AATSC PROSPECTUS PART 2 OF 2: THIS MUST BE READ IN CONJUNCTION WITH AATSC PROSPECTUS PART 1 OF 2 (AVAILABLE ON THE WEBSITE OF THE CAPITAL MARKET AUTHORITY WWW.CMA.ORG.SA)

ساتورب
satorp

PROSPECTUS

Part 2 of 2

ARABIAN ARAMCO TOTAL SERVICES COMPANY
(a joint stock company incorporated under the laws of the Kingdom of Saudi Arabia)
Commercial Register Number 2055012417

Joint Lead Managers and Joint Bookrunners

Deutsche Securities Saudi Arabia	Samba Capital & Investment Management Company	Saudi Fransi Capital
Deutsche Securities دويتشه للأوراق المالية Deutsche Bank Group	sambacapital سامباكابيتال	السعودي الفرنسي كابيتال Saudi Fransi Capital

This Prospectus includes information given in compliance with the Listing Rules issued by the Capital Market Authority of the Kingdom (the **Authority**). The Directors of the Issuer and SATORP, whose names appear in the sections of this Prospectus entitled "*Description of the Issuer*" and "*Description of SATORP*", respectively, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and The Saudi Stock Exchange Company (Tadawul) (**Tadawul**) do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This unofficial English translation of the official Arabic Prospectus is provided for information purposes only. The Arabic prospectus published on the Authority's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two texts.

This Prospectus is dated 10/09/2011G (expected to correspond to 12/10/1432H)

APPENDIX 1

AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE PERIOD FROM 2 AUGUST 2010 TO 31 DECEMBER 2010 AND AUDITORS' REPORT

ARABIAN ARAMCO TOTAL SERVICES COMPANY

(A Saudi Closed Joint Stock Company)

**FINANCIAL STATEMENTS FOR THE PERIOD
FROM 2 AUGUST 2010 (DATE OF INCORPORATION)
TO 31 DECEMBER 2010
AND REPORT OF INDEPENDENT AUDITOR**

ARABIAN ARAMCO TOTAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 AUGUST 2010 TO 31 DECEMBER 2010 AND REPORT OF INDEPENDENT AUDITOR

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Statement of changes in shareholders' equity	5
Notes to the financial statements	6-9

PRICEWATERHOUSECOOPERS

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REPORT OF INDEPENDENT AUDITOR

2 April 2011

To the Shareholders of Arabian Aramco Total Services Company
(A Saudi Closed Joint Stock Company)

Scope of Audit
We have audited the accompanying statement of financial position of Arabian Aramco Total Services Company (the "Company") as of 31 December 2010 and the related statements of cash flows and changes in shareholders' equity for the period from 2 August 2010 (date of incorporation) to 31 December 2010 and the notes which form an integral part of the financial statements. These financial statements, which were prepared by the Company and presented to us with all information and explanations which we required, are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified opinion
In our opinion, such financial statements taken as a whole present fairly, in all material respects, the financial position of the Company as of 31 December 2010 and its cash flows for the period from 2 August 2010 (date of incorporation) to 31 December 2010, in conformity with accounting principles generally accepted in Saudi Arabia appropriate to the circumstances of the Company.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 1, which indicates that the accompanying financial statements have been prepared solely for use by the Company's management.

PricewaterhouseCoopers

By:

Khalid A. Mahdhar
License No. 368

PricewaterhouseCoopers, License No. 25
Licensed Partners: Sami E. Farah (168), Omar M. Al Sagga (369), Khalid A. Mahdhar (368),
Mohammed A. Al Obaidi (367), Abdulhamid M. S. Bushnaq (155), Ibrahim R. Habib (383)

ARABIAN ARAMCO TOTAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

Statement of financial position
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	As at 31 December 2010
ASSETS		
Current assets		
Cash and cash equivalents	4	2,000
Total assets		2,000
SHAREHOLDERS' EQUITY		
Share capital	5	2,000
Statutory reserve	6	-
Total shareholders' equity		2,000

The financial statements are approved by the Board of Directors on 2 April 2011 and signed on its behalf by:

Ahmad Al-Ghannam
Chairman of the Board

The notes on pages 6 to 9 form an integral part of these financial statements.

ARABIAN ARAMCO TOTAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

Statement of cash flows
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Period from 2 August 2010 to 31 December 2010
Cash flows from financing activities		
Share capital contribution	5	2,000
Net cash generated from financing activities		**2,000**
Net change in cash and cash equivalents		2,000
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	4	**2,000**

The notes on pages 6 to 9 form an integral part of these financial statements.

ARABIAN ARAMCO TOTAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

Statement of changes in shareholders' equity
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Total
2 August 2010		-	-	-
Proceeds from shares issued	5	2,000		2,000
Transfer to statutory reserve	6	-	-	-
31 December 2010		**2,000**	**-**	**2,000**

The notes on pages 6 to 9 form an integral part of these financial statements.

ARABIAN ARAMCO TOTAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

Notes to the financial statements for the period from
2 August 2010 (date of incorporation) to 31 December 2010
(All amounts in thousands of Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION

Arabian Aramco Total Services Company ("the Company") is a Saudi closed joint stock company incorporated under Ministerial Resolution No Q/268, dated 21 Sha'aban 1431H, corresponding to 2 August 2010 (date of incorporation). The Company's principal place of business and address of its registered office is P.O. Box 151 Al Jubail Industrial City, with temporary offices in Al Khobar.

The objectives for which the Company is formed are the execution of certain service contracts in construction, development, operating and managing certain of Saudi Aramco Total Refining and Petrochemical Company (SATORP)'s projects.

The Company is owned 99.998% by Saudi Aramco Total Refining and Petrochemical Company (SATORP) ("SATORP") a Saudi Arabian mixed limited liability company, and 0.0005% each by Ahmed Al-Ghannam, Abdulaziz Al-Akkas, Saeid Al-Shahrani and Hamad Al-Sulaiman, all Saudi Nationals.

The Articles of Association of the Company specify the first fiscal period of the Company to be from 2 August 2010 (date of incorporation) to 31 December 2011; however, these financial statements are prepared solely for use by the Company's management, on request of the Company's management. Costs associated with the Company's formation were paid for by the Company's parent, SATORP, and will not be recharged to the Company. The Company did not undertake any operational activities for the period from 2 August 2010 to 31 December 2010. Accordingly, no income statement has been presented in the accompanying financial statements.

These financial statements were authorized for issue by the Board of Directors on 2 April 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The accompanying financial statements of the Company have been prepared in accordance with the historical cost convention on the accrual basis of accounting and in compliance with accounting standards promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA").

The preparation of financial statements in conformity with accounting principles generally accepted in Saudi Arabia requires the use of certain critical accounting estimates that affect the reported amounts of assets and liabilities at the date of the Statement of financial position and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. No significant assumptions and estimates were required to be made at the Statement of financial position date.

2.2 Cash and cash equivalents

Cash and cash equivalents include cash at bank with original maturities of three months or less.

2.3 Financial assets

The Company's financial assets consist of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables, which are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of financial position date. These are classified as non-current assets. The Company assesses at each Statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

At 31 December 2010, the Company's loans and receivables comprised only Cash and cash equivalents.

2.4 Segment reporting

Business segment

A business segment is a group of assets or operations:

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

Geographical segment

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

The Company operates in the Kingdom of Saudi Arabia within a single business and geographical segment.

2.5 Zakat and taxes

In accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"), the Company is subject to zakat attributable to the Saudi shareholders and to income taxes attributable to the parent's foreign shareholder. Provisions for zakat and income taxes are charged to the equity accounts of the Saudi and the foreign shareholder, respectively. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Deferred income taxes are recognized on all major temporary differences between financial income and taxable income during the period in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry forward losses are recognized to the extent that it is probable that future taxable income will be available against such carry-forward tax losses. Deferred income taxes are determined using tax rates which have been enacted by the Statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. No such temporary differences existed at 31 December 2010.

ARABIAN ARAMCO TOTAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

Notes to the financial statements for the period from
2 August 2010 (date of incorporation) to 31 December 2010
(All amounts in thousands of Saudi Riyals unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial instruments carried on the Statement of financial position comprise Cash and cash equivalents.

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's investment policy limits exposure to credit risk arising from investment activities. The policy requires that Cash and cash equivalents, be invested in financial institutions with strong credit ratings. The policy sets investment limits with financial institutions based on ratings by Fitch Ratings Ltd. The maximum credit exposure of the Company approximates the carrying value of its Cash and cash equivalents. At 31 December 2010, investment limits were to financial institutions assigned long-term bank ratings of F1 or better. The Company has no other concentration of credit risk.

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. At 31 December 2010, the Company did not have any significant interest bearing assets.

Price risk is the risk that the Company is exposed to changes in the price of commodity investments. The Company is not currently exposed to price risk.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's financial activity is denominated principally in Saudi Arabian Riyals. The Company currently does not have exposure to currency risk.

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure may be adjusted by increasing the amount of capital contributions and obtaining borrowings.

3.3 Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Management believes that the fair value of the Company's financial asset is not materially different from its carrying value.

ARABIAN ARAMCO TOTAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

Notes to the financial statements for the period from
2 August 2010 (date of incorporation) to 31 December 2010
(All amounts in thousands of Saudi Riyals unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

	31 December 2010
Cash at bank	2,000
	2,000

5. SHARE CAPITAL

The total authorized number of ordinary shares is two hundred thousand shares with a par value of Saudi Riyals 10 per share. Shares issued, which are fully paid, are as follows:

As at 31 December 2010

Shareholder's name	Number of shares	Percentage of shareholding	Par value of each share (Saudi Riyals)	Total value of shares (Saudi Riyals)
SATORP	199,996	99.998%	10	1,999,960
Ahmed Al-Ghannam	1	0.0005%	10	10
Abdulaziz Al-Akkas	1	0.0005%	10	10
Saeid Al-Shahrani	1	0.0005%	10	10
Hamad Al-Sulaiman	1	0.0005%	10	10
Total	**200,000**	**100%**	**-**	**2,000,000**

6. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia, the Company is required to establish a statutory reserve by appropriation of 10% of the net income for the period until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution. No transfer was made for the period from 2 August 2010 to 31 December 2010 as transfers to the statutory reserve are only made at fiscal year end.

7. ZAKAT AND TAXES

The zakat base comprises shareholders' equity. Zakat is payable at 2.5% of the greater of the zakat base or adjusted net income.

No zakat is due as of 31 December 2010 because the Company has not completed twelve months since its incorporation. No income tax is due as the Company has no adjusted net income for the period from 2 August 2010 to 31 December 2010.

8. EARNINGS PER SHARE

The Company did not undertake operational activities for the period from 2 August 2010 (date of incorporation) to 31 December 2010. Accordingly no earnings per share disclosure is provided.

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APPENDIX 2

AUDITED FINANCIAL STATEMENTS OF SATORP FOR THE PERIOD FROM 6 SEPTEMBER 2008 TO 31 DECEMBER 2008 AND AUDITORS' REPORT

SAUDI ARAMCO TOTAL
REFINING & PETROCHEMICAL COMPANY

(A Saudi Arabian Mixed Limited Liability Company)

FINANCIAL STATEMENTS FOR THE PERIOD FROM 6 SEPTEMBER 2008 (DATE OF COMMERCIAL REGISTRATION), TO 31 DECEMBER 2008, AND REPORT OF INDEPENDENT AUDITORS

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

FINANCIAL STATEMENTS FOR THE PERIOD FROM 6 SEPTEMBER 2008, TO 31 DECEMBER 2008, AND REPORT OF INDEPENDENT AUDITORS

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DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report including the audited Financial Statements for the year ended 31 December 2008, corresponding to 04 Muharam 1430H.

Saudi Aramco & Total Refining & Petrochemical Company ("SATORP") was commercially registered with Government agencies on 6th September 2008. It is a joint venture between its Shareholders: Saudi Arabian Oil Company ("Saudi Aramco") and TOTAL Refining Saudi Arabia SAS Limited ("TOTAL")

The first SATORP Board of Directors Meeting was held on 21st September 2008. At this meeting the Board:

- Appointed Board Members
- Appointed Senior Officers:
  - Saudi Aramco: CEO and HR & Support VP
  - TOTAL: CFO and Manufacturing VP
- Approved the following:
  - Schedule of Authorities
  - Procurement Policies
  - HR Policies and Manual
  - Accounting Policies
  - Transitional Operating Plan for Q4, 2008

The second SATORP Board of Directors Meeting was held on 22 December 2008. At this meeting the Board:

- Approved the 2009 Corporate Operating Plan
- Approved the award of the Temporary Camp Facility Contract
- Agreed to the novation of certain Project Contracts

The Board also authorized the execution of Major Project Agreements already developed and signed by its Shareholders; these were signed early in 2009:

- Crude Oil Feedstock Supply Agreement
- Fuels Supply Agreement
- Refined Products Off-take Agreement
- Paraxylene Off-take Agreement

During 2008, representatives of the Company carried out the following Project Financing Activities:

- Introduced the Project to the Lending community
- Submitted required documents (e.g., Term sheet, Project Information Memorandum and Lenders' Consultants Reports including Technical,

Environmental and Marketing Reports) to selected Export Credit Agencies (ECA) & Public Investment funds (PIF)
- Commenced Term Sheet negotiations with ECAs and PIFs
- Submitted loan applications to the Saudi Industrial Development Funds (SIDF)

In terms of Engineering, Procurement & Construction Activities, the Company:

- Completed the Front End Engineering Design (FEED) for the construction of its proposed Refining and Petrochemical Facilities at Jubail
- Released all Invitation To Bid Packages to potential Contractors
- Complete Long Lead Items Purchase Order Placement
- Completed Bid Review Programs for all Packages
- Awarded the Site Preparation Contract

PRICEWATERHOUSECOOPERS

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INDEPENDENT AUDITORS' REPORT

31 March 2009

To the Shareholders and Board of Directors of Saudi Aramco Total Refining and Petrochemical Company:

We have audited the accompanying statement of financial position of Saudi Aramco Total Refining and Petrochemical Company (the "Company") as of 31 December 2008 and the related statements of operations, changes in shareholders' equity and cash flows for the period from 6 September 2008 (date of commercial registration) to 31 December 2008, and the notes which form an integral part of the financial statements. These financial statements, which were prepared by the Company to comply with applicable articles of the Regulations for Companies and presented to us with all information and explanations which we required, are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

- Present fairly, in all material respects, the financial position of the Company as of 31 December 2008 and the results of its operations and its cash flows for the period from 6 September 2008 to 31 December 2008, in conformity with accounting principles generally accepted in Saudi Arabia appropriate to the circumstances of the Company;

- Comply, in all material respects, with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of financial statements.

PricewaterhouseCoopers Al Juraid

By: W. Sm

Walid I. Shukri
License No. 329

Khobar

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY LLC
(A Saudi Arabian Mixed Limited Liability Company)

STATEMENT OF FINANCIAL POSITION

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	At 31 December 2008
ASSETS		
Current assets		
Cash and cash equivalents	4	1,130,880
Prepayments and other assets	5	4,676
		1,135,556
Non-current assets		
Assets under construction	6	6,911
		6,911
Total assets		1,142,467
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	7	6,180
Accrued expenses – related parties	12	15,562
Total liabilities		21,742
EQUITY		
Capital and reserves attributable to equity holders of the company		
Share Capital	8	1,125,000
Statutory reserve	10	-
Accumulated loss		(4,275)
Total equity		1,120,725
Total equity and liabilities		1,142,467
Commitments	11	-

Ken Bailey
Chief Financial Officer

Salem Shaheen
Chief Executive Officer

Olivier Devouassoux
Director

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SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY LLC
(A Saudi Arabian Mixed Limited Liability Company)

STATEMENT OF OPERATIONS
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Period from 6 September 2008 to 31 December 2008
Income		-
Expenses		
General and administrative expenses	9	(17,599)
Operating loss		(17,599)
Finance income		13,324
Net loss for the period		(4,275)

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY LLC
(A Saudi Arabian Mixed Limited Liability Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Accumulated loss	Total
Balance at 6 September 2008		-	-	-	-
Proceeds from shares issued	8	1,125,000			1,125,000
Net Loss for the period				(4,275)	(4,275)
Transfer to statutory reserve			-	-	-
Balance at 31 December 2008		1,125,000	-	(4,275)	1,120,725

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

STATEMENT OF CASH FLOWS
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Period from 6 September 2008 to 31 December 2008
Cash flows from operating activities	
Net loss for the period	(4,275)
Adjustment for:	
Finance income	(13,324)
Change in working capital:	
Prepayments and other assets	(2,760)
Accounts payable and accrued expenses	878
Accrued expenses - related parties	15,562
Net cash used in operating activities	(3,919)
Cash flows from investing activities	
Assets under construction	(6,911)
Finance income received	11,408
Accounts payable and accrued related to capital expenditures	5,302
Net cash provided by investing activities	9,799
Cash flows from financing activities	
Share capital contribution	1,125,000
Net cash provided by financing activities	1,125,000
Net increase in cash and cash equivalents	1,130,880
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	1,130,880

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SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS
(All amounts in thousands of Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION

SAUDI ARAMCO TOTAL Refining & Petrochemical Company ("the Company") is a Saudi Arabian mixed limited liability company registered on 06 Ramadan, 1429H (6 September 2008) under commercial registration number 2055009745. The Company's principal place of business and address of its registered office is P.O. Box 151 Al Jubail Industrial City, with temporary offices in Al Khobar.

The objective for which the Company is formed is the construction of refinery facilities at Jubail II Industrial City, the manufacture and sale of refined, petrochemical and any other hydrocarbon products.

The Company is owned 62.5% by Saudi Arabian Oil Company ("Saudi Aramco") and 37.5% by TOTAL Refining Saudi Arabia SAS Limited ("TOTAL") registered in France, a wholly owned subsidiary of TOTAL S.A.

These financial statements were authorized for issue by the board of directors on 31 March 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The accompanying financial statements of the Company have been prepared in accordance with the historical cost convention on the accrual basis of accounting and in compliance with standards promulgated by the Saudi Organization for Certified Public Accountants.

The preparation of financial statements in conformity with accounting principles generally accepted in Saudi Arabia requires the use of certain critical accounting estimates that affect the reported amounts of assets and liabilities at the date of the Statement of financial position and the reported amounts of expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. No significant assumptions and estimates were required to be made at the Statement of financial position date, as the Company is in early stages of development.

2.2 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.3 Assets under construction

Assets under construction are carried at historical cost and are transferred to tangible assets when ready for use. Historical cost includes expenditure that is directly attributable to the construction of the assets. No depreciation is charged on such assets until transferred to tangible assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.4). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the Statement of operation.

2.4 Impairment of non-financial assets

Non-current asset are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount 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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than Goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Foreign currency translation

(a) Functional and presentation currency

These financial statements are presented in Saudi Riyals which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of operation within finance income or cost. All other foreign exchange gains and losses, if any, are presented net in the Statement of operations within other (losses)/gains.

2.6 Financial assets

The Company classifies its financial assets into the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of financial position date. These are classified as non-current assets. The Company assesses at each Statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

At 31 December 2008, the Company's financial assets consisted of loans and receivables. The Company's loans and receivables comprise cash and cash equivalents and interest receivable.

2.7 Accounts payable and accrued expenses

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

2.8 Provisions for liabilities

Provisions are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

2.9 Finance income

Finance income is recognized on a time-proportion basis using the effective interest method.

2.10 Current and deferred income taxes and zakat

The Company is subject to zakat attributable to the Saudi shareholder (Saudi Aramco) and to income taxes attributable to the foreign shareholder (TOTAL). Provisions for zakat and income tax are charged to the equity accounts of the Saudi shareholder and the foreign shareholder, respectively.

Income taxes: The tax charge for the period comprises current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of financial position date in Saudi Arabia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the Department of Zakat and Income Tax ("DZIT").

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS
(All amounts in thousands of Saudi Riyals unless otherwise stated)

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Zakat: Zakat assessable on the Saudi shareholder is computed on the Saudi shareholder's share of the zakat base. The significant components of the zakat base are shareholders' equity and adjusted net income, less deduction for the net book value of property and equipment. Any difference between the provision and the assessment is recorded when the final assessment is determined.

2.11 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of operations on a straight-line basis over the period of the lease.

2.12 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial instruments carried on the Statement of financial position comprise cash and cash equivalents, interest receivable and accounts payable and accrued expenses.

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's investment policy limits exposure to credit risk arising from investment activities. The policy requires that cash and cash equivalents, be invested in financial institutions with strong credit ratings. The policy sets investment limits with financial institutions based on ratings by Fitch Ratings, Ltd. The maximum credit exposure of the Company approximates the carrying value of its cash and cash equivalents and interest receivable.

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company monitors the fluctuations in interest rates and believes that the effect of the interest rate risk is not significant.

Price risk is the risk that the Company is exposed to changes in the price of commodity investments. As the Company is in early stages of development, it is not exposed to price risk.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi riyals and U.S. Dollars. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant.

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure may be adjusted by increasing the amount of capital contributions and obtaining borrowings.

