the prior period is computed using an adjustment factor of 1.31, which is a ratio of the theoretical ex-right price of Saudi Riyals 15.29 and the closing price per share of Saudi Riyals 20.10 per share on June 13, 2022, the last day on which the shares were traded before the rights issue.

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**6 (Loss) earnings per share (continued)**

The basic and diluted (loss) earnings per share is calculated as follows:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
(Loss) profit for the period for basic and diluted earnings per share	<b>(1,413,448)</b>	221,447	<b>696,041</b>	1,587,763
Weighted average number of shares outstanding during the period (number of shares in thousands)	<b>1,637,101</b>	1,151,215	<b>1,314,957</b>	1,151,215
Adjustment for the effect of dilution in weighted average number of shares outstanding during the period due to ESOP (number of shares in thousands)	<b>337</b>	214	<b>337</b>	214
Basic and diluted (loss) earnings per share (Saudi Riyals)	<b>(0.86)</b>	0.19	<b>0.53</b>	1.38

**7 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
<b>Cost</b>						
January 1, 2022	11,124,396	58,049,074	46,970	600,896	1,002,022	70,823,358
Additions	-	167,743	-	-	295,938	463,681
Transfers	27,441	124,350	40	10,497	(162,328)	-
Disposals	-	(1,552)	(408)	(3,694)	-	(5,654)
<b>September 30, 2022</b>	<b>11,151,837</b>	<b>58,339,615</b>	<b>46,602</b>	<b>607,699</b>	<b>1,135,632</b>	<b>71,281,385</b>
<b>Accumulated depreciation</b>						
January 1, 2022	3,093,868	23,282,183	37,347	319,728	-	26,733,126
Charge for the period	181,972	1,459,200	1,111	34,620	-	1,676,903
Released on disposals	-	(1,382)	(408)	(3,679)	-	(5,469)
<b>September 30, 2022</b>	<b>3,275,840</b>	<b>24,740,001</b>	<b>38,050</b>	<b>350,669</b>	<b>-</b>	<b>28,404,560</b>
<b>Carrying Value</b>						
<b>At September 30, 2022 (Unaudited)</b>	<b>7,875,997</b>	<b>33,599,614</b>	<b>8,552</b>	<b>257,030</b>	<b>1,135,632</b>	<b>42,876,825</b>
At December 31, 2021 (Audited)	8,030,528	34,766,891	9,623	281,168	1,002,022	44,090,232

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**8 Leases**

**8.1 Right-of-use assets**

	<b>Land, buildings and infrastructure</b>	<b>Plant and machinery</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost</b>				
January 1, 2022	1,260,813	11,660,838	109,434	13,031,085
Derecognition	-	-	(1,972)	(1,972)
<b>September 30, 2022</b>	<b>1,260,813</b>	<b>11,660,838</b>	<b>107,462</b>	<b>13,029,113</b>
<b>Accumulated depreciation</b>				
January 1, 2022	265,987	2,022,868	73,272	2,362,127
Charge for the period	26,653	489,735	15,714	532,102
Released on derecognition	-	-	(1,265)	(1,265)
<b>September 30, 2022</b>	<b>292,640</b>	<b>2,512,603</b>	<b>87,721</b>	<b>2,892,964</b>
<b>Carrying value</b>				
<b>At September 30, 2022 (Unaudited)</b>	<b>968,173</b>	<b>9,148,235</b>	<b>19,741</b>	<b>10,136,149</b>
At December 31, 2021 (Audited)	994,826	9,637,970	36,162	10,668,958

**8.2 Lease liabilities**

Lease liabilities as at September 30, 2022 are as follows:

	<b>September 30, 2022</b>		<b>December 31, 2021</b>	
	<b>Minimum lease payments (Unaudited)</b>	<b>Interest (Unaudited)</b>	<b>Present value of minimum lease payments (Unaudited)</b>	<b>Present value of minimum lease payments (Audited)</b>
Land, buildings and infrastructure	2,645,907	1,545,709	1,100,198	1,113,331
Plant and machinery	12,371,453	2,691,792	9,679,661	10,082,695
Vehicles	21,295	552	20,743	37,606
	<b>15,038,655</b>	<b>4,238,053</b>	<b>10,800,602</b>	<b>11,233,632</b>