3.3 Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

4. CASH & CASH EQUIVALENTS

	2008
Deposits with original maturities of three months or less	1,123,125
Cash and bank balances	7,755
	1,130,880

Deposits are held by commercial banks and yield financial income at prevailing market rates.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS
(All amounts in thousands of Saudi Riyals unless otherwise stated)

5. PREPAYMENTS AND OTHER ASSETS

	2008
Advances to suppliers and contractors	2,760
Interest receivable	1,916
	4,676

6. ASSETS UNDER CONSTRUCTION

Cost	
Additions	6,911
31 December 2008	**6,911**

Assets under construction represent computer hardware and software under installation and implementation.

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Trade accounts payable	675
Other payables and accrued expenses	5,505
	6,180

8. SHARE CAPITAL

The total authorized number of ordinary shares is 112.5 million shares with a par value of Saudi Riyal 10 per share. Shares issued, which are fully paid, are as follows:

Shareholder's name	Number of shares	Percentage of share	Par value of each share (SR)	Total value of of shares (SR)
Saudi Aramco	70,312,500	62.5%	10	703,125,000
TOTAL	42,187,500	37.5%	10	421,875,000
Total	112,500,000	100%	-	1,125,000,000

9. GENERAL AND ADMINISTRATIVE EXPENSES

	2008
Manpower and related costs	16,136
Contracted services	881
Materials and utilities	330
Others	252
	17,599

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
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10. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia, the Company is required to establish a statutory reserve by appropriation of 10% of profit for the period until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution. No transfer was made for the period ended 31 December 2008 as the Company has a net loss.

11. COMMITMENTS

Capital Commitments

On 23 December 2008 the Company entered into a contract for the construction of temporary construction facilities at its construction site in Jubail, Saudi Arabia, at an approximate total cost of SR 450 million. No goods or services were provided under this contract at 31 December 2008.

Operating leases

On 29 November 2008, effective 31 March 2009, the Company entered into a three year lease contract for the provision of office space, furniture and associated services. The future minimum lease payments under this non-cancellable operating lease are as follows:

	2008
No later than one year	8,257
Later than one year and no later than 5 years	24,773
	33,030

12. RELATED PARTY TRANSACTIONS

a. Novation of pre-formation contracts

On the 22 December 2008, the board of directors approved in principle the novation of certain contracts, purchase orders and agreements entered into by the Shareholders, with future commitments totaling SR 869.25 million. The novation of these contracts was still outstanding at 31 December 2008.

b. Front-end engineering and design study costs

Prior to the formation of the Company, Saudi Aramco and TOTAL entered into a joint front-end engineering and design study. For purposes of the Shareholders Agreement the related costs are divided into two categories namely, “Equity Costs” and “Invoiced Costs”. Equity Costs” are defined as not being “Invoiced Costs”. “Invoiced Costs” are defined as those costs that may not be transferred to the Company and converted to equity in accordance with the agreed standards as set forth in the cost sharing and reimbursement agreement.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

Pursuant to section 6.2 (a) (i) of Article 6.2 'In Kind Contributions and Invoicing of Joint FEED Study Expenses', of the Shareholders Agreement, by both shareholders are to be treated as "Equity Costs". Such "Equity Costs" will be converted into equity by Saudi Aramco and TOTAL in their respective amounts. Pursuant to section 6.2 (a) (ii) both shareholders shall issue invoices to the Company in respect of "Invoiced Costs" and shall cause the Company to reimburse them for such "Invoiced Costs" in accordance with the terms of such invoices.

At the date of these financial statements the amounts pertaining to the above had not been presented to the Company.

c. Further contributions of goods and services

Pursuant to the Shareholders Agreement, subsequent the formation of the Company, the shareholders continued to contribute certain goods and services including the provision of office space, office furniture and personnel to the Company. At the date of these financial statements the Company had not been invoiced for the amounts pertaining to these goods and services.

d. Transactions and balances with related parties

(1) The following transactions were carried out with related parties:

	2008
Goods and services received:	
Saudi Aramco	7,249
TOTAL	8,313
	15,562

(2) The following balance sheet amounts were with related parties:

Accrued expenses:	
Saudi Aramco	7,249
TOTAL	8,313
	15,562

e. Key management compensation

Key management includes directors (executive and non-executive), members of the Executive Committee.

Key management personnel compensation includes annual pay, benefits, deferred compensation, bonuses and termination benefits. Currently, directors are paid by the Shareholders and the associated costs are not recharged to the Company.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS
(All amounts in thousands of Saudi Riyals unless otherwise stated)

13. SUBSEQUENT EVENTS

On 24th January 2009 the Company entered into a contract for a site preparation at the construction site in Jubail, Saudi Arabia, at an approximate value of SR 225 million.

On 10 February 2009 the Company entered into the following agreements with Saudi Aramco and TOTAL:

- Refined Products Off-take Agreement for all volumes produced by the Company.
- Paraxylene Off-take Agreement for all volumes produced by the Company.
- Crude Oil Feedstock Supply Agreement for all volumes required by the Company.
- Fuels Supply Agreement for all volumes required by the Company.

Effective 1 January 2009 the Company entered into a Personnel and Secondment Services Agreement with Saudi Aramco and TOTAL

APPENDIX 3

AUDITED FINANCIAL STATEMENTS OF SATORP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 AND AUDITORS' REPORT

SAUDI ARAMCO TOTAL
REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009
AND REPORT OF INDEPENDENT AUDITORS

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009
AND REPORT OF INDEPENDENT AUDITORS

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Statement of operations	5
Statement of changes in shareholders' equity	6
Statement of cash flows	7
Notes to the financial statements	8-17

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of SAUDI ARAMCO TOTAL Refining and Petrochemical Company (SATORP) has great pleasure in presenting its Annual Report and the company's audited financial statements for the year ending on 31 December 2009, corresponding to 14 Muharram 1431H.

Overview

SATORP is a joint venture between Saudi Arabian Oil Company (Saudi Aramco) and Total Refining Saudi Arabia SAS Limited (TOTAL), established for the purpose of building and operating a refining and petrochemical complex in the Jubail II Industrial City to supply the Kingdom and key international markets with refined products.

2009 Accomplishments

SATORP achieved a number of significant corporate milestones as it continued to develop from a startup operation into a full operating company, including, in particular, the following:

<u>Construction</u>

SATORP executed thirteen (13) lump-sum turnkey contracts on July 7, 2009, with a total value in excess of US$ 9.6 billion. SATORP management deferred the award of these contracts until July to take advantage of improving market conditions, securing a saving of around US$ 2.2 billion from initial expectations. Subsequently, all project personnel were mobilized to the contractors' respective design offices. At the end of 2009, site preparation and temporary construction facilities were 90% complete and the overall project had progressed well, Engineering 22%, Procurement 12% and Construction 2%.

<u>Financing</u>

- SATORP secured commitments from ECAs and certain international and commercial banks to provide the company with up to US$ 8.5 billion in senior secured term loan facilities at favorable pricing.
- SATORP's shareholders funded the company's interim operations through shareholder loans as SATORP incurred total capital expenditures in 2009 of US$ 468.4 million.

<u>Infrastructure</u>

- SATORP concluded a 30 Hijri year lease agreement with the Jubail Royal Commission for the refinery site and secured land with the Jubail port authority for tank farm and product loading operations.
- The Company relocated from its temporary to its permanent headquarters at Al-Saeed Towers in Al-Khobar.
- The Company successfully launched its corporate identity and its Enterprise Resource Planning system based on the latest version of SAP covering Finance, Controlling Procurement and Human Resources.

<u>Manpower</u>

SATORP successfully expanded its workforce as follows:

- SATORP shareholders contributed approximately 183 highly qualified secondees.
- Supplemental Manpower numbers reached a total of 224.
- SATORP's first batch of 209 high school graduates was enrolled in the company's Apprenticeship Program for Non-Employees (APNE) in February 2009, with expected graduation in March 2011.
- 14 King Fahad University of Petroleum & Minerals graduates of various engineering disciplines were hired and placed on a specialized training course in Paris at the 'Insitut Francais du Petrole' for a period of six months before spending a further six months at TOTAL Refineries for on-the-job training.
- 8 recent high school graduates were enrolled in the College Degree Program for Non-employees (CDPNE) through the Saudi Aramco system.

<u>Sales and Marketing</u>

SATORP continued to secure customers for its refined products, concluding supply agreements for benzene with Saudi Chevron Phillips and propylene with Damman 7 Petrochemical Company Limited.

Summary

All Directors are aware that 2010 will pose further organizational and operational challenges as the company continues to build on its previous accomplishments.

The Directors are confident that SATORP's management team can guide the organization to yet another successful year.

PRICEWATERHOUSECOOPERS

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INDEPENDENT AUDITORS' REPORT 19 April 2010

To the Shareholders and Board of Directors of Saudi Aramco Total Refining & Petrochemical Company:

We have audited the accompanying statement of financial position of Saudi Aramco Total Refining & Petrochemical Company (the "Company") as of 31 December 2009 and the related statements of operations, changes in shareholders' equity and cash flows for the year then ended, and the notes which form an integral part of the financial statements. These financial statements, which were prepared by the Company to comply with applicable articles of the Regulations for Companies and presented to us with all information and explanations which we required, are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

- Present fairly, in all material respects, the financial position of the Company as of 31 December 2009 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in Saudi Arabia appropriate to the circumstances of the Company; and

- Comply, in all material respects, with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of financial statements.

PricewaterhouseCoopers Al Juraid

By: W. S
Walid I. Shukri
License No. 329

3

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

Statement of financial position
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	As at 31 December 2009	2008
ASSETS			
Current assets			
Cash and cash equivalents	4	596,831	1,130,880
Advances and other receivables	5	646,898	4,676
		1,243,729	1,135,556
Non-current assets			
Advances and other receivables	5	912,192	-
Assets under construction	8	2,983,891	6,911
Property, plant and equipment	6	5,494	-
Intangible assets	7	2,738	-
		3,904,315	6,911
Total assets		5,148,044	1,142,467
LIABILITIES			
Current liabilities			
Accounts payable	9	298,765	675
Accrued and other liabilities	10	525,799	5,505
Accrued liabilities – related parties	15.2(2)	1,520,184	15,562
Loans from shareholders	15.2(2) and 15.3	1,881,912	-
		4,226,660	21,742
Total liabilities		4,226,660	21,742
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	11	1,125,000	1,125,000
Statutory reserve	13	-	-
Accumulated loss		(203,616)	(4,275)
Total equity		921,384	1,120,725
Total liabilities and equity		5,148,044	1,142,467
Commitments	14		

The financial statements were approved by the Board of Directors on 19 April 2010 and signed on its behalf by:

Ken Bailey
Chief Financial Officer

Salem Shaheen
Chief Executive Officer

Ali M. Bakhsh
Director

The notes on pages 8 to17 form an integral part of these financial statements.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

Statement of operations
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Year ended 31 December 2009	Period from 6 September 2008 to 31 December 2008
Income		-	-
Operating expenses			
General and administrative expenses	12	(208,548)	(17,599)
Loss from operations		**(208,548)**	(17,599)
Other income			
Finance income		8,513	13,324
Foreign exchange gains		694	-
Net loss for the year/period		**(199,341)**	(4,275)

The notes on pages 8 to17 form an integral part of these financial statements.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

Statement of changes in shareholders' equity
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Saudi Aramco	TOTAL	Total
Share capital	11			
Balance at 6 September 2008		-	-	-
Proceeds from shares issued		703,125	421,875	1,125,000
Balance at 31 December 2008		703,125	421,875	1,125,000
Balance at 31 December 2009		**703,125**	**421,875**	**1,125,000**
Statutory reserve	13			
Balance at 6 September 2009		-	-	-
Transfer to statutory reserve		-	-	-
Balance at 31 December 2008		-	-	-
Transfer to statutory reserve		-	-	-
Balance at 31 December 2009		**-**	**-**	**-**
Accumulated loss				
Balance at 6 September 2008		-	-	-
Net loss for the period		(2,672)	(1,603)	(4,275)
Zakat		-	-	-
Income taxes		-	-	-
Balance at 31 December 2008		(2,672)	(1,603)	(4,275)
Net loss for the year		(124,588)	(74,753)	(199,341)
Zakat	16	-	-	-
Income taxes	16	-	-	-
Balance at 31 December 2009		**(127,260)**	**(76,356)**	**(203,616)**
Total shareholders' equity at 31 December, 2009		**575,865**	**345,519**	**921,384**

The notes on pages 8 to17 form an integral part of these financial statements.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

Statement of cash flows
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Year ended 31 December 2009	Period from 6 September 2008 to 31 December 2008
Cash flows from operating activities			
Net loss for the year/period		(199,341)	(4,275)
Adjustments for non-cash items:			
Depreciation and amortization		1,180	-
Finance income		(8,513)	(13,324)
Foreign exchange gains		(694)	-
Changes in working capital:			
Advances and other receivables		(5,190)	(2,760)
Accounts payable		2,592	675
Accrued and other liabilities		19,928	203
Accrued liabilities-related parties		70,913	15,562
Net cash used in operating activities		**(119,125)**	(3,919)
Cash flows from investing activities			
Additions to assets under construction	8	(2,986,392)	(6,911)
Less:			
Accounts payable		295,500	-
Accrued and other liabilities		500,367	-
Accrued liabilities-related parties (related to Assets under construction)		1,433,708	5,302
Finance cost payable on loans from shareholders		6,911	-
Advances and other receivables		(1,550,840)	-
Finance income received		10,822	11,408
Net cash (used in)/generated from investing activities		**(2,289,924)**	9,799
Cash flows from financing activities			
Share capital contribution	11	-	1,125,000
Loans from shareholders	15.2(2)	1,875,000	-
Net cash generated from financing activities		**1,875,000**	1,125,000
Net change in cash and cash equivalents		**(534,049)**	1,130,880
Cash and cash equivalents at beginning of year	4	1,130,880	-
Cash and cash equivalents at end of year/period	4	**596,831**	1,130,880

Non-cash transactions

The Company transferred from Assets under construction Saudi Riyals 6,368 (31 December 2008: Nil) to Property, plant and equipment and Saudi Riyals 3,044 (31 December 2008: Nil) to Intangible assets.

The notes on pages 8 to17 form an integral part of these financial statements.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

Notes to the financial statements for the year ended 31 December 2009
(All amounts in thousands of Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION

SAUDI ARAMCO TOTAL Refining & Petrochemical Company ("the Company") is a Saudi Arabian mixed limited liability company licensed under industrial investment license No.2/1/2222, issued by the Saudi Arabian General Investment Authority on 25 Sha'aban, 1429 H (26 August 2008) and was registered on 06 Ramadan, 1429H (6 September 2008) under commercial registration number 2055009745. The Company's principal place of business and address of its registered office is P.O. Box 151 Al Jubail Industrial City, with temporary offices in Al Khobar.

The objectives for which the Company is formed are the construction of refinery facilities at Jubail II Industrial City, the manufacture and sale of refined, petrochemical and any other hydrocarbon products.

The Company is owned 62.5% by Saudi Arabian Oil Company ("Saudi Aramco") and 37.5% by TOTAL Refining Saudi Arabia SAS Limited ("TOTAL") registered in France, a wholly owned subsidiary of TOTAL S.A.

At 31 December 2009, the total estimated construction cost of the refinery facilities is Saudi Riyals 42 billion. To date the Company has incurred Saudi Riyals 2.9 billion of construction related costs (note 8). At 31 December 2009, the Company had capital commitments of Saudi Riyals 34 billion (note 14). The Company's current liabilities exceeds it's current assets by Saudi Riyals 2.9 billion at the Statement of financial position date. Pursuant to article 6.3 of the Shareholders Agreement Saudi Aramco and TOTAL shall ensure that the Company is sufficiently funded to meet its anticipated operational and capital requirements. At the date of these financial statements the Company is also in the process of arranging external financing facilities to secure funding for the development of the refinery facilities.

The Company is expected to commence operations during the year 2013.

These financial statements were authorized for issue by the board of directors on 19 April 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The accompanying financial statements of the Company have been prepared in accordance with the historical cost convention on the accrual basis of accounting and in compliance with accounting standards promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA").

The preparation of financial statements in conformity with accounting principles generally accepted in Saudi Arabia requires the use of certain critical accounting estimates that affect the reported amounts of assets and liabilities at the date of the Statement of financial position and the reported amounts of expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. No significant assumptions and estimates were required to be made at the Statement of financial position date.

2.2 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.3 Property, plant and equipment, Intangible assets and Assets under construction

Property, plant and equipment and Intangible assets are carried at historical cost less accumulated depreciation and amortization. Assets under construction are carried at historical cost and are transferred to Property, plant and equipment and Intangible assets when ready for use. Historical cost includes expenditure that is directly attributable to the construction of the assets. No depreciation is charged on Assets under construction until transferred to Property, plant and equipment and Intangible assets.

Depreciation and amortization is charged to the Statement of operations, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

	Number of years
Computer and office equipment	4
Software licenses and implementation	5

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.4). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the Statement of operations.

2.4 Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use.

For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than intangible assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognized as income immediately in the Statement of operations. Impairment losses recognized on intangible assets are not reversible.

2.5 Foreign currency translation

(a) Functional and presentation currency

The currency of the primary economic environment in which the Company operates is U.S.Dollars ("USD"). These financial statements are presented in Saudi Riyals which is the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of operations within Foreign exchange gains and losses.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of operations within finance income or cost to the extent that these are adjustments to finance income or cost.

2.6 Financial assets

The Company's financial assets consist of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables, which are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of financial position date. These are classified as non-current assets. The Company assesses at each Statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

At 31 December 2009, the Company's loans and receivables comprised Cash and cash equivalents and Finance income receivable.

2.7 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities represent amounts obligated to be paid for goods and services received, whether or not billed to the Company. These are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.8 Provisions for liabilities

Provisions are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

2.9 Finance income

Finance income is recognized using the effective interest method.

2.10 Current and deferred income taxes and zakat

In accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"), the Company is subject to zakat attributable to the Saudi shareholder (Saudi Aramco) and to income taxes attributable to the foreign shareholder (TOTAL). Provisions for zakat and income taxes are charged to the equity accounts of the Saudi and the foreign shareholders, respectively. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Deferred income taxes are recognized on all major temporary differences between net income (loss) and taxable income during the period in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry forward losses are recognized to the extent that it is probable that future taxable income will be available against which such carry-forward tax losses can be set off. Deferred income taxes are determined using tax rates which have been enacted by the Statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income taxes arising out of such temporary differences were not significant and, accordingly, were not recorded as of 31 December 2009 and 2008.

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

2.11 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of operations on a straight-line basis over the period of the lease.

2.12 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

Notes to the financial statements for the year ended 31 December 2009
(All amounts in thousands of Saudi Riyals unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial instruments carried on the Statement of financial position comprise Cash and cash equivalents, Finance income receivable, Accounts payable, Accrued and other liabilities, Accrued liabilities-related parties and Loans from shareholders.

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's investment policy limits exposure to credit risk arising from investment activities. The policy requires that Cash and cash equivalents, be invested in financial institutions with strong credit ratings. The policy sets investment limits with financial institutions based on ratings by Fitch Ratings Ltd. The maximum credit exposure of the Company approximates the carrying value of its Cash and cash equivalents and Finance income receivable. At the end of 2009, investment limits were to financial institutions assigned long-term bank ratings of F1 or better. The Company has no other significant concentration of credit risk.

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company monitors the fluctuations in interest rates and believes that the effect of the interest rate risk is not significant.

Price risk is the risk that the Company is exposed to changes in the price of commodity investments. As the Company is in early stages of development, it is not exposed to price risk.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's financial activity is denominated principally in U.S. Dollars and Saudi Arabian Riyals. As a result of SAMA's historical ability to maintain the target exchange rate between these currencies, management feels the Company does not have significant exposure to currency risk.

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

The following table analyses the Company's financial liabilities based on the remaining period at 31 December 2009 to the contractual maturity date with reference to Accounts payable and Accrued and other liabilities. Accrued liabilities-related parties and Loans from shareholders reflect management's expectation of the repayment date given that contractual maturity dates were not determined (note 1). The amounts disclosed in the table are the contractual undiscounted cash flows. Balances indicated below equal their carrying values as the impact of discounting is not significant.

31 December 2009	**60 Days and less**	**After 60 days but less than 180 days**	**After 180 days but less than 365 days**
Accounts payable	**298,765**	**-**	**-**
Accrued and other liabilities	**525,799**	**-**	**-**
Accrued liabilities-related parties (note 15.2)	**274,606**	**-**	**1,245,578**
Loans from shareholders	**-**	**1,881,912**	**-**
	1,099,170	**1,881,912**	**1,245,578**

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

Notes to the financial statements for the year ended 31 December 2009
(All amounts in thousands of Saudi Riyals unless otherwise stated)

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure may be adjusted by increasing the amount of capital contributions and obtaining borrowings.

3.3 Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

4. CASH AND CASH EQUIVALENTS

	31 December	
	2009	**2008**
Deposits with original maturities of three months or less	595,751	1,123,125
Cash and bank balances	1,080	7,755
	596,831	1,130,880

Deposits are held by commercial banks and yield finance income at prevailing market rates.

5. ADVANCES AND OTHER RECEIVABLES

	31 December	
	2009	**2008**
Advances to suppliers and contractors	1,550,840	2,760
Prepayments	7,950	-
Finance income receivable	300	1,916
	1,559,090	**4,676**
Less non-current portion: advances to suppliers and contractors	(912,192)	-
Current portion	**646,898**	**4,676**

Advances to contractors are secured by bank guarantees and are recovered over the length of the contracts at a rate equal to 10% of progress payments.