Lease liabilities are presented in the condensed interim statement of financial position as follows:

	<b>September 30, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Current portion	602,263	588,445
Non-current portion	10,198,339	10,645,187
	<b>10,800,602</b>	<b>11,233,632</b>

The minimum lease payments together with the present value of minimum lease payments as at September 30, 2022 are as follows:

	<b>September 30, 2022</b>		<b>December 31, 2021</b>	
	<b>Minimum lease payments (Unaudited)</b>	<b>Present value of minimum lease payments (Unaudited)</b>	<b>Minimum lease payments (Audited)</b>	<b>Present value of minimum lease payments (Audited)</b>
Within twelve months	960,323	602,263	965,659	588,445
One to five years	3,758,567	2,500,194	3,778,230	2,458,128
More than five years	10,319,765	7,698,145	11,013,638	8,187,059
Total minimum lease payments	<b>15,038,655</b>	<b>10,800,602</b>	<b>15,757,527</b>	<b>11,233,632</b>
Less: finance charges	<b>(4,238,053)</b>	<b>-</b>	<b>(4,523,895)</b>	<b>-</b>
<b>Present value of minimum lease payments</b>	<b>10,800,602</b>	<b>10,800,602</b>	<b>11,233,632</b>	<b>11,233,632</b>

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**8 Leases (continued)**

**8.3** During the period ended September 30, 2022, the Company's expenses relating to short-term leases and low value assets are Saudi Riyals 2,303 thousands (September 30, 2021: Saudi Riyals 341 thousands) and Saudi Riyals 1,605 thousands (September 30, 2021: Saudi Riyals 1,794 thousands), respectively.

**9 Financial assets and financial liabilities**

**9.1 Financial assets measured at amortized cost**

<b>Long-term loans:</b>		<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>Notes</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Loans to employees	9.1.1	<b>247,191</b>	184,324
Less: current portion of long-term loans		<b>(8,121)</b>	(5,223)
Non-current portion of long-term loans		<b>239,070</b>	179,101
<b>Trade receivables</b>	9.1.2	<b>5,914,449</b>	8,257,121

**9.1.1** The Company's eligible employees are provided with loans under an employees' home ownership program. The cost of the land is advanced to employees free of interest cost provided the employee serves the Company for a minimum period of four years while the construction cost of the house is amortized and repayable free of interest to the Company to the extent of 90% over a period of seventeen years. The remaining 10% is amortized over the term of the loan (seventeen years). These loans are secured by mortgages on the related housing units. Ownership of the housing unit is transferred to the employee upon full payment of the loan.

**9.1.2** Trade receivables of the Company are as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables – related parties	<b>5,893,116</b>	8,201,264
Trade receivables – others	<b>21,333</b>	55,857
	<b>5,914,449</b>	8,257,121

Following is the ageing matrix used by the Company for analysis of trade receivables:

	<b>Total</b>	<b>Neither past due nor impaired</b>	<b>Past due but not impaired</b>				<b>More than 24 months impaired</b>	
			<b>Less than 6 months</b>	<b>6 to 12 months</b>	<b>12 to 18 months</b>	<b>18 to 24 months</b>		
<b>September 30, 2022 (Unaudited)</b>	<b>5,914,449</b>	<b>5,619,655</b>	<b>227,361</b>	<b>66,265</b>	-	<b>136</b>	<b>1,032</b>	-
December 31, 2021 (Audited)	8,257,121	8,102,778	148,659	4,398	136	-	1,150	-

Financial assets also include cash and cash equivalents amounting to Saudi Riyals 4,426 million (December 31, 2021: Saudi Riyals 3,972 million) and other receivables amounting to Saudi Riyals 81 million (December 31, 2021: Saudi Riyals 97 million) that are measured at amortized cost.

**9.2 Financial assets measured at fair value through profit and loss**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Investment in RAWEC	<b>16,412</b>	16,412

The Company holds 1% shares in the capital of RAWEC, a Saudi limited liability company.

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**9 Financial assets and financial liabilities (continued)**

**9.3 Financial liabilities measured at amortized cost**

**Loans, borrowings and other liability**

	<b>Notes</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Loans from banks and financial institutions	9.3.1	<b>20,739,452</b>	23,179,254
Loan from Saudi Industrial Development Fund (SIDF)	9.3.2	<b>3,227,828</b>	3,243,426
Loans and facilities from founding shareholders and their affiliates	9.3.3	<b>2,202,645</b>	12,157,872
Other facilities	9.3.4	-	111,458
Other long-term liability	9.3.5	-	36,618
		<b>26,169,925</b>	38,728,628
Less: current portion		<b>(13,265,983)</b>	(18,898,428)
Non-current portion		<b>12,903,942</b>	19,830,200
<b>Trade and other payables</b>	<b>9.3.6</b>	<b>14,425,923</b>	12,397,978

**9.3.1 Loans from banks and financial institutions**

The Company had entered into Consortium Loan Agreements with commercial banks and financial institutions for development, design, and construction of integrated refining and petrochemical complex. The facilities available under these Consortium Loan Agreements were utilized in full by July 2008. The loan was repayable in semi-annual instalments from June 2011 to December 2021 and has been fully repaid.

During the year ended December 31, 2015, the Company further entered into Consortium Loan Agreements with commercial banks and financial institutions for Phase II Expansion Project. The facilities available under these loan agreements amount to Saudi Riyals 30,630 million which have been utilized in full by the Company. The loan amounting to Saudi Riyals 19,380 million is repayable in semi-annual instalments from June 2019 to June 2031. During the year ended December 2020, a portion of loan amounting to Saudi Riyals 3,312 million has been repaid from the proceeds of loan from SIDF (see Note 9.3.2). During the period ended September 30, 2022, the equity bridge loan guaranteed by founding shareholders amounting to Saudi Riyals 11,250 million has been partially repaid to an extent of Saudi Riyals 1,940.49 million out of the proceeds of the rights issue (Note 10). The equity bridge loan had an initial maturity of July 1, 2019, which during the period ended September 30, 2022, has been further rescheduled to December 20, 2022 with an option to further extend it up to March 20, 2023.

The aforementioned loans are denominated in US Dollar and Saudi Riyal and bear financial charges based on prevailing market rates. The loan agreements include financial and operational covenants which among other things; require certain financial ratios to be maintained. The loans are secured by property, plant and equipment and cash and cash equivalents of the Company with carrying values of Saudi Riyals 42,877 million and Saudi Riyals 4,426 million, respectively.

**9.3.2 Loan from SIDF**

During the year ended December 31, 2019, the Company entered into a loan agreement with SIDF to replace a portion of the loans for Phase II Expansion Project (see Note 9.3.1). The facility available under this loan agreement amounts to Saudi Riyals 3,600 million and is utilized as at September 30, 2022. The loan is repayable in unequal semi-annual instalments commencing from Rabi Aakhir 1443H (corresponding to November 2021) to Shawwal 1453H (corresponding to January 2032). Upfront fee amounting to Saudi Riyals 288 million was deducted at the time of receipt of the loan and is amortised over the loan term. The loan also bears a follow up fee to be paid on semi-annual basis. The loan has certain covenants, which among other things requires certain financial ratios to be maintained. The loan facility is secured by a mortgage on the property, plant and equipment of the Company amounting to Saudi Riyals 7,200 million.

**9.3.3 Loans and facilities from founding shareholders and their affiliates**

- (a) Loans from the founding shareholders were availed as part of the Credit Facility Agreement and bear financial charges. The loans were secured by promissory note issued by the Company in favour of each shareholder equivalent to drawdowns. As part of the Company's equity restructuring transaction (Note 10), the loans from founding shareholders and related accumulated interest was settled through the net offering proceeds of the Rights Issue by capitalizing the principal and accrued interest amounting to Saudi Riyals 5,962.5 million due to the founding shareholders under the Credit Facility Agreement. The remaining accumulated interest as at September 30, 2022 amounting to Saudi Riyals 45.1 million has been transferred to other payables (Note 9.3.6).