6. PROPERTY, PLANT AND EQUIPMENT

	1 January 2009	Additions	Transfers	31 December 2009
Cost				
Computer and office equipment	-	-	6,368	**6,368**
Accumulated depreciation				
Computer and office equipment	-	(874)	-	**(874)**
	-			**5,494**

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

Notes to the financial statements for the year ended 31 December 2009
(All amounts in thousands of Saudi Riyals unless otherwise stated)

7. INTANGIBLE ASSETS

	1 January 2009	Additions	Transfers	31 December 2009
Cost				
Software licenses and implementation	-	-	3,044	**3,044**
Accumulated amortization				
Software licenses and implementation	-	(306)	-	**(306)**
	-			**2,738**

8. ASSETS UNDER CONSTRUCTION

	1 January 2009	Additions	Transfers	31 December 2009
Assets under construction	**6,911**	**2,986,392**	**(9,412)**	**2,983,891**

	6 September 2008	Additions	Transfers	31 December 2008
Assets under construction	-	6,911	-	6,911

Assets under construction represent initial works on the refinery site and other projects including front end engineering & design study (“FEED”) costs of Saudi Riyals 1.2 billion, project costs of Saudi Riyals 602 million and site preparation of Saudi Riyals 453 million.

Amounts that have been capitalized include legal costs of Saudi Riyals 38 million (2008: Nil) and finance cost of Saudi Riyals 8 million (2008: Nil).

The refinery complex and the plant facilities of the Company are constructed on land leased under a 30 Hijra year operating lease agreement with the Royal Commission for Jubail and Yanbu (note 14.2). The lease is renewable by the Company for similar periods under mutually agreed terms and conditions for the benefit of the Company.

9. ACCOUNTS PAYABLE

	31 December 2009	31 December 2008
Trade payables:		
- Capital expenditure	295,500	-
- Operating expenditure	3,265	675
	298,765	675

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

Notes to the financial statements for the year ended 31 December 2009
(All amounts in thousands of Saudi Riyals unless otherwise stated)

10. ACCRUED AND OTHER LIABILITIES

	31 December	
	2009	**2008**
Project design	419,033	-
Retentions	42,075	-
Site preparation	24,551	-
Legal fees	14,134	-
Other	26,006	5,505
	525,799	5,505

11. SHARE CAPITAL

The total authorized number of ordinary shares is 112.5 million shares with a par value of Saudi Riyals 10 per share. Shares issued, which are fully paid, are as follows:

As at 31 December 2009 and 2008

Shareholder's name	Number of shares	Percentage of share	Par value of each share (Saudi Riyals)	Total value of shares
Saudi Aramco	70,312,500	62.5%	10	703,125
TOTAL	42,187,500	37.5%	10	421,875
Total	112,500,000	100%	-	1,125,000

12. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December 2009	Period from 6 September 2008 to 30 September 2008
Salaries, wages and benefits	119,760	16,136
Contracted services	18,383	881
Rental of land	18,352	-
Training of Apprentices	16,442	-
Rental of facilities	8,940	-
Materials and utilities	8,067	330
Travel and accommodation costs	6,617	-
Professional services	2,865	-
Others	9,122	252
	208,548	17,599

13. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia, the Company is required to establish a statutory reserve by appropriation of 10% of the profit for the period until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution. No transfer was made for the year ended 31 December 2009 (2008: Nil) as the Company reported a loss.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

Notes to the financial statements for the year ended 31 December 2009
(All amounts in thousands of Saudi Riyals unless otherwise stated)

14. COMMITMENTS

14.1 Capital commitments

The capital expenditure contracted by the Company but not incurred till 31 December 2009 was Saudi Riyals 34 billion (31 December 2008: Nil).

14.2 Operating leases

The Company has various operating leases for its refinery land, Jubail port and offices. Rental expenses for the year ended 31 December 2009 amounted to Saudi Riyals 25.7 million (31 December 2008: Nil). Future rental commitments at 31 December 2009 under these operating leases are as follows:

Years ending 31 December:	2009	2008
2009	-	8,257
2010	**33,632**	11,010
2011	**33,632**	11,010
2012	**26,293**	2,753
2013	**22,623**	-
2014	**22,623**	-
2015	**22,623**	-
2016 through to 2039	**524,596**	-
	686,022	33,030

15. RELATED PARTY TRANSACTIONS

15.1 Front-end engineering and design study costs

Prior to the formation of the Company, Saudi Aramco and TOTAL entered into a joint front-end engineering and design study. For purposes of the Shareholders Agreement the related costs are divided into two categories namely, “Equity Costs” and “Invoiced Costs”. Equity Costs” are defined as not being “Invoiced Costs”. “Invoiced Costs” are defined as those costs that may not be transferred to the Company and converted to equity in accordance with the agreed standards as set forth in the Cost Sharing and Reimbursement Agreement.

Pursuant to section 6.2 (a) (i) of Article 6.2 of the Shareholders Agreement “In Kind Contributions and Invoicing of Joint FEED Study Expenses ("FEED Costs")” by both shareholders are to be treated as “Equity Costs”. Such “Equity Costs” will be converted into equity by Saudi Aramco and TOTAL in their respective amounts. Pursuant to section 6.2 (a) (ii) both shareholders shall issue invoices to the Company in respect of “Invoiced Costs” and shall cause the Company to reimburse them for such “Invoiced Costs” in accordance with the terms of such invoices.

At the date of these financial statements Saudi Riyals 1.06 billion had been invoiced to the Company pertaining to FEED Costs. The Company further accrued Saudi Riyals 185 million pertaining to FEED Costs. To date the shareholders had not entered into a shareholders resolution authorizing the transfer of FEED Costs to share capital. Currently, FEED Costs invoiced and accrued are included within related party accruals (note 15.2).

At the date of these financial statements certain Invoiced Costs had been invoiced to the Company. These amounts are reflected under transactions with related parties (note 15.2).

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

Notes to the financial statements for the year ended 31 December 2009
(All amounts in thousands of Saudi Riyals unless otherwise stated)

15.2 Transactions and balances with related parties

Pursuant to the Shareholders Agreement, subsequent to the formation of the Company, the shareholders continued to contribute certain goods and services including the provision of office space, office furniture and personnel to the Company. At the date of these financial statements the Company had not been fully invoiced for the amounts pertaining to these goods and services. Amounts not invoiced have been included within accruals.

(1) The following transactions were carried out with related parties

	31 December	
	2009	**2008**
Goods and services received:		
Saudi Aramco	205,515	7,249
TOTAL	151,395	8,313
	356,910	15,562
FEED Costs:		
Saudi Aramco	564,923	-
TOTAL	665,093	-
	1,230,016	-

(2) The following balance sheet amounts were with related parties

	31 December	
	2009	**2008**
Accrued liabilities:		
Saudi Aramco		
- FEED	572,172	-
- Secondees costs	189,071	7,249
- Apprentices training	16,444	-
	777,687	7,249
TOTAL		
- FEED	673,406	
- Secondee costs	60,038	8,313
- Technical assistance	9,053	-
	742,497	8,313
	1,520,184	15,562
Loans from shareholders:		
Saudi Aramco	1,176,195	-
TOTAL	705,717	-
	1,881,912	-

15.3 Loans from shareholders

The Company received these subordinated shareholder loans in September, November and December 2009. These loans are interest bearing at a rate of LIBOR + 1.3% per annum and the corresponding interest of Saudi Riyals 6.9 million has been accrued and capitalized. The Company expects to repay these loans on or before 1 July 2010 dependent on the successful completion of current external financing negotiations.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY
(A Saudi Arabian Mixed Limited Liability Company)

Notes to the financial statements for the year ended 31 December 2009
(All amounts in thousands of Saudi Riyals unless otherwise stated)

16. Zakat and income taxes

The components of the zakat base comprise of shareholders' equity and adjusted net loss, less deductions of property, plant and equipment, assets under construction and certain other items. Zakat is payable at 2.5% of the greater of the zakat base or adjusted net income.

No zakat or income taxes are provided for at 31 December 2009 as the Company has both a negative zakat base and adjusted net loss for the year end 31 December 2009.

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APPENDIX 4

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF SATORP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 AND AUDITORS' REPORT

SAUDI ARAMCO TOTAL
REFINING & PETROCHEMICAL COMPANY (SATORP)
(A Saudi Arabian Mixed Limited Liability Company
in development phase)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010
AND REPORT OF INDEPENDENT AUDITOR

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY (SATORP)
(A Saudi Arabian Mixed Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 AND REPORT OF INDEPENDENT AUDITOR

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Consolidated statement of changes in shareholders' equity	6
Notes to the consolidated financial statements	7-22

PRICEWATERHOUSECOOPERS

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REPORT OF INDEPENDENT AUDITOR

19 April 2011

To the Shareholders and Board of Directors of Saudi Aramco Total Refining & Petrochemical Company (SATORP):

Scope of audit
We have audited the accompanying consolidated statement of financial position of Saudi Aramco Total Refining & Petrochemical Company (SATORP) (the "Company") and its subsidiary (collectively the "Group") as of 31 December 2010 and the related consolidated statements of operations, cash flows and changes in shareholders' equity for the year then ended, and the notes which form an integral part of the consolidated financial statements. These consolidated financial statements, which were prepared by the Company to comply with applicable articles of the Regulations for Companies and presented to us with all information and explanations which we required, are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified opinion
In our opinion, such consolidated financial statements taken as a whole:

- Present fairly, in all material respects, the financial position of the Group as of 31 December 2010 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in Saudi Arabia appropriate to the circumstances of the Group; and

- Comply, in all material respects, with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of consolidated financial statements.

PricewaterhouseCoopers

By:
Khalid A. Mahdhar
License No. 368

PricewaterhouseCoopers, License No. 25
Licensed Partners: Sami E. Farah (168), Omar M. Al Sagga (369), Khalid A. Mahdhar (368), Mohammed A. Al Obaidi (367), Abdulhamid M. S. Bushnaq (155), Ibrahim R. Habib (383)

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY (SATORP)
(A Saudi Arabian Mixed Limited Liability Company)

Consolidated statement of financial position
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	As at 31 December 2010	2009
ASSETS			
Current assets			
Cash and cash equivalents	4	1,055,689	596,831
Advances and other receivables	5	1,000,931	646,898
		2,056,620	1,243,729
Non-current assets			
Advances and other receivables	5	-	912,192
Assets under construction	8	12,062,321	2,983,891
Property, plant and equipment	6	6,394	5,494
Intangible assets	7	9,038	2,738
		12,077,753	3,904,315
Total assets		14,134,373	5,148,044
LIABILITIES			
Current liabilities			
Accounts payable	9	700,020	298,765
Accrued and other liabilities	10	2,477,385	525,799
Accrued liabilities – related parties	16.2(2)	316,950	1,520,184
		3,494,355	2,344,748
Non-current liabilities			
Borrowings	17	8,400,983	-
Loans from shareholders	16.2(2) and 16.3	1,576,159	1,881,912
		9,977,142	1,881,912
Total liabilities		13,471,497	4,226,660
SHAREHOLDERS' EQUITY			
Share capital	11	1,125,000	1,125,000
Statutory reserve	12	-	-
Accumulated loss		(462,124)	(203,616)
Total shareholders' equity		662,876	921,384
Total liabilities and shareholders' equity		14,134,373	5,148,044
Contingencies and commitments	15		

The financial statements were approved by the Board of Directors on 19 April 2011 and signed on its behalf by:

Ken Bailey
Chief Financial Officer

Fawwaz I. Nawwab
Chief Executive Officer

Olivier Devoaussoux
Director

The notes on pages 7 to 22 form an integral part of these consolidated financial statements.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY (SATORP)
(A Saudi Arabian Mixed Limited Liability Company)

Consolidated statement of operations
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Year ended 31 December 2010	2009
Income		-	-
Operating expenses			
General and administrative expenses	13	(259,298)	(208,548)
Foreign exchange gains		790	694
Loss from operations		**(258,508)**	**(207,854)**
Finance income		-	8,513
Net loss for the year		**(258,508)**	**(199,341)**

The notes on pages 7 to 22 form an integral part of these consolidated financial statements.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY (SATORP)
(A Saudi Arabian Mixed Limited Liability Company)

Consolidated statement of cash flows
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Year ended 31 December 2010	2009
Cash flows from operating activities			
Net loss for the year		(258,508)	(199,341)
Adjustments for non-cash items:			
Depreciation and amortization	6, 7	10,372	1,180
Finance income		-	(8,513)
Foreign exchange gains		(790)	(694)
Changes in working capital:			
Advances and other receivables		(2,561)	(5,190)
Accounts payable		458	2,592
Accrued and other liabilities		998	19,928
Accrued liabilities - related parties		56	70,913
Net cash used in operating activities		**(249,975)**	**(119,125)**
Cash flows from investing activities			
Additions to assets under construction	8	(9,096,003)	(2,986,392)
Less:			
Advances and other receivables		561,136	(1,550,840)
Accounts payable		400,797	295,500
Accrued and other liabilities		1,926,281	500,367
Accrued liabilities - related parties		(1,261,355)	1,433,708
Transaction costs amortised		22,028	-
Finance cost payable on borrowings		5,602	-
Finance cost payable on loans from shareholders		69,247	6,911
(all related to Assets under construction)			
Finance income received		375	10,822
Net cash used in investing activities		**(7,371,892)**	**(2,289,924)**
Cash flows from financing activities			
Proceeds from borrowings		9,015,177	-
Transaction costs paid		(559,452)	-
(Repayment of)/proceeds from loans from shareholders		(375,000)	1,875,000
Net cash generated from financing activities		**8,080,725**	**1,875,000**
Net change in cash and cash equivalents		**458, 858**	**(534,049)**
Cash and cash equivalents at beginning of year		596,831	1,130,880
Cash and cash equivalents at end of year	4	**1,055,689**	**596,831**

Non-cash transactions

The Group transferred from Assets under construction an amount of Saudi Riyals 3.3 million (2009: Saudi Riyals 6.4 million) to Property, plant and equipment and Saudi Riyals 14.3 million (2009: Saudi Riyals 3.0 million) to Intangible assets.

The notes on pages 7 to 22 form an integral part of these consolidated financial statements.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY (SATORP)
(A Saudi Arabian Mixed Limited Liability Company)

Consolidated statement of changes in shareholders' equity
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Saudi Aramco	TOTAL	Total
Share capital				
Balance at 31 December 2010 and 2009		703,125	421,875	1,125,000
Statutory reserve	12			
Balance at 31 December 2010 and 2009		-	-	-
Accumulated loss				
Balance at 1 January 2009		(2,672)	(1,603)	(4,275)
Net loss for the year		(124,588)	(74,753)	(199,341)
Zakat		-	-	-
Income taxes		-	-	-
Balance at 31 December 2009		**(127,260)**	**(76,356)**	**(203,616)**
Balance at 1 January 2010		(127,260)	(76,356)	(203,616)
Net loss for the year		(161,568)	(96,940)	(258,508)
Zakat		-	-	-
Income taxes		-	-	-
Balance at 31 December 2010		**(288,828)**	**(173,296)**	**(462,124)**
Total shareholders' equity at 31 December 2010		**414,297**	**248,579**	**662,876**
Total shareholders' equity at 31 December 2009		**575,865**	**345,519**	**921,384**

The notes on pages 7 to 22 form an integral part of these consolidated financial statements.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY (SATORP)
(A Saudi Arabian Mixed Limited Liability Company)

Notes to the consolidated financial statements for the year ended 31 December 2010
(All amounts in thousands of Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION

Saudi Aramco Total Refining & Petrochemical Company (SATORP) ("the Company") and its subsidiary (collectively the "Group") are engaged in the construction of refinery facilities at Jubail II Industrial City, with the objective to manufacture and sell refined, petrochemical and other related hydrocarbon products. The Company is a Saudi Arabian mixed limited liability company licensed under industrial investment license No.2/1/2222, issued by the Saudi Arabian General Investment Authority on 25 Sha'aban, 1429 H (26 August 2008) and was registered on 6 Ramadan, 1429H (6 September 2008) under commercial registration number 2055009745. The Company's principal place of business and address of its registered office is P.O. Box 151 Al Jubail Industrial City, with temporary offices in Al Khobar.

The Group is owned 62.5% by Saudi Arabian Oil Company ("Saudi Aramco") and 37.5% by TOTAL Refining Saudi Arabia SAS Limited ("TOTAL") registered in France, a wholly owned subsidiary of TOTAL S.A. The Group is jointly controlled by Saudi Aramco and TOTAL.

The accompanying consolidated financial statements include the financial information of the Company and its subsidiary Arabian Aramco Total Services Company ("AATSC"), a Saudi closed joint stock company, that was incorporated on 21 Sha'aban 1431H (2 August 2010). The Company has an ownership of 99.998% in AATSC at 31 December 2010 (2009: Nil).

The Group is currently in its development stage and is in the process of constructing its refinery facility. The Group is expected to commence operations during 2013.

At 31 December 2010, the total estimated project cost of the refinery facilities is Saudi Riyals 53 billion. This includes development phase operating costs of Saudi Riyals 1.5 billion and finance fees and interest costs of Saudi Riyals 5.3 billion. To date the Group has incurred Saudi Riyals 12 billion of project related costs. At 31 December 2010, the Group had capital commitments of Saudi Riyals 25.9 billion (note 15.2) and operating lease commitments of Saudi Riyals 663.4 million (note 15.3). At 31 December 2010, the Group's current liabilities exceeded its current assets by Saudi Riyals 1.4 billion. Pursuant to Article 6.3 of the Shareholders Agreement Saudi Aramco and TOTAL shall continue to ensure that the Group is sufficiently funded to meet its anticipated operational and capital requirements.

During the year 2010 the Group entered into various long term financing facility agreements, amounting to Saudi Riyals 31.9 billion towards the funding of the development of its refinery facilities (note 17).

The accompanying consolidated financial statements were authorized for issue by the board of directors on 19 April 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with the historical cost convention on the accrual basis of accounting and in compliance with standards promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA").

The preparation of financial statements in conformity with accounting principles generally accepted in Saudi Arabia requires the use of certain critical accounting estimates that affect the reported amounts of assets and liabilities at the date of the Statement of financial position and the reported amounts of expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.4 Property, plant and equipment, Intangible assets and Assets under construction

Property, plant and equipment and Intangible assets are carried at historical cost less accumulated depreciation and amortization. Assets under construction are carried at historical cost and are transferred to Property, plant and equipment and Intangible assets when ready for use. Historical cost includes expenditure that is directly attributable to the construction of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of operations during the financial period in which they are incurred.

No depreciation and amortization is charged on Assets under construction until transferred to Property, plant and equipment and Intangible assets. Depreciation and amortization is charged to the Statement of operations, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

	Number of years
Computer and office equipment	4
Software licenses and implementation	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.5). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the Statement of operations.

2.5 Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost 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 (cash-generating units). Non-current assets other than intangible assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognized as income immediately in the Statement of operations. Impairment losses recognized on intangible assets are not reversible.

2.6 Foreign currency translation

(a) Functional and presentation currency

The currency of the primary economic environment in which the Group operates is U.S.Dollars (“USD”). These financial statements are presented in Saudi Riyals which is the Group’s presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of operations within Foreign exchange gains and losses.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of operations within Finance income or cost to the extent that these are adjustments to finance income or cost.

2.7 Financial assets

The Group’s financial assets consist of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables, which are measured at amortised cost using the effective interest method, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of financial position date. These are classified as non-current assets. The Group assesses at each Statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

At 31 December 2010 and 2009, the Group’s loans and receivables comprised Cash and cash equivalents and Finance income receivable.

2.8 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of operations over the period of the borrowings using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other borrowing costs are charged to the Statement of operations.

2.9 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities represent amounts obligated to be paid for goods and services received, whether or not billed to the Group.

2.10 Provisions for liabilities

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

2.11 Finance income

Finance income is recognized using the effective interest method.

2.12 Current and deferred income taxes and zakat

In accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"), the Group is subject to zakat attributable to the Saudi shareholder (Saudi Aramco) and to income taxes attributable to the foreign shareholder (TOTAL). Provisions for zakat and income taxes are charged to the equity accounts of the Saudi and the foreign shareholders, respectively. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Deferred income taxes are recognized on all major temporary differences between net income (loss) and taxable income during the period in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry forward losses are recognized to the extent that it is probable that future taxable income will be available against which such carry-forward tax losses can be set off. Deferred income taxes are determined using tax rates which have been enacted on the Statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income taxes arising out of such temporary differences were not significant and, accordingly, were not recorded as of 31 December 2010 and 2009.

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

2.13 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of operations on a straight-line basis over the period of the lease.

2.14 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles.

2.15 Share Capital

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Financial instruments carried on the Statement of financial position comprise Cash and cash equivalents, Finance income receivable, Accounts payable, Accrued and other liabilities, Accrued liabilities-related parties, Loans from shareholders and Borrowings.

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Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's financial activity is denominated principally in U.S. Dollars and Saudi Riyals. As a result of SAMA's historical ability to maintain the target exchange rate between these currencies, management feels the Group does not have significant exposure to currency risk.

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

At 31 December 2010, if interest rates on borrowings had been 10 basis points higher with all other variables held constant, borrowing costs capitalized for the year would have been Saudi Riyals 4.5 million higher, mainly as a result of higher interest expense on floating rate borrowings.