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**9 Financial assets and financial liabilities (continued)**

	<b>September 30, 2022</b>	December 31, 2021
	<b>(Unaudited)</b>	(Audited)
Saudi Arabian Oil Company (Saudi Aramco)	-	2,287,500
Sumitomo Chemical Company Limited (Sumitomo Chemical)	-	2,287,500
<i>Accumulated interest:</i>		
Saudi Aramco	-	695,737
Sumitomo Chemical	-	695,737
	<b>-</b>	<b>5,966,474</b>

(b) The Company entered into the following agreements in 2020:

- Revolving corporate facilities with Saudi Aramco and Sumika Finance Company Limited, a wholly owned subsidiary of Sumitomo Chemical, based on prevailing market rates. The facilities available under each of these agreements amount to Saudi Riyals 2,812.5 million (collectively Saudi Riyals 5,625 million) and are utilized to the extent of Saudi Riyals 2,175 million as at September 30, 2022. These facilities are secured by promissory notes issued by the Company in favor of each lender.
- Corporate facility agreement with Saudi Aramco. The facility available under this agreement amounts to Saudi Riyals 1,875 million and is unutilized as at September 30, 2022. The facility bears financial charges based on prevailing market rates. The facility is secured by promissory note issued by the Company in favor of Saudi Aramco to the extent of drawdown made.

**9.3.4 Other facilities**

- (a) The Company has working capital facilities of Saudi Riyals 1,875 million with local commercial banks on prevailing market rates. During the nine-month period ended September 30, 2022, drawdowns and repayments amounting to Saudi Riyals 1,782.5 million and Saudi Riyals 1,782.5 million, respectively have been made by the Company with a closing balance of Saudi Riyals Nil as at September 30, 2022 (December 31, 2021: Saudi Riyals Nil).
- (b) The Company has a credit facility of Saudi Riyals 375 million with a local commercial bank on prevailing market rates. As at September 30, 2022, the facility has been unutilized by the Company (December 31, 2021: Saudi Riyals 111 million).

**9.3.5 Other long-term liability**

Other long-term liability represents withholding tax on the remaining unpaid accumulated interest on loan from Sumitomo Chemical (see Note 9.3.3 a) in accordance with Saudi Arabian Income Tax Law. The balance as at September 30, 2022 amounting to Saudi Riyals 1.2 million has been transferred to other payables (Note 9.3.6).

**9.3.6 Trade and other payables**

	<b>September 30, 2022</b>	December 31, 2021
	<b>(Unaudited)</b>	(Audited)
Trade payables:		
- Related parties	<b>13,115,669</b>	10,978,479
- Others	<b>1,211,849</b>	1,325,595
	<b>14,327,518</b>	12,304,074
Other payables – related parties (see below)	<b>98,405</b>	93,904
	<b>14,425,923</b>	12,397,978

Other payables principally relate to payments made by founding shareholders on behalf of the Company in respect of seconded employees, other charges and remaining accumulated interest on shareholders loans (Note 9.3.3 a).

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**10 Share capital**

The Company's authorised and issued share capital consists of 1,671 million shares of Saudi Riyals 10 each (December 31, 2021: 876 million shares of Saudi Riyals 10 each). The founding shareholders of the Company are Saudi Aramco and Sumitomo Chemical and each of them holds 37.5% of the shares.

On June 8, 2022, the Company's shareholders approved the increase in the Company's share capital through a rights issue with a total value of Saudi Riyals 7,950 million as proposed by the Board of Directors of the Company. Pursuant to the rights issue, the Company increased its share capital from Saudi Riyals 8,760 million to Saudi Riyals 16,710 million. The net offering proceeds were used to repay the loans and related accrued interest from founding shareholders under the Credit Facility Agreement (note 9.3.3 a) by capitalizing the amounts due to the founding shareholders under such agreement and towards the partial repayment of the equity bridge loans (note 9.3.1).

**11 Statutory reserve**

In accordance with the Regulation for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer each year at least 10% of its net income, after absorbing accumulated deficit, to a statutory reserve until such reserve equal 50% of its share capital. This reserve is not available for distribution to shareholders.