Price risk is the risk that the Group is exposed to changes in the price of commodities. As the Group is in early stages of construction, it is not currently directly exposed to significant price risk. At 31 December 2010 the Group had no investments in marketable securities.

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's investment policy limits exposure to credit risk arising from investment activities. The policy requires that Cash and cash equivalents, be invested in financial institutions with strong credit ratings. The policy sets investment limits with financial institutions based on ratings by Fitch Ratings Ltd. The maximum credit exposure of the Group approximates the carrying value of its Cash and cash equivalents and Finance income receivable. At 31 December 2010 and 2009, investment limits were to financial institutions assigned long-term bank ratings of F1 or better. The Group has no other significant concentration of credit risk.

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

The following table analyses the Group's financial liabilities based on the remaining period at 31 December 2010 and 2009 to the contractual maturity date. Accrued liabilities-related parties and Loans from shareholders reflect management's expectation of the repayment date given that contractual maturity dates were not determined (notes 16.2 and 16.3). The amounts disclosed in the table are the contractual undiscounted cash flows. Balances indicated below equal their carrying values as the impact of discounting is not significant.

31 December 2010	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 year and 2 years**	**Between 2 years and 5 years**	**Over 5 years**
Borrowings (note 17)	-	-	-	683,859	8,336,920
Loans from shareholders (note 16.2)	-	-	-	-	1,576,159
Accounts payable (note 9)	700,020	-	-	-	-
Accrued and other liabilities (note 10)	2,477,385	-	-	-	-
Accrued liabilities-related parties (note 16.2)	316,950	-	-	-	-
	3,494,355	**-**	**-**	**683,859**	**9,913,079**

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31 December 2009	Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Over 5 years
Loans from shareholders (note 16.2)	-	1,881,912	-	-	-
Accounts payable (note 9)	298,765	-	-	-	-
Accrued and other liabilities (note 10)	525,799	-	-	-	-
Accrued liabilities-related parties (note 16.2)	274,606	-	-	-	1,245,578
	1,099,170	**1,881,912**	**-**	**-**	**1,245,578**

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure may be adjusted by increasing the amount of capital contributions and obtaining borrowings.

3.3 Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

4. CASH AND CASH EQUIVALENTS

	31 December 2010	31 December 2009
Deposits with original maturities of three months or less	1,000,001	595,751
Cash and bank balances	55,688	1,080
	1,055,689	596,831

Deposits are held by commercial banks and yield finance income at prevailing market rates.

5. ADVANCES AND OTHER RECEIVABLES

	31 December 2010	31 December 2009
Advances to suppliers and contractors	989,884	1,550,840
Prepayments	10,331	7,950
Finance income receivable	716	300
	1,000,931	1,559,090
Less non-current portion: advances to suppliers and contractors	-	(912,192)
Current portion	1,000,931	646,898

Advances to contractors are secured by bank guarantees and are recovered over the length of the contracts at a rate equal to 10% of progress payments.

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6. PROPERTY, PLANT AND EQUIPMENT

	1 January 2010	Additions	Transfers	31 December 2010
Cost				
Computer and office equipment	6,368	-	3,322	**9,690**
Accumulated depreciation				
Computer and office equipment	(874)	(2,422)	-	**(3,296)**
	5,494			**6,394**

	1 January 2009	Additions	Transfers	31 December 2009
Cost				
Computer and office equipment	-	-	6,368	**6,368**
Accumulated depreciation				
Computer and office equipment	-	(874)	-	**(874)**
	-			**5,494**

7. INTANGIBLE ASSETS

	1 January 2010	Additions	Transfers	31 December 2010
Cost				
Software licenses and implementation	3,044	-	14,250	**17,294**
Accumulated amortization				
Software licenses and implementation	(306)	(7,950)	-	**(8,256)**
	2,738			**9,038**

	1 January 2009	Additions	Transfers	31 December 2009
Cost				
Software licenses and implementation	-	-	3,044	**3,044**
Accumulated amortization				
Software licenses and implementation	-	(306)	-	**(306)**
	-			**2,738**

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8. ASSETS UNDER CONSTRUCTION

	1 January 2010	Additions	Transfers	31 December 2010
Assets under construction	2,983,891	9,096,003	(17,573)	**12,062,321**

	1 January 2009	Additions	Transfers	31 December 2009
Assets under construction	6,911	2,986,392	(9,412)	**2,983,891**

Assets under construction represent initial works on the refinery site and other projects including front end engineering & design study ("FEED") costs of Saudi Riyals 1.23 billion (2009: Saudi Riyals 1.23 billion), project costs of Saudi Riyals 10.15 billion (2009: Saudi Riyals 602 million), site preparation of Saudi Riyals 547 million (2009: Saudi Riyals 453 million) and finance costs of Saudi Riyals 135 million (2009: Saudi Riyals 8 million).

The refinery complex and the plant facilities of the Group are constructed on land leased under a 30 Hijra year operating lease agreement with the Royal Commission for Jubail and Yanbu (note 15.3). The lease is renewable by the Company for similar periods under mutually agreed terms and conditions for the benefit of the Company.

9. ACCOUNTS PAYABLE

	31 December 2010	2009
Trade payables:		
- Capital expenditure	695,895	295,500
- Operating expenditure	4,125	3,265
	700,020	**298,765**

10. ACCRUED AND OTHER LIABILITIES

	31 December 2010	2009
Project costs	2,313,300	419,033
Retentions	119,786	42,075
Transaction costs	24,322	-
Legal fees	424	14,134
Site preparation	-	24,551
Other	19,553	26,006
	2,477,385	**525,799**

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11. SHARE CAPITAL

The total authorized number of ordinary shares is 112.5 million shares with a par value of Saudi Riyals 10 per share. Shares issued, which are fully paid, are as follows:

As at 31 December 2010 and 2009

Shareholder's name	Number of shares	Percentage of shareholding	Par value of each share (Saudi Riyals)	Total value of shares
Saudi Aramco	70,312,500	62.5%	10	703,125
TOTAL	42,187,500	37.5%	10	421,875
Total	112,500,000	100%	-	1,125,000

12. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia, the Company and its subsidiary are required to establish a statutory reserve by appropriation of 10% of the profit for the period until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution. No transfer was made for the year ended 31 December 2010 (2009: Nil) as the Company reported a loss and its subsidiary did not engage in operating activities.

13. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2010	2009
Employee benefit expense (note 14)	127,654	119,760
Training of apprentices	34,725	16,442
Contracted services	27,169	18,383
Rental of land	22,714	18,352
Depreciation and amortization	10,372	1,180
Travel and accommodation costs	7,560	6,617
Rental of facilities	6,322	8,940
Professional services	2,010	2,865
Materials and utilities	1,965	8,067
Others	18,807	7,942
	259,298	208,548

14. EMPLOYEE BENEFIT EXPENSE

	Year ended 31 December	
	2010	2009
Salaries and wages	124,879	118,984
End of service benefits	521	15
Other benefits	2,254	761
	127,654	**119,760**

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15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

The Group has issued bank guarantees as of 31 December 2010 amounting to Saudi Riyals 49.9 million (2009: Nil) arising in the ordinary course of business.

15.2 Capital commitments

The capital expenditure contracted by the Group but not incurred till 31 December 2010 is Saudi Riyals 25.9 billion (2009: Saudi Riyals 33.8 billion).

15.3 Operating lease commitments

The Group has various operating leases for its refinery land, Jubail port and offices. Rental expenses for the year ended 31 December 2010 amounted to Saudi Riyals 34.4 million (2009: Saudi Riyals 25.7 million). Future rental commitments at 31 December 2010 under these operating leases are as follows:

Year ending 31 December:	**2010**	**2009**
2010	-	33,632
2011	36,233	33,632
2012	28,301	26,293
2013	22,856	22,623
2014	22,856	22,623
2015	22,856	22,623
2016 through to 2039	530,303	524,596
	663,405	**686,022**

16. RELATED PARTY MATTERS

16.1. Front-end engineering and design study costs

Prior to the formation of the Company, Saudi Aramco and TOTAL entered into a joint front-end engineering and design study and consequently incurred costs of Saudi Riyals 572 million and Saudi Riyals 673 million respectively. On 15 December 2010 the Group repaid these amounts to Saudi Aramco and TOTAL.

16.2. Transactions and balances with related parties

Pursuant to the Shareholders Agreement, subsequent to the formation of the Group, the shareholders continued to contribute certain goods and services including the provision of office space, office furniture and personnel to the Group. At the date of these consolidated financial statements the Group had not been fully invoiced for the amounts pertaining to these goods and services. Amounts not invoiced have been included within accruals.

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(1) The following transactions were carried out with related parties:

	Year ended 31 December	
	2010	**2009**
Goods and services received:		
Saudi Aramco	274,504	205,515
TOTAL	259,635	151,395
	534,139	**356,910**
Transaction cost on loans from shareholders:		
Saudi Aramco	29,025	-
TOTAL	29,025	-
	58,050	**-**
FEED costs:		
Saudi Aramco	-	564,923
TOTAL	-	665,093
	-	**1,230,016**

(2) At 31 December 2010 and 2009 the following amounts were with related parties:

	31 December	
	2010	**2009**
Accrued liabilities:		
Saudi Aramco		
- FEED costs	-	572,172
- Secondee costs	66,724	189,071
- Apprentices training	15,911	16,444
- Transaction costs	29,025	-
- Technical assistance	8,978	-
	120,638	**777,687**
TOTAL		
- FEED costs	-	673,406
- Secondee costs	161,250	60,038
- Transaction costs	29,025	-
- Technical assistance	6,037	9,053
	196,312	**742,497**
	316,950	**1,520,184**
Loans from shareholders:		
Saudi Aramco	985,069	1,176,195
TOTAL	591,090	705,717
	1,576,159	**1,881,912**

16.3. Loans from shareholders

The subordinated shareholder loans are interest bearing at a rate of LIBOR + 1.3% per annum and the corresponding finance cost of Saudi Riyals 76.2 million (2009: Saudi Riyals 6.9 million) has been accrued and capitalized.

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16.4. Key management compensation

Key management personnel include the President & CEO, the CFO, the VP Manufacturing, the VP of Human Resources and Support Services, Manager Technical & Operations all of whom are employees of the Group's shareholders. Key management personnel compensation includes annual pay, benefits, deferred compensation, bonuses and termination benefits all of which are paid for by the Group's shareholders and recharged to the Group. The management charge from shareholders in respect of key management compensation amounted to Saudi Riyals 12.8 million for the year ended 31 December 2010 (2009: Saudi Riyals 16.1 million). However, it is not possible to ascertain the separate elements of the management charge in respect of salaries and other short term benefits, post employment and termination benefits and other long term benefits.

17. BORROWINGS

During the year 2010 the Group entered into long-term financing facility arrangements with various lenders subject to certain conditions precedent. These financing agreements limit the creation of additional liens and/or financing obligations and are secured over the assets of the Group.

Details of the financing facilities are as follows:

	Note	USD Facilities SAR'000	SAR Facilities SAR'000	Total SAR'000
Wakala	17.1	562,500	750,000	**1,312,500**
Commercial	17.2	5,925,000	1,818,750	**7,743,750**
Export Credit Agencies	17.3	9,041,250	1,125,000	**10,166,250**
Public Investment Fund	17.4	4,875,000	-	**4,875,000**
Procurement	17.5	1,931,250	2,115,000	**4,046,250**
Senior shareholder loans	17.6	3,731,250	-	**3,731,250**
		26,066,250	**5,808,750**	**31,875,000**

Saudi Aramco and TOTAL provide guarantees in the form of Debt Service Undertakings in favor of the above lenders with respect to utilization by the Group under these facilities. These guarantees will terminate at the earlier of the actual completion date, as defined in the Security Trust and Intercreditor Deed, or the repayment of the relevant facilities in full.

As at 31 December 2010 the following amounts were drawn from the above financing facilities:

	31 December 2010	31 December 2009
Wakala	445,597	-
Commercial	3,817,992	-
Export Credit Agencies	398,367	-
Public Investment Fund	2,426,081	-
Procurement	1,932,742	-
Senior shareholder loans	-	-
	9,020,779	**-**
Less: Unamoritzed transaction costs	(619,796)	-
	8,400,983	**-**

The above amounts drawn down include accrued finance costs of Saudi Riyals 5.6 million (2009: Nil).

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Movements in unamortised transaction costs are as follows:

	31 December	
	2010	**2009**
Balance as at 1 January	-	-
Transaction costs	(641,824)	-
Less: amortization	22,028	-
Balance as at 31 December	**(619,796)**	**-**

17.1 Wakala facility

On 24 June 2010 the Group entered into Shari'a compliant Islamic Facility Agreements ("IFAs") with two lenders. The facilities are repayable in twenty-three unequal installments on a semi-annual basis commencing 20 December 2014. Commission is payable on amounts drawn and is calculated at a fixed rate and a market related margin.

17.2 Commercial facilities

On 24 June 2010 the Group entered into two commercial facility agreements with a number of banks. The facilities are repayable in twenty-three unequal installments on a semi-annual basis commencing 20 December 2014. Commission is payable on amounts drawn and is calculated at a market related margin.

17.3 Export credit agency facilities

On 24 June 2010 the Group entered into facility agreements with six export credit agencies. The facilities are repayable in twenty-three unequal installments on a semi-annual basis commencing 20 December 2014. Commission is payable on amounts drawn and is calculated at a market related margin.

17.4 Public Investment Fund

On 24 October 2010 the Group entered into facility agreements with the Public Investment Fund. The facilities are repayable in twenty-three unequal installments on a semi-annual basis commencing 20 December 2014. Commission is payable on amounts drawn and is calculated at a market related margin.

17.5 Procurement Facility

On 21 September 2010 the Group entered into facility agreements with a number of banks. The facilities are repayable in twenty-three unequal installments on a semi-annual basis commencing 20 December 2014. Commission is payable on amounts drawn and is calculated at a market related margin.

17.6 Senior shareholder loans

On 24 June 2010 the Group entered into a loan agreement with each of its shareholders. The loans are repayable in twenty-three unequal installments on a semi-annual basis commencing 20 December 2014. Commission is payable on amounts drawn and is calculated at a market related margin.

As at the date of the statement of financial position the carrying values of the Group's borrowings approximate to their fair value.

The covenants of the long-term financing facilities require the Group to maintain certain financial and other conditions require lenders' prior approval for dividends distribution above a certain amount and limit the amount of annual capital expenditure and certain other requirements.

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Maturity profile of long term financing facilities

Year ending 31 December:	2010	2009
2014	213,365	-
2015	470,494	-
2016 through to 2025	8,336,920	-
	9,020,779	**-**

18. ZAKAT AND INCOME TAXES

The Company and its subsidiary file separate zakat and income tax declarations which are filed on an unconsolidated basis. The components of the zakat base principally comprise of shareholders' equity, loans from shareholders and adjusted net loss, less deductions for Property, plant and equipment, Assets under construction and certain other items. Zakat is payable at 2.5% of the greater of the zakat base or adjusted net income.

With respect to the Company no zakat or income taxes are provided for at 31 December 2010 as the Company has both a negative zakat base and adjusted net loss for the year ended 31 December 2010. No deferred income tax assets or liabilities were recognized by the Company to date as such amounts were not considered significant. At the date of these consolidated financial statements AATSC had not engaged in operating activities since its formation on 2 August 2010.

The Company and AATSC have not received zakat and income tax assessments from the DZIT since their inception.

19. SUBSEQUENT EVENTS

The Group is in the process of issuing a Saudi Riyals 3.73 billion Shari'a compliant Sukuk offering within the Saudi Stock Exchange (Tadawul) in order to part finance the construction of its refinery complex. The Sukuk offering is expected to be finalized in the second quarter of 2011.

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20. Cumulative information for the period from 6 September 2008 (date of commercial registration) to 31 December 2010:

The following disclosures have been included to comply with SOCPA Accounting Standard 1 'General Presentation and Disclosure' for companies in development phase:

20.1 Cumulative consolidated statement of operations

	Period from 6 September 2008 to 31 December 2010	Period from 6 September 2008 to 31 December 2009
Income	-	-
Operating expenses		
General and administrative expenses	(485,445)	(226,147)
Foreign exchange gains	1,484	694
Loss from operations	**(483,961)**	**(225,453)**
Finance income	21,837	21,837
Net loss for the period	**(462,124)**	**(203,616)**

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20.2 Cumulative consolidated statement of cash flows

	Note	Period from 6 September 2008 to 31 December 2010	Period from 6 September 2008 to 31 December 2009
Cash flows from operating activities			
Net loss for the period		(462,124)	(203,616)
Adjustments for non-cash items:			
Depreciation and amortization		11,552	1,180
Finance income		(21,837)	(21,837)
Foreign exchange gains		(1,486)	(694)
Changes in working capital:			
Advances and other receivables		(10,512)	(7,952)
Accounts payable		4,125	3,668
Accrued and other liabilities		17,918	16,920
Accrued liabilities - related parties		88,841	88,785
Net cash used in operating activities		**(373,523)**	**(123,546)**
Cash flows from investing activities			
Additions to assets under construction		(12,089,305)	(2,993,303)
Less:			
Advances and other receivables		(989,703)	(1,550,839)
Accounts payable		695,895	295,099
Accrued and other liabilities		2,435,145	508,864
Accrued liabilities - related parties		170,059	1,431,413
Transaction costs amortised		22,028	-
Finance cost payable on borrowings		5,602	-
Finance cost payable on loans from shareholders (all related to Assets under construction)		76,159	6,912
Finance income received		22,607	22,231
Net cash used in investing activities		**(9,651,513)**	**(2,279,623)**
Cash flows from financing activities			
Share capital contribution		1,125,000	1,125,000
Proceeds from borrowings		9,015,177	-
Transaction costs paid		(559,452)	-
Proceeds from loans from shareholders		1,500,000	1,875,000
Net cash generated from financing activities		**11,080,725**	**3,000,000**
Net change in cash and cash equivalents		**1,055,689**	**596,831**
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period	4	**1,055,689**	**596,831**

Non-cash transactions

The Group transferred from Assets under construction an amount of Saudi Riyals 9.7 million (2009: Saudi Riyals 6.4 million) to Property, plant and equipment and Saudi Riyals 17.3 million (2009: Saudi Riyals 3.0 million) to Intangible assets.

APPENDIX 5

PRO FORMA BALANCE SHEET OF SATORP AS AT 31 DECEMBER 2010 REFLECTING THE LIABILITIES IN CONNECTION WITH THE CERTIFICATES

SAUDI ARAMCO TOTAL
REFINING & PETROCHEMICAL COMPANY (SATORP)
(A Saudi Arabian Mixed Limited Liability Company
in development phase)

UNAUDITED PRO-FORMA CONSOLIDATED
BALANCE SHEET AS AT 31 DECEMBER 2010

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY (SATORP)
(A Saudi Arabian Mixed Limited Liability Company)

Unaudited Pro-forma consolidated balance sheet
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	As at 31 December 2010 (Audited)	Pro-forma adjustments (Note 3)	As adjusted at 31 December 2010 (Pro-forma)
ASSETS			
Current assets			
Cash and cash equivalents	1,055,689	3,731,250	4,786,939
Advances and other receivables	1,000,931	-	1,000,931
	2,056,620	**3,731,250**	**5,787,870**
Non-current assets			
Assets under construction	12,062,321	-	12,062,321
Property, plant & equipment	6,394	-	6,394
Intangible assets	9,038	-	9,038
	12,077,753	**-**	**12,077,753**
Total assets	**14,134,373**	**3,731,250**	**17,865,623**
LIABILITIES			
Current liabilities			
Accounts payable	700,020	-	700,020
Accrued and other liabilities	2,477,385	26,317	2,503,702
Accrued liabilities - related parties	316,950	-	316,950
	3,494,355	**26,317**	**3,520,672**
Non-current liabilities			
Sukuk payable - net (note 4)	-	3,704,933	3,704,933
Borrowings	8,400,983	-	8,400,983
Loans from shareholders	1,576,159	-	1,576,159
	9,977,142	**3,704,933**	**13,682,075**
Total liabilities	**13,471,497**	**3,731,250**	**17,202,747**
SHAREHOLDERS' EQUITY			
Share capital	1,125,000	-	1,125,000
Statutory reserve	-	-	-
Accumulated loss	(462,124)	-	(462,124)
Total shareholders' equity	**662,876**	**-**	**662,876**
Total liabilities and shareholders' equity	**14,134,373**	**3,731,250**	**17,865,623**

The notes on pages 2 and 3 form an integral part of this unaudited Pro-forma consolidated balance sheet.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY (SATORP)
(A Saudi Arabian Mixed Limited Liability Company)

Notes to the unaudited Pro-forma consolidated balance sheet
(All amounts in thousands of Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION

Saudi Aramco Total Refining & Petrochemical Company (SATORP) ("SATORP") is a Saudi Arabian mixed limited liability company licensed under industrial investment license No.2/1/2222, issued by the Saudi Arabian General Investment Authority on 25 Sha'aban, 1429 H (26 August 2008) and was registered on 6 Ramadan, 1429H (6 September 2008) under commercial registration number 2055009745. SATORP's principal place of business and address of its registered office is P.O. Box 151 Al Jubail Industrial City, with temporary offices in Al Khobar.

The objectives for which SATORP is formed are the construction of refinery facilities at Jubail II Industrial City, with the objective to manufacture and sell refined, petrochemical and any other related hydrocarbon products.