**12 Zakat and Tax**

**12.1 (Income) charge for the period**

Zakat and tax for the three-month and nine-month periods ended September 30, is as follows:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Zakat for the period	<b>(22,206)</b>	5,823	<b>16,735</b>	10,102
Income tax for the period	<b>(72,216)</b>	(8,388)	<b>12,052</b>	5,113
Deferred tax expense for the period	<b>10,850</b>	52,881	<b>108,182</b>	161,644
	<b>(83,572)</b>	50,316	<b>136,969</b>	176,859

Income tax and deferred tax for the three-month and nine-month periods ended September 30, has been recognised as follows:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Condensed interim statement of profit or loss:				
- Income tax	<b>(72,216)</b>	(8,388)	<b>12,052</b>	5,113
- Deferred tax expense	<b>10,850</b>	52,881	<b>108,182</b>	161,644
	<b>(61,366)</b>	44,493	<b>120,234</b>	166,757

**12.2 Status of assessments**

The Company has filed its Zakat and income tax returns with the Zakat, Tax and Customs Authority (ZATCA) up to the financial year 2021. The Company's Zakat and tax assessments have been finalized by ZATCA up to the financial year 2008 and for the years 2011 up to 2016.

ZATCA had issued assessments for the years 2009 and 2010 by raising additional Zakat and tax demand of Saudi Riyals 43.3 million and Saudi Riyals 0.2 million, respectively. The Company had filed an appeal for the years 2009 and 2010 with Tax Violations and Disputes Appellate Committee (TVDAC) and submitted a bank guarantee amounting to Saudi Riyals 43.5 million. During the year ended December 31, 2021, TVDAC issued its decision reducing the additional Zakat and Tax demand to Saudi Riyals 31.4 million and Saudi Riyals Nil respectively and referred certain matters to the Tax Violations and Disputes Resolution Committee (TVDRC) for re-adjudication. The Company has requested TVDAC for reconsideration of their decision and also submitted its request to TVDRC for the matters referred to them by TVDAC. The decisions of TVDRC and TVDAC are awaited.

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**12 Zakat and Tax (continued)**

ZATCA had issued revised assessments for the years 2017 and 2018 by raising additional Zakat and tax demand of Saudi Riyals 100.7 million and Saudi Riyals 10.5 million, respectively. The Company registered an appeal against the revised assessment with TVDRC. During the nine-month period ended September 30, 2022, the TVDRC held the hearing for years 2017 and 2018 and issued its decision reducing the Zakat and tax demand to Saudi Riyals 94.7 million and Saudi Riyals 0.5 million, respectively. The Company has filed an appeal against the decision of TVDRC with TVDAC. During the year ended December 31, 2021, ZATCA had also issued assessments for the years 2019 and 2020 by raising additional Zakat liability of Saudi Riyals 73.8 million. The Company has filed an objection with ZATCA and submitted bank guarantees amounting to Saudi Riyals 36.9 million for the liabilities under objection. ZATCA has rejected the Company's objection and the Company has registered an appeal against ZATCA's revised assessment with the TVDRC.

The management expects a favourable outcome against the aforementioned additional demands. If any additional Zakat and tax arises on finalization of the aforementioned additional demands, it is recoverable to the extent of Saudi Riyals 56.2 million and Saudi Riyals 0.7 million for Zakat and tax, respectively, from the founding shareholders of the Company.

**13 Related party transactions and balances**

Related parties comprise the founding shareholders of the Company being Saudi Aramco and Sumitomo Chemical, their subsidiaries and associates and other companies with common directorship with significant influence on other companies and key management personnel.

**13.1 Transactions with related parties**

Transactions with related parties arise mainly from purchases, sales of refined and petrochemical products, credit facilities, secondments and various lease arrangements and are undertaken at approved contractual terms. Significant related party transactions for the period ended September 30, are summarized as follows:

	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Saudi Aramco and its associated companies</b>		
Purchase of goods including LPG shortfall	<b>38,792,427</b>	25,377,332
Sale of refined products and petrochemical products	<b>38,676,457</b>	25,515,519
Financial charges	<b>108,212</b>	131,774
Rentals	<b>17,416</b>	16,261
Secondees' costs	<b>10,244</b>	13,654
Service and other cost charges, net	<b>21,041</b>	10,758
<b>Sumitomo Chemical and its associated companies</b>		
Purchase of goods	<b>62,809</b>	158,992
Sale of petrochemical products	<b>5,398,289</b>	5,696,029
Financial charges	<b>62,093</b>	64,767
Rentals	-	216
Secondees' costs	<b>5,350</b>	14,192
Service and other cost charges, net	<b>12,083</b>	5,774