SATORP is owned 62.5% by Saudi Arabian Oil Company ("Saudi Aramco") and 37.5% by TOTAL Refining Saudi Arabia SAS Limited ("TOTAL") registered in France, a wholly owned subsidiary of TOTAL S.A.

SATORP is currently in its development stage and is in the process of constructing its refinery facility. SATORP is expected to commence operations during 2013.

This unaudited Pro-forma consolidated balance sheet is prepared for inclusion with the documentation related to SATORP's intended Sukuk offering (note 3).

2. BASIS OF PREPARATION

This unaudited Pro-forma consolidated balance sheet as of 31 December 2010 has been prepared by management to show the effects of the transactions related to the Sukuk offering, as described in note 3, on the actual historical financial information as of 31 December 2010 had such transactions occurred on 31 December 2010. However, this unaudited Pro-forma consolidated balance sheet is not necessarily indicative of the results of operations or related effects on financial position that would have been attained had the above-mentioned transactions actually occurred earlier.

The historical amounts in this unaudited Pro-forma consolidated balance sheet are derived from the historical annual financial statements of SATORP for the year ended 31 December 2010, which have been issued separately. No adjustment has been made to reflect the operations of SATORP since 31 December 2010. This unaudited Pro-forma consolidated balance sheet should be read in conjunction with the audited annual financial statements and related notes for the year ended 31 December 2010.

The accounting policies applied by SATORP in the preparation of this unaudited Pro-forma consolidated balance sheet are in accordance with the accounting policies adopted in the audited annual financial statements for the year ended 31 December 2010.

SAUDI ARAMCO TOTAL REFINING & PETROCHEMICAL COMPANY (SATORP)
(A Saudi Arabian Mixed Limited Liability Company)

Notes to the unaudited Pro-forma consolidated balance sheet
(All amounts in thousands of Saudi Riyals unless otherwise stated)

3. PRO-FORMA ADJUSTMENTS

On 2 August 2010, SATORP incorporated a majority owned closed joint stock company, the Arabian Aramco Total Services Company (the “Issuer”), for the purpose of issuing Sukuk. On 19 September 2010 the Issuer obtained its certificate of commercial registration. SATORP and the Issuer are in the process of issuing a Saudi Riyals 3,731,250,000 Sukuk within the Saudi Stock Exchange (“Tadawul”) in order to part finance the construction of SATORP’s refinery complex. The Sukuk offering is expected to be finalized in the second quarter of 2011. Pro-forma adjustments have been booked to record the proceeds from the Sukuk offering, the corresponding Sukuk liability and the associated transaction costs.

4. SUKUK PAYABLE - NET

Sukuk payable - net consists of:

Sukuk proceeds	3,731,250
Transaction costs	(26,317)
Total	**3,704,933**

5. MANAGEMENT'S APPROVAL

This unaudited Pro-forma consolidated balance sheet has been approved for issue by SATORP's management on 27 April 2011.

APPENDIX 6

EXECUTIVE SUMMARY OF TECHNICAL REPORT PRODUCED BY JACOBS CONSULTANCY UK LTD.

JACOBS Consultancy

Section B.

Summary and Conclusions

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Summary

Saudi Aramco Oil Company ('Saudi Aramco') and its joint-venture (JV) partner, TOTAL S.A. ('TOTAL') plan to design, construct, and operate a new grassroots export refinery (the 'Refinery') to be owned and operated by a new JV company, the SAUDI ARAMCO TOTAL Refining and Petrochemical Company ('SATORP').

The Refinery will process 400 kbpd (20,636 ktpy) of Arabian Heavy crude oil into low sulphur transportation fuels, which will meet the latest specifications in the US, Europe and Japan, and petrochemicals (paraxylene, benzene and propylene). By-products include petroleum coke and sulphur. While solely based on heavy, sour crude, the Refinery will have two inter-linked processing trains. The configuration is essentially hydrocracking/coking but with one of the two hydrocrackers being a mild hydrocracker (50% conversion) that will feed the unconverted oil to an Fluid Catalytic Cracker (FCC) for the production of propylene and gasoline. The overall yield slate is thus strongly oriented towards middle distillate (~ 55% of products) but with significant gasoline production. The processing scheme also includes a proportion of petrochemicals (around 5 wt% on crude), propylene being produced on the FCC, while the aromatics complex produces benzene and paraxylene.

In addition to 400 kbpd, the base case requires 80 MMSCFD of fuel gas. The product yields are summarised in Table B-1.

Table B-1: Product Yield – Base Case – 365 days operation

Product	Quantity (kbpd)	Quantity (ktpy	Target Market
LPG		56	Domestic
Propylene (Polymer grade)		205	Domestic
Benzene		143	Domestic
Paraxylene	13.8	695	Far East
Regular Gasoline (10 PPM)	65	2,792	US Gulf Coast/ Domestic
RBOB Gasoline (10 PPM)	35	1,491	US Gulf Coast
Jet/ DP Kerosene	Optimised	Optimised	All Markets
ULS Diesel (10 PPM)	235	11,463	Europe
Liquid Sulphur		471	Asia /ME
Petcoke		2,146	Asia/ Europe

The Refinery is planned to achieve commercial completion in 2013, Figure B-1 depicts a high level overview of the Project schedule. The figure does not show that the start up will be phased; with the start of the first train occurring some three months before the start up of the second train. Start up of the whole Refinery is due to be complete during 4Q 2013.

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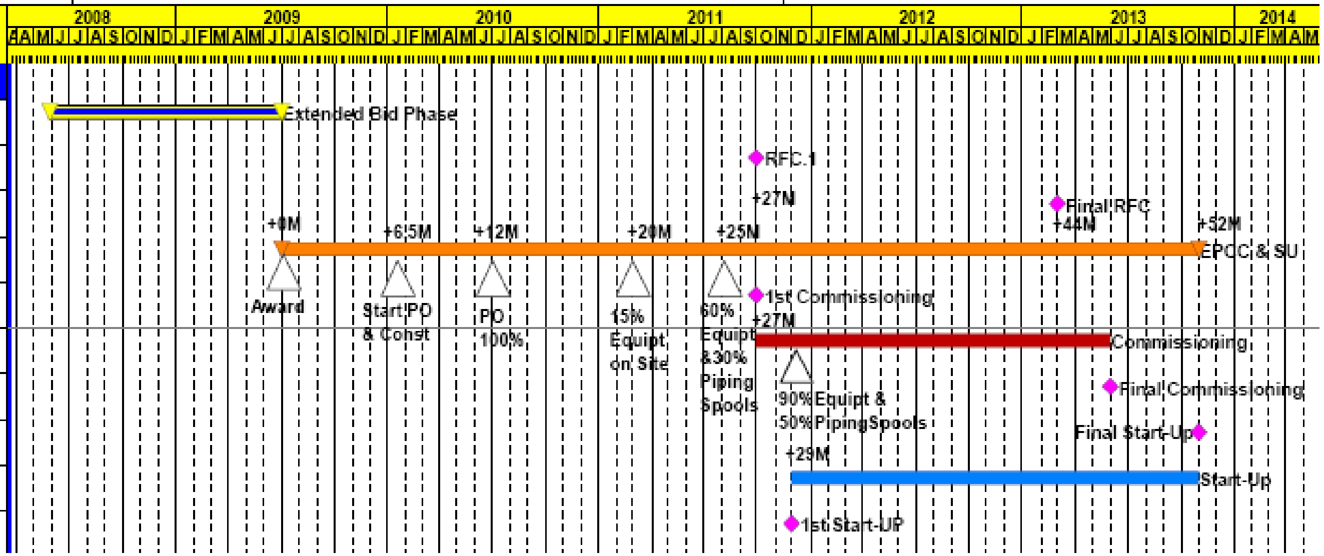
Figure B-1: SATORP Level 1 Schedule – Contract Time Frame

Run Date 24-JUN-09 11:19 TR32

ARAMCO - TOTAL
SATORP
Level 1 Schedule

Based on SATORP S-U Schedule Rev 19
Updated 24th June 09

Activity Description	Orig Dur	Early Start	Early Finish
Contract Timeframe			
Extended Bid Phase	286	27-MAY-08A	30-JUN-09A
RFC.1	0	01-OCT-11*	
Final RFC	0		28-FEB-13*
EPCC & SU	1,584	01-JUL-09*	31-OCT-13
1st Commissioning	0	01-OCT-11*	
Commissioning	436	01-OCT-11*	01-JUN-13
Final Commissioning	0		01-JUN-13*
Final Start-Up	0		31-OCT-13*
Start-Up	701	01-DEC-11*	31-OCT-13
1st Start-UP	0	01-DEC-11*	



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The Refinery will be located on a 480 hectare site in the industrial area of Al-Jubail known as Jubail 2 in the Kingdom of Saudi Arabia (KSA). This is a newly developed area of Jubail that will be equal in size to the presently developed industrial city (now termed Jubail 1). Jubail 2 lies inland from Jubail 1 on the opposite side of the main E-W highway and pipeline way-leave. The Project will be the major new project on the Jubail 2 site—in fact, it is the first expansion of the industrial city since it was originally laid out in the early 1980s. Thus, the Project has a broader significance for the economy and development of the KSA as a whole.

In addition to the site in Jubail 2, SATORP has been allocated 17 hectare of land in the King Fahd Industrial Port (KFIP) for storage as well as access to 5 berths at the port for the shipment of its products, including petroleum coke.

Process technology has been licensed from reputable licensors and all is commercially proven in operation at similar scale and duty in other operating plants. The key licensors are:

- Axens—NHT/CCR, Aromatics, FCC
- Chevron-Lummus Global—Hydrocrackers
- DuPont (Stratco)—Sulphuric Acid Alkylation
- Foster Wheeler—Delayed Coker
- UOP—Middle Distillate hydrotreaters

The Sponsors intend to provide secondees into all senior positions in the Project Management Team (PMT). The PMT is estimated to peak at 340 personnel during the engineering phase and to be approximately 450 personnel at the peak of construction phase. Staffing of the PMT will be by secondees from the JV partners supplemented by personnel from manpower agencies.

The licensors have provided their basic design packages for the process units. Joint Project Team and FEED Contractor Technip Italia have completed front-end engineering design (FEED) for the Project, including all of the utilities and offsites units and the port and other off-plot facilities. The FEED provided a +/-10% budget cost estimate, which the Sponsors obtained the Final Investment Decision (FID) from their respective Board of Directors and decided to proceed to Engineering Procurement and Construction (EPC) bidding and to provide funds to begin certain long lead item procurement. The EPC bidding process was launched in June 2008, all the EPC contracts were awarded by June 18th, 2009.

The Arabian Heavy crude oil will be supplied by Saudi Aramco via a pipeline. Presently the sole supply of Arabian Heavy crude is from the Safaniyah oil field which has a production capacity of 1.2 million barrels per day. Currently most of the Arabian Heavy crude is being exported to international markets, since most of the in-Kingdom refineries are designed to process Light Arabian crude grades. Under the crude oil supply agreement SATORP has

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the right to Arabian Heavy crude oil ahead of any export customer; thus SATORP has a guaranteed supply of export quality Arabian Heavy crude oil. As an alternative back-up in case the DCU utilisation rate is down, Saudi Aramco is also able to supply Arabian Light crude oil from Kursaniyah to further enhance the security of supply.

Saudi Aramco will deliver Arabian Heavy crude oil, as well as Arabian Light crude oil, to the Saudi Aramco Royal Commission Interface Area at Jubail II. Then SATORP will build their pipeline from the Interface Area at Jubail II (downstream of Saudi Aramco metering station) to the Refinery site.

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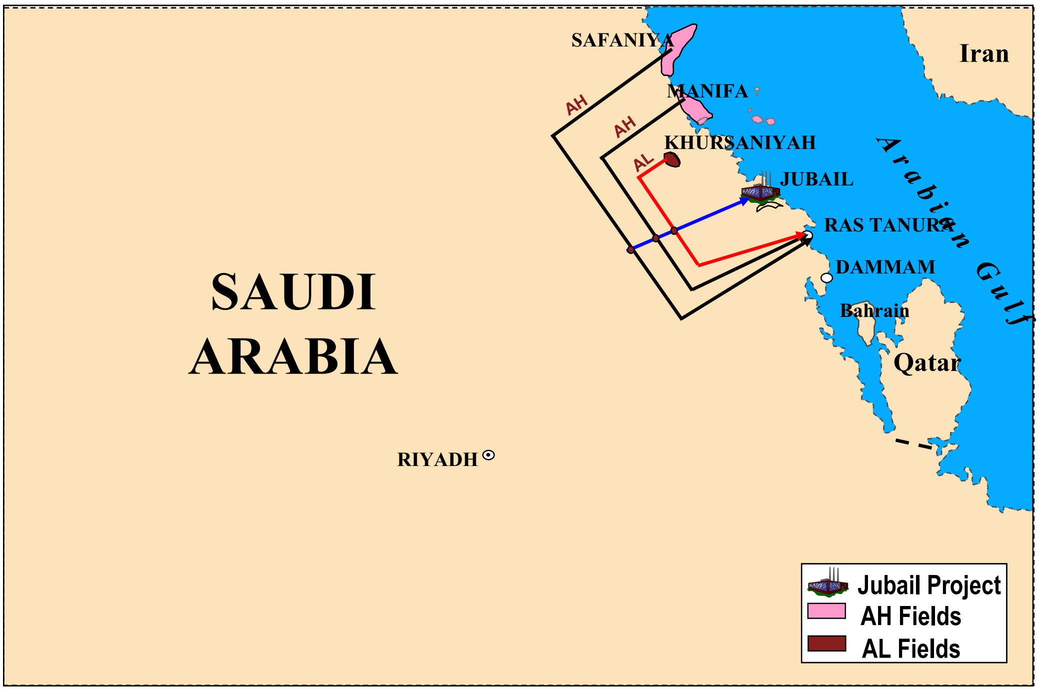
The logistics for crude supply are shown schematically in Figure B-2.

Figure B-2: Crude Supply Logistics



The utility supply will be as follows:

- Power—from SEC
- Sea Cooling Water, Potable Water and Effluent water —from Marafiq
- Nitrogen and Oxygen —from GAS (National Industrial Gases Company) through the existing Jubail pipeline corridor

The Project's requirements of fuel gas, up to a maximum average daily quantity of 80 MMSCFD for twenty (20) years, will be supplied by Saudi Aramco. External supply of fuel gas supply will allow the Refinery to use cheaper fuel gas for fuel and to increase its sales of white products (LPG, gasoline, diesel and paraxylene). The fuel gas will be supplied via a pipeline that will be constructed by SATORP with a connection to the Saudi Aramco Sales Gas header that supplies Sales Gas to Jubail II customers.

The Sponsors are guaranteeing 100% of debt service payments until a date certain, by which time the Project is either completed—in which case the Sponsor Debt Service Undertakings are terminated and Lenders have full financial exposure to a completed, operating refinery—or the Project is not completed, in which case Lenders are repaid in full.

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The Sponsors have developed a Lender's Reliability Test (LRT) which has been subject to extensive discussions between the Sponsors, Jacobs, legal counsels, the Export Credit Agencies (SACE, JBIC, NEXI, KEXIM and KEIC) and the Public Investment Fund of Saudi Saudi Arabia (PIF). The key points of the LRT are summarized later on in this section and a more detailed review is contained in Section E.

Conclusions

The competitive advantages of the Project from a technical perspective are found to be:

- World-scale capacity (400 kbpd capacity)
- Access to price competitive fuel gas and low costs utilities
- Strategic location with optimum reach to all markets
- Access to world class infrastructure at the Jubail Industrial City
- Deep conversion configuration (full conversion of fuel oil into high value distillates with rejection of carbon as coke)
- Use of lower-cost heavy crude feedstock (Arabian Heavy crude)
- High value petrochemical production (equivalent to 5 wt% of crude oil feedstock)
- Competitive modern process technology, with proven plant design, supplied by the leading licensors
- Secure long-term supply of a single crude oil

In general, export refineries suffer a competitive disadvantage compared with similarly sized and configured refineries located within end use markets, since crude oil moves in much larger vessels than refined products. It is therefore cheaper to ship crude oil compared to refined products. However, there are generally significant imbalances between the Refinery product slates and demands in each market: European refiners must import crude and at the same time export gasoline and fuel oil, and Asian refiners export jet and gasoil. The above advantages and the ability to deliver products in large vessels will more than compensate for the structural disadvantage of differential crude and product freight costs.

Overall Conclusion

Overall we do not find any critical issues for Lenders at the present time. We note that the presence of a strong Sponsor Debt Service Undertaking mitigates essentially all of the pre-completion technical risks for Lenders which otherwise would cause concern (especially in the number and complexity of the EPC arrangements and the lack of any individual EPC contractor responsibility for ensuring overall completion). It is recognised that the level of exposure in large projects makes it impossible for an individual EPC contractor to be solely

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responsible. Both Sponsors have experience in developing and constructing large projects. We would note that there have not been many greenfield refineries built in the past decade and within industry as a whole there is limited experience of building large complex greenfield refineries.

We summarise below our main conclusions in each of the key areas of our technical review. The detailed findings can be found in Sections D through H of the main report.

Our review has been made in the context of this Project's financing in which the Sponsors are guaranteeing 100% of debt service payments until a date certain, by which time the Project is either completed—in which case the Debt Service Undertakings are terminated and Lenders have full financial exposure to a completed, operating refinery—or the Project is not completed, in which case Lenders are repaid in full. Given these arrangements, the major risk areas for Lenders are in the post-completion phase of operations rather than the pre-completion phases of engineering design, equipment and material procurement, plant construction, commissioning and testing. Our review has therefore been more focused on the elements important to the operating phase and provides a complete but less thorough review of the pre-completion elements.

Technical Risks

The Refinery comprises a number of processes and technologies that are well proven in other operating refineries around the world. The overall concept of an FCCU/ Hydrocracking/ Coking combination in a ~400 kbpd refinery operating on heavy crude oil is also a proven and justified configuration at this time and one that is being studied and progressed by other investors at other locations. All of the process units are within the size range that are currently being operated successfully, constructed or designed for use elsewhere in the world, and we can therefore conclude that scale risk does not exist. We also note that process severity and feedstocks are also within normal acceptable bounds and experience, although the hydrocrackers need to be carefully designed to ensure that the high proportion of coker gas oil can be handled without problem. The process chemistry is straight-forward and well-understood.

If we further consider the risks in design/equipment, the fact that the Refinery includes processes that are in use elsewhere addresses many of these risks. The issues include:

- **Unproven Elements**—We are not aware of any unproven elements within the technology license packages. The technology licensors are well-known and experienced and are all industry leaders in their areas of expertise.
- **Scale**—The proposed plant capacities are well within the maximum size of process units that these licensors have constructed and/or designed elsewhere, so there will be no problems associated with scaling.

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- **Local Conditions**—There is no significant impact due to the high ambient temperature conditions seen in Jubail. Process design will take proper account of the ambient conditions, and operation of other similar facilities at Jubail and elsewhere on the East Coast of the Kingdom of Saudi Arabia demonstrates that such conditions do not preclude safe and reliable operations.

- **HSE Issues**—There are no HSE issues over and above those that are present in any crude oil refinery of this configuration and complexity, of which there are a number in operation and design around the world.

The Refinery has a Nelson complexity Index (NCI) of 10.6; the existing refineries in the KSA have an overall NCI of 3.8. As a comparison, the average NCI of the US refining industry is 10.9, the rest of the world (excluding the US) is 5.9. So whilst the Refinery can be considered complex, it is comparable with the average US refinery.

To conclude, we find that there are no extraordinary risks in the proposed processes and operations, which are all in regular and routine use elsewhere in the world. The routine risks inherent in oil refining will be mitigated by utilising leading technologies, the best operating and engineering standards and practices that are used by Saudi Aramco and TOTAL in the operation of their refineries elsewhere in the world.

Execution Plan and Cost Estimate

Project Management

SATORP will have two major staff positions:

- JV Chief Executive Officer (CEO) with full responsibility for the set up and operation of the SATORP reporting to the JV Board of Directors and supported by a permanent organisation, comprising groups responsible for Manufacturing, Finance, Human Resources and Safety, Health & Environment.
- Project Director with full responsibility for Engineering, Procurement, Construction and Commissioning (EPCC) execution of the Project reporting to the CEO of the JV and supported by a temporary Project Management Team (PMT) for the period of EPCC execution

The PMT is estimated to peak at 340 personnel during the engineering phase and to be approximately 450 personnel at the peak of construction phase. Staffing of the PMT will be by secondees from the JV partners supplemented by personnel from manpower agencies.
To facilitate execution of a project of this size it is normal to split the scope into packages of work. Considering the size and scope of SATORP, and to reduce the risk of large scope and cost overruns, the Project has been split into fifteen (15) packages for execution. It is acknowledged by the Sponsors that the management of this number of contractors will require extensive management by the PMT. All packages were awarded as Lump Sum

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TurnKey (LSTK) contracts except the early works packages which were awarded on a Lump Sum Procure Build (LSPB); these two (2) contracts were executed on January 24th, 2009 and December 23rd, 2008 respectively. All the remaining EPC contracts were awarded by June 18th, 2009.

Overall we believe the contracting strategy is generally robust and appears to be suitable for the Project given the current state of the EPC market and the purchasing strength of the Sponsors in the EPC marketplace.

Recruitment and Training

The current estimate of the total number of SATORP employees is ~1,278 and the recruitment process has already started. This figure does not include regular contractors (maintenance, general services, etc). The technical staff (Manufacturing) number 934 and administration staff number 344. Our analysis indicates that the proposed staffing is better than the historical average and in the first quartile, which is what we would expect for a new facility. In our opinion the organizations proposed and staffing levels are reasonable to support the ongoing operation of SATORP.

The SATORP training plan is being developed. In our opinion the recruitment and training program developed to date appears to be being developed in a reasonable manner. An area that will require focus from the SATORP is the recruitment of overseas nationals and the processing of the required visas for them. In our experience this exercise can have the potential to cause appreciable delays in recruitment plans.

Project Budget

A revised cost for the Project, based upon the awarded EPC contracts, has been prepared. The Project cost as of June 2009 (including owners costs) is US $ 11, 373 Million. In the current EPC market it is quite difficult to comment on the reasonableness of EPC costs. However it is appropriate to note that the current project costs show a significant decrease from the budget costs for the Project shown in May 2008. The EPC contracts appear good value at US$ 9,631 Million; this is a decrease of some US$ 2.3 Billion from the budget cost prepared in May 2008. At this moment in time we do not anticipate further significant decreases in EPC costs and we would conclude that the Sponsors have executed the EPC contracts at the optimal period. In our opinion the revised Project costs are reasonable and the allowances allocated are in line with best practice.

Project Schedule

An overview of the current schedule (June 2009) is shown in Figure B-1. FEED was completed at the end of May 2008. The EPC bid phase was extended until the end of April 2009. The last EPC awards were awarded in June 2009 and will be signed in July 2009 and the next phase is scheduled to take 52 months, with the last unit Ready for Start-up (RFSU) scheduled for the end of October 2013. The information supplied to us indicates that the

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Sponsors have taken reasonable efforts to manage and mitigate risks associated with executing a project of this size in the current market conditions. The Sponsors have stated that the current level 1 schedule includes a float of ~ 6 months to incorporate any possible problems in the commissioning or performance of any individual unit.

Overall we believe that the proposed durations are achievable and if no equipment delivery problems are encountered, the overall schedule can be met.

The Lender's Reliability Test

In most structured finance arrangements one of the conditions precedent to financial completion is a demonstration of operability or completion test, generally known as the Lender's Reliability Test (LRT). The purpose of this test is a demonstration that the facility can operate in a manner that is consistent with the representations made by the borrower in the Financial Model. Another important criterion for Project Completion that has been agreed with the Sponsors is that the EPC performance tests and licensor guarantee tests have been completed and passed.

The key criteria of the agreed LRT are:

- Duration of sixty (60) days
- A period of five (5) days where the refinery is operated at 100% of design capacity of Arabian Heavy crude oil feedstock
- Test can be extended for a maximum period of one week (168 hours) due to unplanned shutdowns, with no individual shutdown to exceed 72 hours.
- Capacity to be demonstrated is a minimum of 92% of design capacity of 400 kbpd
- Production Plan will be that produced by the Linear Program model in accordance with the Refined Product Offtake Agreement
- A minimum weight yield of 92% of design (41,804 tonnes per day) to be demonstrated for production of pool products
- All products to conform to sales specifications in Offtake Agreements
- Production of each product pool to be no less than 92% of the proportion of the pool as set out in the production plan
- Yield of pool products in aggregate from the fresh crude processed shall be no less than 97% by weight of the design amount (i.e. 97% of 78.3% by weight of fresh feed; being the sum of crude and natural gas)
- External purchased utilities consumption demonstrated within 120% of Financial Model Assumptions
- Demonstration of fixed operating costs (headcount) within 110% of Financial Model Assumptions

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- Loading of two (2) parcels of each pool product,
- Demonstration of completion of all key pipeline links (sulphur, propylene, benzene and if produced during the LRT then also LPG)
- Demonstration of the planning, scheduling, and offtake process
- Compliance with the environmental operating permit

Contract Review

Most but not all of the major contracts were available for our review. We have been able to review certain aspects of the contracts as follows:

- EPC – We have reviewed the EPC Form of agreement for a LSTK contract we have not reviewed the finalised EPC contracts
- Technology Transfer Agreement and Guarantee Agreements – We have not reviewed the Engineering Services Agreement and In Kingdom Services Agreement
- Personnel Secondment and Services Agreement
- Land Lease Agreement (including Port Facilities) – were not available.
- Crude Oil Supply and Refined Product Offtake Agreements
- Utility Supply Agreement – Drafts available at this time.
- Fuel Gas Supply Agreement
- Other Products Offtake Agreements – Have been reviewed of the offtake agreements for paraxylene, petroleum coke, LPG and liquid sulphur. Other offtake agreements for benzene and propylene were not available.

EPC Agreements

The Sponsors issued with the original tenders an EPC Form of Agreement with which the EPC Contractor is expected to remain in full compliance in their EPC bid, the following key points are noted:

- EPC Form of Agreement been modelled on Saudi Aramco's standard EPC form of contract with appropriate modifications as agreed between the Sponsors
- EPC contracting strategy was competitive LSTK bidding

For the LSTK packages, EPC completion will be at Provisional Acceptance, i.e. the Contractor delivers a working plant that has either passed its Performance Test or has failed its Performance Test but achieved Minimum Performance Levels.

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We have been provided with what we understand is typical of the Form of Contract for all of the LSTK packages (which constitute the major proportion of the Project EPC contracts by value). As the Sponsors Debt Service Undertaking (DSU) will run until a time after Provisional Acceptance has been achieved under these contracts, our review has been limited to highlighting any unusual features of the Form of Agreement and to providing Lenders with an understanding of the guarantee and liability structure requested by the Sponsors from the EPC bidders. In light of the above the points to note are as follows:

- The Contract is structured as separate In Kingdom and Out of Kingdom Contracts, and as these are different legal entities, there is a bridging contract in place to knit the two agreements together so that the guarantees and liabilities are jointly and severally shared by the Contractors. This ensures that neither Contractor can blame failure to complete or perform on the actions or inactions of the other.
- There will be an Advance Payment Bond of 5% of Contract Price, a Performance Bond of 10% of Contract Price and a Parent Company Guarantee. The Performance Bond will reduce to being 5% of Contract Price between Provisional Acceptance and Final Acceptance. In our view the overall level of the Performance Bond seems rather low. Presumably the value relates to the level of Incentive Payments (see below). Certainly we prefer to see a minimum of 10% of Contract Price held under the Performance Bond during the Warranty Period, there are clearly circumstances in which the remediation of latent defects could significantly exceed 5% of the value of the Works. As these latent defects could become evident after the Sponsor Debt Service Undertaking has expired, Lenders should take an interest in the level of Performance Bond available during this period.
- There is no specific limitation of liability in the Contract. Typically Contractors will seek to limit their liability to a fixed percentage of the Contract Price.
- Performance will be demonstrated in a seventy two (72) hour Test Run
- Liquidated damages are payable for failure to perform at the Guaranteed Level, but with the Minimum Performance Level (95% of Guarantee) having been achieved. Liquidated damages for failure to perform are capped at 10% of the Contract Price and are payable at the rate of 2% of contract price for every 1% shortfall or part thereof. Contractors are to guarantee hydraulic capacity, product quality, turndown, utility consumption and process battery limit conditions. Contractors are not being asked to assume technology risk (process yield and catalyst performance), which is guaranteed separately by the Process Licensors under their Guarantee Agreements.
- There is no provision for the payment of delay damages. However any outstanding payments can be withheld if the Contractor fails to achieve any Critical Milestone Date. We understand that the Sponsors believe that the inclusion of liquidated damages for delay increases the EPC cost without delivering any greater certainty of achieving the scheduled Provisional Acceptance Date. The Sponsors intend to mitigate the risk of schedule overrun by two means: one tangible (the Sponsor Debt Service Undertaking) and one intangible (the EPC purchasing power of the two Sponsors). As major clients of the EPC Contractor market, both Saudi Aramco and

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TOTAL believe that EPC Contractors will treat this Project as a “best customer,” making every endeavour to meet the Project schedule irrespective of the lack of direct financial penalties, in the form of liquidated damages for delay.

- The EPC Contractor does not act as a single point of responsibility. The process guarantees in the various Technology Transfer Agreements (TTA) will therefore not be mirrored in the EPC Contracts. This means that there will be a separation of process guarantees with yield, reactor throughput, catalyst consumption and similar direct process guarantees provided by the process licensor under the TTA (and forming part of the technical disclosure in the Licensor’s Process Design Package) and hydraulic guarantees for distillation, distillation efficiency and other process guarantees outside the Licensor Process Design Package being provided by the EPC Contractor. Hence, the EPC Contractor will only be responsible for elements of the plant design under his direct control and will not assume any responsibility (even on a back-to-back basis with the TTA) for the information provided by the Licensor in his Technology Package.
- The key risk here is that if there is a problem with the plant in meeting the Performance Test, the Process Licensor can blame the EPC Contractor, and vice versa. A single point of responsibility to Initial Acceptance is desirable to mitigate this risk, however, with a project of the size of SATORP, EPC Contractors would not accept to absorb the process guarantee risk (even if back-to-back with the TTA provisions thereby providing a hedge to the Contractor’s exposure) or will demand a substantial risk premium for providing this service. The Sponsors have decided not to pursue this route but to absorb this risk themselves and to mitigate Lenders’ exposure via the Sponsors’ DSU and LRT. Jacobs Consultancy confirms that this is indeed a reasonable approach.

Technology Transfer Agreements

We have been provided with the Technology Transfer Agreements (‘TTA’) and Guarantee Agreements (‘GA’) with the six licensors for review. We have not been provided with the Engineering Services Agreements. However we understand that the obligations of the Licensors under these agreements have now been discharged with the Basic Design Packages completed and included in the FEED package of Technip. In the case of Chevron Lummus Global (‘CLG’) we have also been provided with the proprietary Catalyst Supply Agreement.

In view of the Sponsor Debt Service Undertaking our main concern is to address the issues in these agreements which will continue into the operating phase. However it is also important that Lenders have an understanding of these Agreements and their impact in the pre-completion phase also. We would highlight the following key points:

- We find that the TTA and GA agreements terms are relatively standard for the industry and we find no significant risks for Lenders

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- In each case the Refinery is granted a non-exclusive right to use the Licensor's process and patents up to at least the capacity of the design case
- License fees are all paid up with all payment deadlines failing due at various differing milestones (e.g. Effective Date, Delivery date of Basic Engineering Package, Date of formation of Jubail Refinery, Award of EPC, Mechanical Completion and Completion of Successful Performance Test). In each case all payments fall due prior to or on the completion of the successful Performance Test. There are no payments or running royalties falling during beneficial operation.
- As noted above the EPC Contractor's performance obligations will be kept wholly separate from the Licensor's performance obligations, and so there is split responsibility for the performance of each process unit, with the Licensor retaining fully responsibility for the guarantees specified in the Guarantee Agreements
- With the fees and liability limit of each Licensor, the Lenders should note that the liability limit is only reached with multiple under-performances, as within each GA various metrics for under-performance (capacity, yield, conversion, product quality etc.) are separately specified with limits of liability against each. This is typical practise for any process Licensor. What is apparent is that the aggregate liability of the 6 licensors is around US$ 36 Million; equivalent to around 0.3% of the estimated total Project cost. Hence if there were multiple under-performances in every process unit of the complex there would still be an insignificant amount of money, as a percentage of the total Project cost, available from the process licensors to correct the multiple faults and/or be available as liquidated damages.
- In general the liability limits of the Licensors are in our view unusually high. Typically Licensors will agree to liability limits in the range of 50% - 100% of License Fees, with the high end being the exception. We have not normally seen licensors prepared to provide liability limits significantly in excess of their fees. We can only speculate on the commercial reasons for this, but it does perhaps indicate the Licensor's view of the technology risk in the Project.
- Unusually the GA for Stratco and KTI-Technip provide no provision for the liquidation of liabilities for non-performance. In these Agreements the only obligation of the Licensor is corrective engineering and modification until the liability limit (separately limited for each underperformance) is reached. At that point the liability of the Licensor is fully discharged. In the case of KTI-Technip the absence of liquidated damages is perhaps understandable as there is no license fee payable. In the case of Stratco we do not understand the absence of a liquidation provision.
- The issue of deemed acceptance by the Licensor due to the lapsing of his guarantees because of delay in conducting a Performance Test Run is always an issue to take note of. We note that the GA for Stratco (DuPont) provides a very narrow time window to conduct the 5 day Performance Test (the first such Test must occur between 15 and 60 Operating Days from Start up (first feed into the Unit)). We find the narrow time window for the validity of its guarantees provided by Stratco (DuPont) to be highly unusual in our experience, though the Licensor asserts that

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these are its normal licensing terms. We do not understand the rationale for the Licensor to so prescriptively limit the validity of his process guarantees. The Sponsors assert that the definition of Operating Day, being a period of 24 hours of stable and continuous operation for the appropriate unit, provides comfort. However we note that this Project is a highly complex grassroots project where the alkylation unit receives its feedstock from other new units, which also have to be started up and run in a stable manner, instability in feedstock or utility supply would obviously pose some risks that these criteria cannot be met and the Licensor is thereby absolved of his performance obligations without a valid performance test having occurred. We have reviewed the terms of all of the other Licensors and find them to be more reasonable in this regard.

- The terms and conditions and rates for the provision of services by the Licensors for start up are contained within the various GAs.
- The provision of training is covered within the TTA with the exception of UOP where it is covered in the GA.
- The provisions for any Improvements that are developed for the Processes are covered in the TTAs. The obligation on the Licensor to keep the licensees up to date with respect to Improvements is up to a set CUT OFF DATE; this date varies between 5 and 10 years from execution of the TTA or start up of the Process, depending on the Licensor. The licensors are required to disclose all improvements that are safety related, even if these occur after the CUT OFF DATE, we believe that this is a specific condition that the Sponsors obtained from the Licensors.

We find the various TTA and GA agreements to be reasonable and in line with the standards of the industry (we have noted our exceptions above). The limits of liability, while very low relative to the Project cost, are high relative to the level of license fees, averaging an unusually high 120% of fees. As the EPC Contractors will not be assuming any third party process risk these are the main process guarantees available to the Sponsors (the EPC Contractors will only be providing guarantees for process design issues in their control such as hydraulic capacity for distillation units, utility consumptions etc.).

As noted above however liabilities at the above levels can only be incurred if the affected unit underperforms in multiple areas simultaneously. Realistically the Licensor liability for even significant process underperformance for key process units in the entire complex will be at the hundreds of thousands to few million dollars level.

Nevertheless it should also be understood that Licensors suffer considerable damage to their reputation (particularly at the hands of their competitors) if they have a poorly performing unit in operation. We doubt that any of the Licensors would in practise walk away from a problem unit just because a particular liability limit had been reached. The fact that Saudi Aramco and TOTAL are core customers for these Licensors should also be borne in mind.

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Personnel Secondment and Services Agreement

We have reviewed the Personnel Secondment and Services Agreement (PSSA). The purpose of the PSSA is to set the terms and conditions for the supply of certain services (technical and non-technical) and the secondment of personnel from the Sponsors to SATORP.

The compensation and rates to be used for secondees are contained in the agreement. There is a monthly rate and a relocation charge; the amounts are dependant on grade. We have reviewed these rates and they are in our opinion reasonable and similar to the charges we have seen in other projects.

Crude Oil Supply Agreement

We have reviewed the Crude Oil Supply Agreement (COSA), the key points are:

- 30-year term with possibility to extend
- Supply on a Free in Pipe basis at the delivery point
- 440 kbpd of supply, equivalent to 110% of design demand, with variation at SATORP's option
- Seller undertakes to give preference to Buyer over export customers and to treat Buyer on equal terms with other domestic customers, with the sole exception of utility customers in the Kingdom
- No liability for failure to lift
- Saudi Aramco is obligated to supply if crude is available subject to applicable law and government crude oil production policies (in this regard we note that Saudi Aramco will be producing between 1.5 to 2 Million Barrels of Arabian Heavy crude). Additionally, as noted above, SATORP will have priority rights over any export customers and equal treatment with local non-utilities customers. There are also back up supply arrangements for Arabian Light crude oil should the Delayed Coker utilisation rate be reduced.

Fuels Supply Agreement

We have reviewed the Fuels Supply Agreement, the key points are:

- 20-year term
- Supply on a Free in Pipe basis at the delivery point
- Maximum Annual Supply of 29,200 MMSCF (80 MMSCFD) of fuel gas supply

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- Sales gas is allocated exclusively by the government. Subject to allocation by the government, Saudi Aramco agrees to use best efforts to sell and deliver.
- Saudi Aramco will pay SATORP a shortfall payment if the fuel gas delivered in a year is less than the annual maximum fuel gas quantity. Subject to a maximum payment.

Refined Products Offtake Agreement

We have reviewed the Refined Products Offtake Agreement (RPOA) providing only the technical sections of the Agreement appropriate to our review. The key points from this Agreement are:

- Saudi Aramco and TOTAL are joint buyers of the products on an agreed product split basis.
- Term is coterminous with the Shareholder's Agreement. (i.e. 30 years)
- Buyer has liability for failure to lift. SATORP must mitigate such failure (*e.g.* by use of storage) or by seeking the other Buyer or a third party as offtaker of the unlifted product. Failing Buyer must pay SATORP any difference in monies received and SATORP's cost of sales.
- If sales are not possible then the Failing Buyer shall be liable to SATORP for all additional operational costs and expenses incurred by SATORP that directly resulted from downgrades of Refined Product and/or any reduction of production of the Jubail Refinery.
- If SATORP fails to supply then it shall be liable to such Buyer for duly documented additional costs incurred by such Buyer (limited to demurrage and dead freight in relation to vessels) that directly resulted from SATORP's failure to make such Delivery.

Other Offtake Agreements

We have received for review the Offtake Agreements for paraxylene, Coke, LPG and Liquid Sulphur. These have substantially the same form as the RPOA, reviewed above; the major exception being for the Liquid Sulphur Agreement and LPG where Saudi Aramco is the sole offtaker. Also under the Liquid Sulphur Offtake Agreement, the maximum purchase obligation of Saudi Aramco is 500 ktpy, unless otherwise agreed between the parties.

The COSA, RPOA and other product offtake agreements provide a robust structure for the supply of feedstock and offtake of products from the company. Saudi Aramco as the largest crude producer in the world is guaranteeing the supply of heavy crude and backing this supply up with alternate light crude. Jointly the two Sponsors are amongst the largest marketers of refined products. TOTAL is also highly experienced in the marketing of petrochemicals.

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Utility Supply Agreements

Power

A draft power supply agreement (PSA) with Saudi Electricity Company (SEC) has been reviewed. The terms and conditions of this PSA are similar to other agreements we have reviewed related to power supply within KSA, in which case we do not expect any significant technical issues for the Lenders.

Water (Sea Cooling and Potable) and Wastewater Treatment

A Project specific utility supply agreement with Marafiq is not yet available for our review. We have been provided with the standard agreement, which we have reviewed for previous projects and consequently we would not expect any significant technical issues for the Lenders.

Nitrogen and Oxygen Supply

A draft agreement with National Industrial Gases Company (GAS) has been reviewed. This is a standard agreement between GAS and Buyers, and consequently we would not expect any significant technical issues for the Lenders.

Integration and Third Party Review

The crude oils will be delivered to site via a pipeline spur from the export pipelines which run past the Refinery, between the Jubail-1 and Jubail-2 sites. Crude pipelines run from the Arabian Heavy fields at Safaniyah and Manifa and from the Arabian Light field at Kursaniyah—all located to the north of Jubail—to the loading port at Ras Tanura to the south of Jubail. A single pipeline will transport the crude oils from the main interface platform where Safaniyah and Manifa crudes will be blended for export, approximately 9 km to the Refinery site.

Three onsite crude tanks are foreseen which provides one tank for receiving crude oil, one tank for settling, and one for feeding the Refinery. This arrangement will provide a minimum of 8 hours' settling time for the incoming crude oil. Products will be transferred from the SATORP to the KFIP facilities through pipelines installed in the access corridor provided by the RCJY.

Land at KFIP will be used for storage of refined products (4 tanks), and facilities will include slop systems, utilities and buildings. Paraxylene (3 tanks) and coke storage will be located by the appropriate berths. Electricity, fire water and potable water will be provided by tie-ins to the KFIP existing networks. The following berth facilities will be made available to the Project:

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- Berth 22 for coke export, including local coke storage and conveyor systems
- Berth 34 for paraxylene
- Berths 62 and 54, plus 52 and 53 on co-sharing basis for refined products

Jacobs Consultancy confirms that these facilities are adequate for the planned operations.

Operating Parameter Review

We have reviewed only the key technical parameters that have been used in the limited sections of the financial model provided to Jacobs Consultancy by Calyon. The technical parameters include variable costs, utilisation rates and fixed costs.

Variable Costs

The comparison of utility costs indicates that the SATORP costs are generally competitive with those in the region and in line with what we have seen for other projects in the Kingdom. The catalyst and chemicals cost is set at US$ 50 Million per annum (at 100% on stream factor) this is in the range we would expect considering the technologies employed, the scale of the plant and its utilities.