**13.2 Balances with related parties**

In addition to Trade receivables (Note 9.1.2), loans and facilities from founding shareholders and affiliates (Note 9.3.3) and Trade and other payables (Note 9.3.6), the related party transactions result in receivable and payable balances as set out in the condensed interim statement of financial position in non-trade receivables and accrued expenses and other liabilities amounting to Saudi Riyals 62.6 million (December 31, 2021: Saudi Riyals 39.1 million) and Saudi Riyals 137.5 million (December 31, 2021: Saudi Riyals 267.7 million), respectively.

**13.3 Transactions with key management personnel**

Transactions with key management personnel on account of short-term benefits amounted to Saudi Riyals 10.9 million (September 30, 2021: Saudi Riyals 10.1 million) of which Saudi Riyals 5.7 million (September 30, 2021: Saudi Riyals 5.7 million) are included in secondees' costs above. The remuneration paid to directors amounted to Saudi Riyals 1.05 million (September 30, 2021: Saudi Riyals 1.05 million).

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**14 Contingencies and commitments**

- (i) In addition to the amounts disclosed in notes 9.3.3 and 12.2 respectively, bank guarantees and letters of credit issued on behalf of the Company as at September 30, 2022 amounted to Saudi Riyals 845.8 million (December 31, 2021: Saudi Riyals 1,545 million).
- (ii) In addition to the amounts disclosed in note 8.2, capital commitments contracted for but not incurred as at September 30, 2022 amounted to Saudi Riyals 109.5 million (December 31, 2021: Saudi Riyals 66.3 million).
- (iii) During the year ended December 31, 2021, Saudi Electricity Company ("SEC") raised a claim against the Company alleging that the Company breached the Power Supply Agreement (the "Agreement") by importing power in excess of the 130MWs threshold set in the Agreement. After payment of an undisputed amount of Saudi Riyals 56.4 million, the remaining disputed amount is Saudi Riyals 317.98 million which consists of penalty on Grid Utilization Fee for 2018 and higher Grid Utilization Fee for 2019 and 2020 compared to the threshold stated as per the Agreement. The matter was initially submitted for the review of Dispute Resolution Committee (the "Committee") under the Water and Electricity Regulatory Authority ("WERA"). In addition to the above, SEC increased the claim amount to Saudi Riyals 365.7million by adding Saudi Riyals 47.7 million as Grid Utilization Fee for 2021 which was the subject of a new Grid Utilization Agreement negotiated by the Company and SEC, and not part of the above dispute. On December 19, 2021, the Committee issued an administrative decision ordering the Company to pay SEC the claim amount of Saudi Riyals 365.7 million. The Company's management believes that the Committee's decision is flawed on various grounds and represents a breach of the Kingdom's laws, regulations, and/or Shari'a laws. The Company filed an appeal against the Committee's decision on several grounds with the Jeddah Administrative Court at the Board of Grievances. The Jeddah Administrative Court transferred the jurisdiction of the case to Riyadh Administrative Court on the request of SEC, which the Company objected and filed an appeal at the Jeddah Administrative Appeal Court. The Jeddah Administrative Appeal Court returned the case to the Jeddah Administrative Court for adjudication. However, the Jeddah Administrative Court rejected the Company's case against SEC on the basis that SEC should not be the defendant in the case; instead, the case should be against the WERA Committee. The Company has rejected the judgement and has filed an appeal at the Jeddah Administrative Appeal Court. The Company's management is confident about the favourable outcome of the appeal; therefore, no provision in this respect has been made in these condensed interim financial statements.

**15 Approval and authorization for issue**

These condensed interim financial statements were approved and authorized for issue by the Board Audit Committee, as delegated by the Board of Directors, on Rabi Thani 6, 1444H (October 31, 2022).