Operating Rates

A refinery needs to be periodically shutdown for maintenance and to turnaround the process units, for a refinery of this size and complexity it is neither desirable nor practical to shut it down completely. Consequently the Refinery has been split into two parts for the purpose of planning, scheduling and executing turnarouunds. The Refinery is scheduled to operate on a five year turnaround cycle i.e. every five years each half of the refinery will be shutdown once for maintenance and a turnaround. A new refinery has the potential to incrementally increase its capacity due to “creep”. Typically there will be some margin in the design; this means that the units will actually be capable of operating at a slightly higher capacity than the quoted design values. The realisation of this design margin is known as “ capacity creep”.

The Financial Model assumption book contains the following operating rate profile, in each case the percentage shown is a percentage of operating hours at full capacity calculated relative to 8,760 hours (365 days) per year.

- An operating rate of 56.25 % for the first 6 months of operation starting on 1 June 2013, followed by an operating rate of 75% for the next six months (equivalent to 5,742 hours at design capacity)

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- In the second year an operating rate of 85% is assumed in the first six months followed by 91.5% in the following six months (equivalent to 7,728 hours at design capacity) for the second year which is an aggressive but achievable target.
- After the third year a stable operating rate of 92.5% is assumed - the first plateau stable operating rate - prior to the first turnaround
- Following the first complete turnaround of the whole Refinery, reliability will improve as technical problems will have been resolved and the potential for capacity creep will have been realised. The Refinery will reach a new sustainable plateau of 95.9% operation (equivalent to 8,400 hours at design capacity).

The proposed operating rate profile is prefaced on realisation of capacity creep, TOTAL report that at their Leuna refinery they have achieved an increase in capacity of 20 % over 12 years and that the Hydrocracker at their Normandy refinery, which was started up in 2006 has increased its capacity by 30 %.

We consider the operating profile to be reasonable for a refinery and petrochemicals facility with the complexity of SATORP; when operated by first quartile Operation and Maintenance departments and with a sufficient maintenance allowance. Based on the information that has been provided to us we have no reason to believe that SATORP would not achieve first quartile performance.

Fixed Costs

The assumed average salary cost is US$ 80,000 per employee. Our benchmark of eighteen months ago was about US$ 45,000 per employee for a similar operation. We are aware that all in employment costs in the Kingdom have risen in recent years; however the assumed salary levels are somewhat higher than we would expect. We understand that these costs reflect the Sponsors' policy to attract the best candidates as per a benchmark study conducted by SATORP on employment terms in the Kingdom.

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APPENDIX 7

EXECUTIVE SUMMARY OF FEEDSTOCK AND PRODUCTS MARKET STUDY PRODUCED BY WOOD MACKENZIE

1.0 Executive Summary

Saudi Aramco and Total are undertaking a limited-recourse financing for a project (the "Project") involving the development, construction and operation of a 400,000 bpd greenfield export-oriented refinery and associated facilities at the Jubail industrial area on the east coast of the Kingdom of Saudi Arabia. The Project will process Arabian Heavy crude oil supplied by Saudi Aramco.

The Project is to be financed by means of shareholder funds and senior debt provided by a range of lenders (the "Lenders"), including financial institutions, capital market investors an/or export credit agencies.

Wood Mackenzie has been appointed as independent feedstock and products marketing consultant to carry out market appraisal work with respect to the Project on behalf of potential lenders. This report summarises the key factors for Lenders' consideration, which are:

- Project's financial performance, determined by:
  - Refining industry fundamentals, which determines the market opportunity for an export oriented refinery;
  - Refining margin outlook in a number of alternative scenarios, including a downside risk scenario for testing debt capacity;
- An assessment of the feedstock availability for the Project; and
- An understanding of the competitive position of the Project vs. other competing refineries in the target export markets.

1.1 Project Competitive Position

Our preferred approach for analysing competitive position considers the Net Cash Margin (NCM). NCM captures most of the critical elements of a refinery's performance that define its competitive position in the short / medium term; it is defined as:

NCM ($/bbl) = Product Worth ($/bbl) - Cost of Crude ($/bbl) - Cash Operating Expenses ($/bbl)

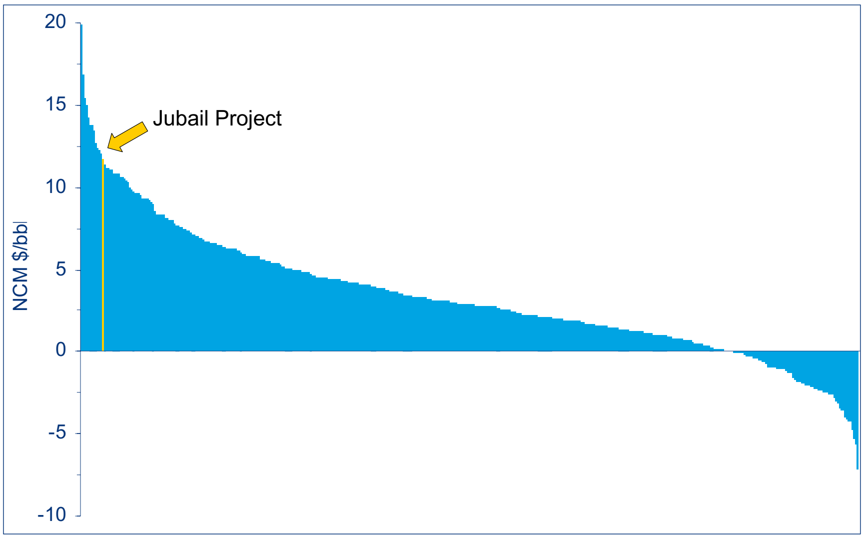
NCM multiplied by annual crude throughput is effectively equivalent to EBITDA

The key constituent parts of the cash margin that can provide sources of sustainable competitive advantage are:

- **Crude oil costs and transportation**, detailing the cost of crude at its source and the costs associated with transportation to the refinery;
- **Configuration**, which details the output slate of each refinery in order to evaluate the added value due to refinery configuration; and
- **Location**, which covers those factors not directly related to the assets themselves or the efficiency with which the assets are managed, such as local pricing, remuneration levels, import tariffs, etc.

In the chart below we present an assessment of the Project's competitive position against all other conventional fuels refineries globally:

Figure 1: Future Competitive Position of the Project against all other Conventional Fuels Refineries Globally



The Project is expected to rank amongst the very best global performers on an NCM basis. There are a number of key factors that are contributing to the success of the Project:

- The Project will process 100% Arab Heavy feedstock, which is expected to continue to be priced at a substantial discount to crudes typically processed elsewhere. Furthermore, the crude delivery costs are expected to be extremely low when compared with the costs of seaborne delivery of crude oils into most US, European and Asian refineries;

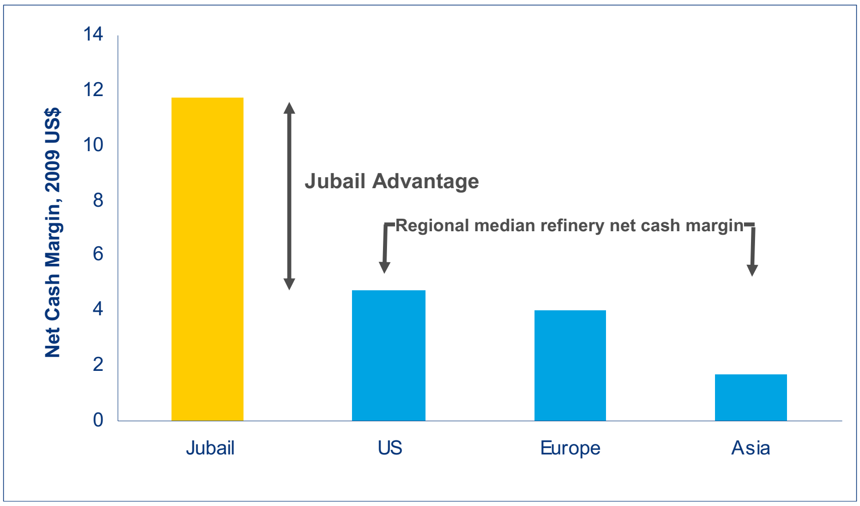
- The Project configuration is more complex than most refineries in globally. Furthermore, for many refineries, the legacy infrastructure is configured to maximise gasoline production and hence supply an increasingly surplus market. Conversely, the Project is configured to maximise diesel production and is hence very well aligned with anticipated future demand patterns;

- Jubail's central location between the key global product markets provides another source of competitive advantage. For example, whilst European refiners will obtain favourable netback prices for their diesel production, the growing Atlantic basin gasoline surplus means that their gasoline production will increasingly need to be exported long-haul to deficit markets in the Far East, with substantially reduced netback prices. Conversely, the Project's geographical location enables advantaged exports to the Far East; and

- Integration of the refinery with petrochemicals production also contributes to the competitiveness of the Project. We understand that inclusion of para-xylene production in the configuration enables extraction of aromatics components and benzene from the gasoline pool, which represents a clear advantage over other refiners who may be forced to invest to comply with evolving gasoline these specifications. We also understand that there are capital and operating cost synergies associated with integrated production of refined and petrochemicals products.

In summary, the strong performance is attributable the advantaged refinery configuration adding considerable value to low cost crude. Jubail is expected to perform significantly better than the regional average refiners, with more than twice the per-barrel margin than the typical US refiner. The chart below illustrates this, by presenting the estimated NCM for the Project against the average for the refinery population in each region.

Figure 2: Project NCM vs. Average Refinery in each Region

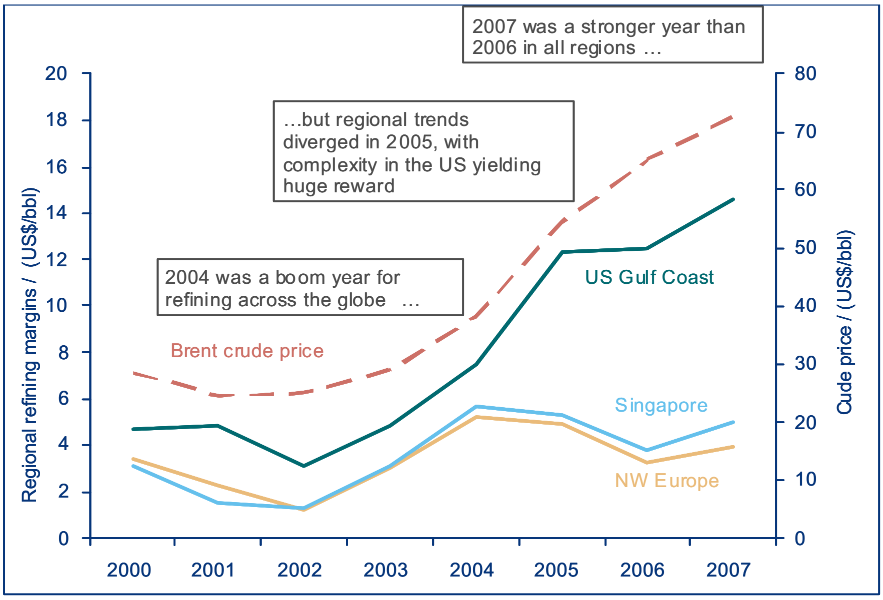


1.2 Refining Industry Fundamentals

1.2.1 Historical Performance

The refining industry has experienced a sustained period of strong refining margins on a global basis, as shown below in Figure 1 which presents the historic gross refining margins, aggregated to reflect the average refining configuration type in each key refining region.

Figure 3: Global Refining Margins

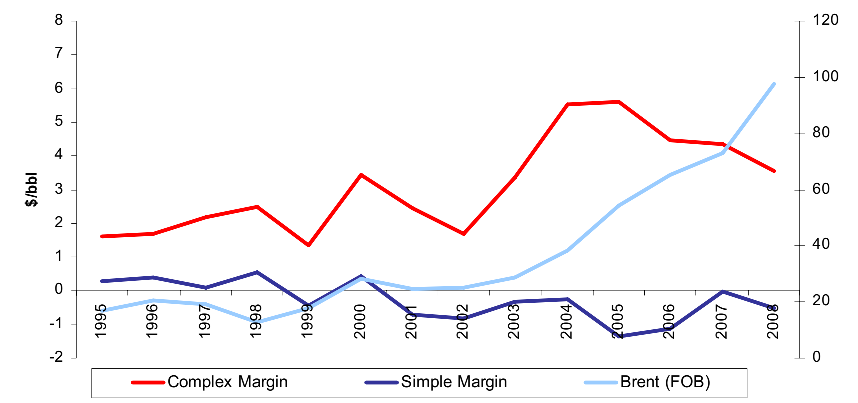


This refining margin performance reflects:

- Strong demand growth for oil products, particularly in Asia;
- Increasing crude oil price; and
- A series of separate events affecting the North American market, including the impact of hurricanes Rita and Katrina.

It is important to distinguish the impact of refinery configuration on the refining margins, as shown in Figure 3 below, which shows Wood Mackenzie's European reference configurations.

Figure 4: Historic Gross Refining Margins and Absolute Crude Price



Source: Wood Mackenzie

Simple refineries remain the marginal source of oil product supply, as globally, there is a surplus of crude distillation capacity. This availability of surplus capacity results in these refineries being the price setting mechanism for refining margins. At higher crude oil prices, the higher opportunity cost of internal refinery fuel and the associated high yield of fuel oil from these refineries requires transportation fuels to be priced at a growing premium to crude oil to maintain throughputs in simple refinery configurations. This results in a margin increase for complex refineries, due to their greater yield of higher value transportation fuels.

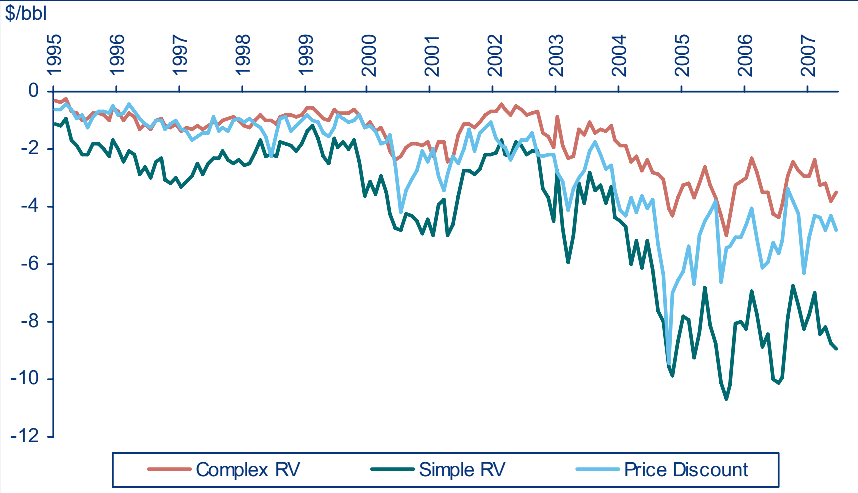
It is important to note that this linkage of refining margin with crude oil price reflects a given refinery industry structure. This structure is hence influenced by demand developments and the industry's supply response.

Over recent years, refiners capable of processing heavy/sour crude oil grades have been further advantaged, as these crude oils have traded at a discount to their refining value in a complex refinery, as shown in the Figure below for Brent vs. Urals in NWE. This has been due to:

- an oversupply of heavy sour crude oil in the marketplace, with an increase in Urals export volumes to Europe; and
- structural rigidity in the refining system which limits the ability to increase upgrading of heavy crude without significant investment.

Our analysis indicates that the simple refining value effectively provides a floor for the Urals discount, such that the level of discount has more recently 'bounced' between the complex and simple refining value as the growth in supply of heavy crude exports to Europe have reduced and market fundamentals struggle to re-establish themselves through refiners upgrading their facilities.

Figure 5: Refining Value and Price Discount of Urals vs. Brent in NWE



Source: Wood Mackenzie

The heavy crude oil discount is hence a function of:

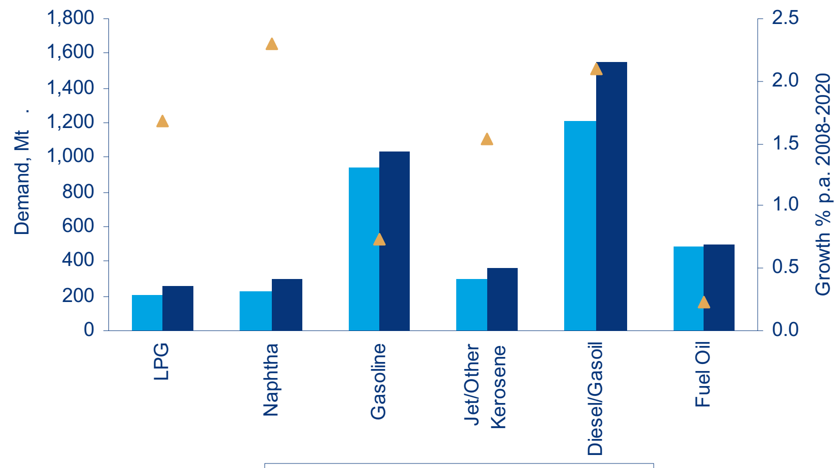
- the prevailing crude oil price;
- refining margin outlook, as this establishes the simple and complex refining values; and
- supply/demand balance for the heavy oils.

1.2.2 Oil Product Demand Outlook

The macroeconomic outlook is a key driver of our oil demand projections. At the time of writing, the global economy is in the midst of the most severe and prolonged recession since World War II and we currently expect global economic growth to contract in 2009 by 1.6 percent. World GDP is expected to resume a growth trend in 2010 at a subdued rate as modest rebounds in developing economies help drag developed economies out of their stagnant quagmire. Global growth will start to accelerate in 2011, but we do not expect economic growth to rebound to pre-2008 trends in the long-term, such that global GDP is forecast to grow at an average annual rate of 3.2 percent between 2009 and 2030.

Total global oil demand is forecast to grow from 3,995 Mt in 2008 to 4,744 Mt by 2020 – an increase of almost 750 Mt, which is an average compound annual growth rate of 1.4%. Transport fuels are expected to make the largest overall contribution to oil demand growth, with road diesel demand accounting for over 30% of total demand growth. Ever increasing personal mobility raises demand for gasoline and jet fuel. In non-transport sectors, competition from other fuels such as gas and electricity is expected to restrain demand growth.

Figure 6: Global Oil Demand Growth by Product



Source Wood Mackenzie

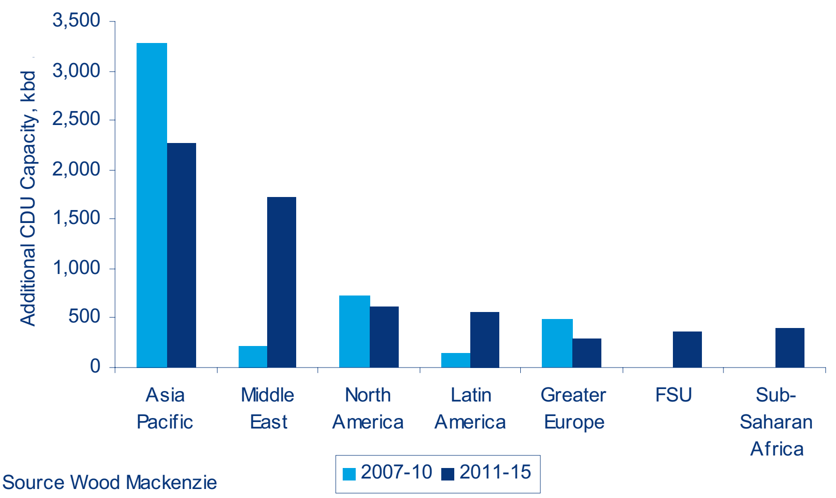
It is this projected oil product demand growth that provides the opportunity for refining investments, either at existing or greenfield sites.

1.2.3 Oil Product Supply Outlook

Global crude distillation capacity is currently 87.8 Mbd from 669 fuels refineries. The average refinery size is 132 kbd. We anticipate that an additional 9.7 Mbd crude capacity will come on stream from January 2009 to the end of 2015 from currently announced projects, including this Jubail project

70% of the additional capacity announced to date is forecast to come on stream in two regions as shown in Figure 7 – Asia Pacific and the Middle East. As a result, the Middle East is expected to overtake the FSU to become the fourth largest refining centre.

Figure 7: Global Refinery Supply Response by Region



Source Wood Mackenzie

We do not consider additional refining investments beyond that already announced. As such, our analysis identifies both the opportunity for new refining investments and the pressures on the industry (in terms of future product imbalances).

However, it is also relevant to consider supply of refined products from non-refinery sources such as:

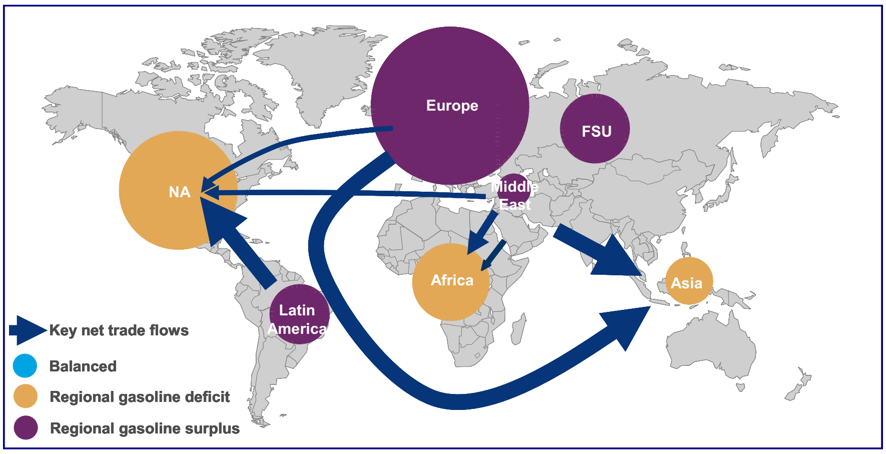
- ❑ NGLs (Natural Gas Liquids) from upstream facilities (typically LPG and naphtha);
- ❑ Biofuels (typically ethanol as gasoline blendstock and biodiesel);
- ❑ and to a lesser extent, products from GTL (Gas to Liquids) and CTL (Coal to Liquids) facilities (typically LPG, naphtha and diesel).

Total non-refinery supply is forecast to grow from 266 Mt in 2007 to 393 Mt by 2020. In the period to 2010, almost 60% of the increase in non-refinery supply is due to increased NGLs production, while just under 40% of the growth is from the drive to increase biofuels consumption.

1.2.4 Net Trade Balances

The key products from the Project are gasoline and diesel. The geographical spread and diffuse nature of product quality specifications is projected to result in a complex picture for gasoline trade, as depicted below.

Figure 8: 2020 Forecast Gasoline Trade

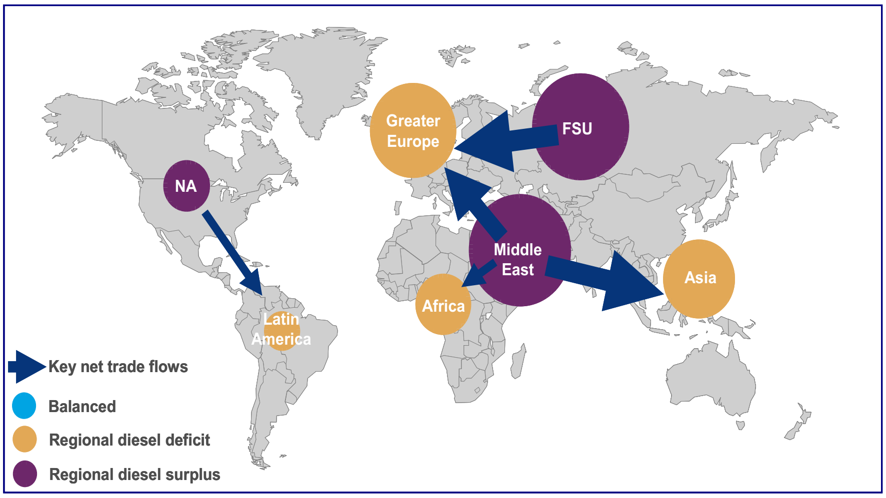


The chart above illustrates the potential global gasoline surplus which would result without adjustments to existing refinery operations. This highlights the pressures on refiners to re-align their production with global demand trends to rebalance supply and demand. This is reflected as sustained weak gasoline prices in our pricing projections, most notably so in Europe where the greatest surplus is expected.

In the longer term, we expect significant gasoline deficits to develop in Asia as continued demand growth outstrips incremental supply additions. For the period post-2020, we also expect the Middle East to become deficit gasoline.

For diesel, the projected trade flow is less complex, with the Middle East being the key export centre to the major deficit markets of Europe, Africa and Asia, continuing into the longer term.

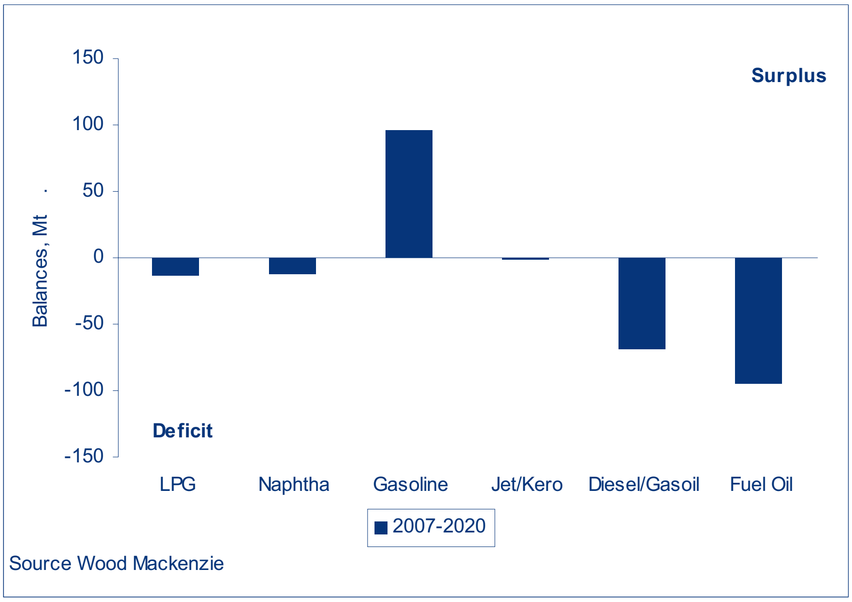
Figure 9: 2015 Forecast Diesel Trade



1.2.5 Global Outlook

Our analysis of global developments in the supply and demand of refined products highlights the potential imbalances which will ultimately be resolved through additional refining investments and market economics.

Figure 10: Global Opportunity for Refining



The apparent global imbalances between individual product supply and demand leads to a potential global surplus of gasoline, but deficits of diesel/gasoil and fuel oil. The following high level conclusions can therefore be drawn from our view of global capacity developments:

- Potential gasoline surpluses and naphtha deficits are expected to weaken reforming economics, such that gasoline production from the most disadvantaged refiners may be uneconomic;

- The large potential diesel deficit suggests that new refining capacity should be geared towards middle distillate production; and

- A potential deficit in fuel oil is likely to be resolved by a demand response, although does suggest that not all new refining capacity should be highly complex, depending on the regional supply/demand imbalances.

1.3 Refining Margin Environment

1.3.1 Scenarios

Wood Mackenzie has developed the following pricing scenarios on behalf of Lenders to the Project:

- Base Case, which reflects our current outlook for crude oil price projections and a refining margin environment (US$85-90/bbl Brent, flat in real US$2009). We consider this outlook to represent a 50:50 case in terms of refining margin environment, with equal probability of higher/lower returns;

- Low Case, which incorporates our outlook for a sustainable low crude oil price (US$50/bbl Brent by 2010, flat in real US$2009 thereafter) combined with a weak refining margin environment that reflects a structural oversupply situation. We consider this outlook to provide only limited (<10 percent probability) of weaker conditions (either international refining margin or light/heavy crude differential) prevailing for up to one year. This low case reflects:

  - A near term global recession that reduces oil product demand growth

  - A resultant deferral of the highest cost sources of supply

  - Reduction of upstream development costs and a lower required rate of return for these projects as companies strive for volume growth in a depressed market environment

- High Case, which reflects our outlook for a sustainable high crude oil price combined (US$115/bbl Brent flat in real US$2009), with our base case refining margin. We consider this outlook to provide only limited (<10 percent probability) of stronger conditions (either international refining margin or light/heavy crude differential) prevailing for up to one year. This high case reflects:

  - Resource nationalism remains strong and limits access to third parties and the deployment of best available technology

  - Geopolitical difficulties heighten tensions in the oil market

  - Non-OPEC supplies disappoint, including non-conventional sources of supply

Wood Mackenzie's refining margin projections are based on integrating our supply/demand outlook for each major oil product, as detailed above. We adopt various reference refinery configurations to depict the various regional markets, such as:

- FCC complex refineries processing Brent (typical of north west Europe) and FCC complex refineries processing Urals (typical of the Mediterranean)

- Coking refineries processing Mars for the United States

- Complex refineries processing Dubai in Singapore

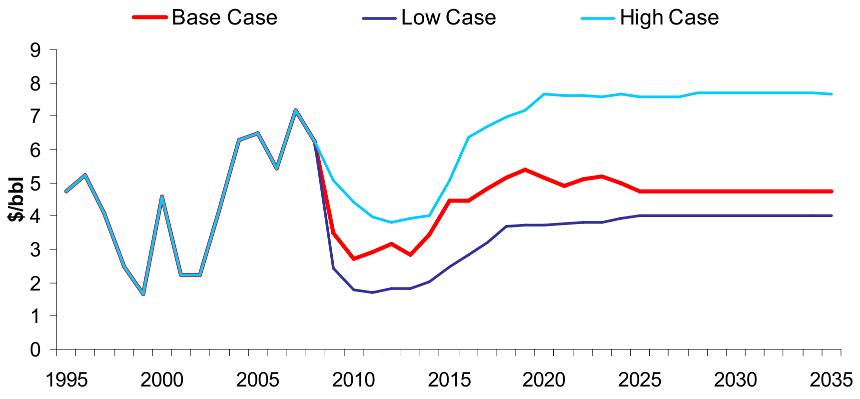
Each of these markets can move independently of each other because of local supply/demand and cost factors for certain periods. However, over the long term, prices and margin differentials are limited by transportation costs. Figure 11 details our refining margin projections for a complex refinery in Singapore detailing:

- Base case - In the short term we expect margins to increase as demand growth will outpace incremental growth in supply. However, the completion of the Reliance refinery along with subsequent new refining projects coming on stream in Asia will bring additional supply onto the market and cause margins to weaken. This weakening will be exacerbated post 2010 as additional refinery capacity comes on stream in the Middle East.

- Low case – This is similar to the base case, but the margin uplift is set at its floor level to depict the minimum sustainable margin required to support investment (i.e. there is no "fly up" after a prolonged period of low margins, which is typical of the refining industry) and the refining industry continues to display its "herd" mentality, with significant over-investment developed in the period from 2023, in spite of the low margin environment. Further details of the rationale behind our Low Case scenario are provided in Section 6 of the main report.

- High case – The purpose of our high case scenario is to provide Lenders with a consistent refining environment outlook to the base case, albeit based upon a higher crude price assumption. Our intent behind this approach is to enable Lender's to interpolate between our base case and high case crude price assumptions, should they wish to approximate the effect of an alternative crude price outlook.

Figure 11: Base Case and Low Case Singapore Dubai Complex Margins



Source: Wood Mackenzie

Wood Mackenzie understands that Lenders often have internal crude oil price outlooks that need to be analysed as part of their due-diligence. As a first approximation, Wood Mackenzie recommends that Lenders interpolate on Brent crude oil price to establish the associated product prices for the refinery margin analysis. This approach is less valid outside the projections provided and so extrapolation is not recommended. This will enable Lenders to gain comfort that the project is structurally robust, as we consider this Project to be one of the few refining developments worthy of Lender support.

1.3.2 Crude and Product Price Projections

The Project refinery is an export oriented facility, processing Arab Heavy crude oil to produce gasoline and diesel.

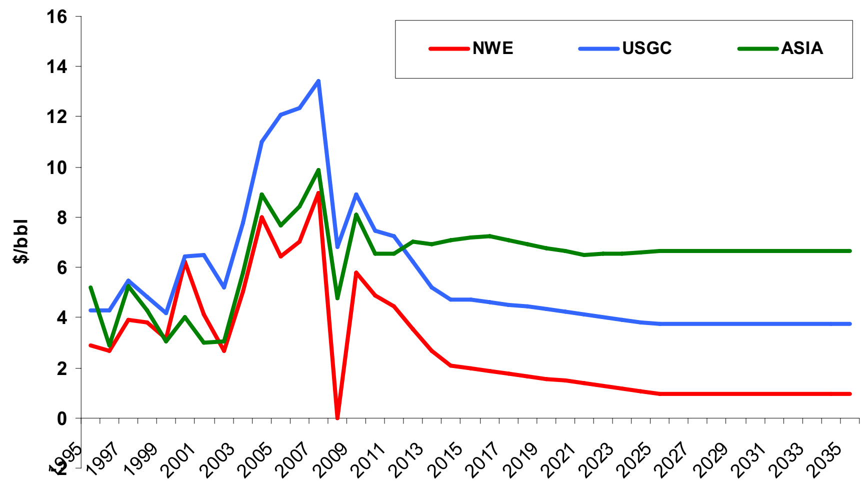
The analysis of the refinery margin requires the developments of pricing projections for these products in each market. The following figures show the feedstock and product projections in the major markets for the base case.

Table 1: 2015 Regional Arab Heavy Crude Prices – Real 2009 $

($/bbl)	NWE	USGC	Singapore
Delivered Price (CIF)	81.53	82.40	82.51
Jubail Netback	78.63	78.98	80.88
Difference	2.90	3.42	2.00

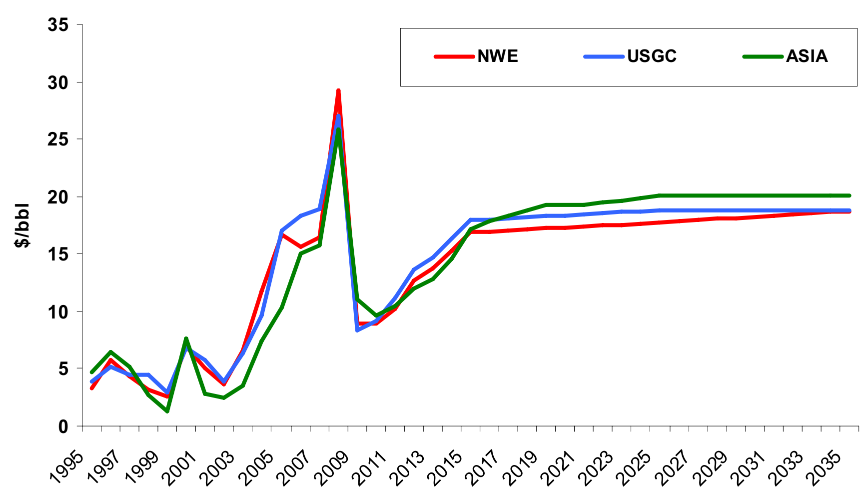
For the base case scenario in 2015, the pricing of Arab Heavy delivered to key regional refining markets is broadly similar, with a differential of around US$1.0/bbl between the highest price in Singapore and the lowest price in the NWE. These modest differences reflect the counteracting effects of differing competing regional crude oil sources, regional refining margins and the complexity of the price setting refinery configurations. On a netback basis, the differential between the highest (Singapore) and lowest (USGC) increases to almost US$1.5/bbl, reflecting the closer proximity of Asian markets to Saudi Arabia relative to the United States. The Jubail netback crude price is expected to be around US$3.4/bbl lower than the delivered crude for US & EU refineries and US$2/bbl lower than the delivered crude for US Asian refineries.

Figure 12: Regional Gasoline Prices relative to Brent (history nominal, projections in real 2009$)



Source: Wood Mackenzie

Figure 13: Regional Diesel Prices relative to Brent (history nominal, projections in real 2009$)



Source: Wood Mackenzie

Key features of the product markets are:

- Gasoline prices have historically been volatile and peaked in 2008. We are forecasting gasoline to weaken in future due to additional supply (both from refining capacity and ethanol). Post 2012 in Asia, gasoline strengthens as a large deficit is projected to develop in the region unless there is significant investment in new refining capacity; and

- Diesel also strengthens out to 2008, with this strength remaining due to rising demand and an increasing deficit in Europe, combined with tightening product quality specifications. Post 2015, Asian prices strengthen reflecting the requirement for significant investment in new refining capacity.

1.4 Feedstock Availability

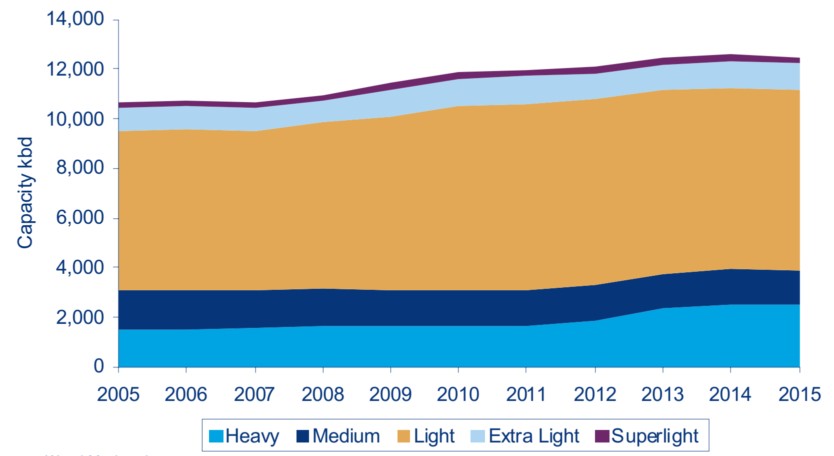
An estimate of future production capacity forecast for Arab Heavy is underpinned with significant uncertainty, as it is dependent upon:

- Call on OPEC; and

- Saudi Aramco's adjustment of supply to respond to market conditions, making an assessment of actual future production figures difficult.

The figure below is a forecast for capacity of Saudi crudes for all grades, in accordance with the current API categorizations:

Figure 14: Projected capacity evolution for Saudi crudes



Source: Wood Mackenzie

Based on the above, Saudi Aramco could theoretically meet future production requirements from lighter grades only. However, total domestic demand for Arab Heavy is expected to be in the range 0.8 to 1.3 million b/d, subject to Saudi Aramco's plans to upgrade its existing refineries to process more Arab Heavy.

The key conclusions for Lenders are:

- There is ample feedstock available for the Project, as the future sustainable capacity for Arab Heavy production is estimated to be at least 2.4 million b/d, whereas domestic demand (including the Project) is not expected to exceed 1.3 million b/d; and

- The Crude Oil Supply Agreement has been reviewed and we consider that it appropriately covers a scenario in which there is only limited international exports of Arab Heavy. Furthermore, the agreement ensures that the Project will have priority (first for Arab Heavy, then for other grades) over exports, providing comfort on sustained availability of feedstock to the Project.

APPENDIX 8

EXECUTIVE SUMMARY OF THE INSURANCE REPORT PREPARED BY JLT SPECIALTY LIMITED

Section 2 - Executive Summary

2.1 Insurance Procurement and Debt Service Undertaking ("DSU")

The Sponsors are proposing to provide Debt Service Undertakings that will cover debt repayments for the financing should the construction of the project not be completed by a date certain as prescribed in the financing. As this guarantee is being provided, the Sponsors have stated that for the period until the Debt Service Undertakings expire the procurement of insurance will be at the Project's option and that the finance documents will contain no insurance obligations for this period.

The insurance obligations for the Project will commence from the expiry of the Debt Service Undertakings and will apply for the rest of the operational phase until the Final Maturity Date.

The Lenders will need to be comfortable with regard to the undertakings that they have accepted within the Debt Service Undertakings to accept this arrangement.

2.2 Construction Contracts

The EPC contracts for Project have still to be awarded. The Project has advised that there will be 15 EPC Packages, with the intention that these packages are awarded in the summer of 2009. We have been provided with a proposed draft wording for the EPC Contract. With regard to the insurance cover, the insurance allocation proposed is as follows:

- The contractors will have responsibility for arranging the marine cargo insurance, other than as detailed below, and third party liability cover up to USD5,000,000.
- The Project will arrange the construction all risks, third party liability insurance and marine insurance for certain critical items. The third party liability will apply to the contractor in excess of the USD5,000,000 that they are required to arrange.

With regard to the marine cargo cover, we have seen this cover arranged by the contractors on other projects that we act as lenders insurance adviser on. Under the proposed risk allocation, the contractors will have responsibility for loss or damage to materials and equipment and this applies whether the risk is insured or not. On the basis of this risk allocation, it is reasonable that the Contractors should be responsible for arranging the insurance cover and having access to proceeds of such insurance policies. The Project will be arranging the marine insurance cover for critical items that will be specifically designated to the Contractor.

Through the terms of the EPC Packages, the Project will need to maintain insurance during the construction phase.

2.3 Construction Insurance Cover

For the “Early Works” phase, Saudi Aramco Total Refinery Project (“SATORP”) already arranged with Royal & Sun Alliance Insurance plc a “Construction All Risks” policy covering Damage to the Temporary Camp Facilities and to certain Civil Works (road & bridges) (EPC Packages 13.2 & 13.3) as well as the Third Party Liability which may result from such works in the limit of USD5,000,000; An Excess Third Party Liability policy placed with QBE Insurance (Europe) Limited will also respond above USD5,000,000,. Both policies are fronted by the Saudi Aramco captive insurance Company (“Stellar”) pending outcome of a request to SAMA for waiver of the requirement for local direct policies

Based on the insurance allocation that has been provided to us, a summary of the main insurance cover that the Sponsors are proposing the Project will arrange for the construction phase is provided on below. The intention is that the construction insurance cover will commence at the start of the main civil works.

Type of Coverage	Insured Events	Sum Insured (US$)	Deductible (US$)
Construction All Risks	“All Risks” of Physical Loss or Damage to property owned or the responsibility of the Project whilst under construction. Excluding Terrorism.	Based on the estimated value of the contract works or a minimum amount of 100% of the Estimated Maximum Loss per occurrence.	Not to exceed US$2,500,000 per occurrence.
Third Party Liability	Legal and contractual liability of the Insured Parties for death or bodily injury to third parties or loss or damage to their property arising out of the construction of the Project.	US$25,000,000 per occurrence.	Not to exceed US$1,000,000 per occurrence.

Marine Cargo	“All Risks” of Physical Loss or Damage to critical items of construction materials and equipment whilst in transit to the Project site.	To be based on the maximum value any one storage conveyance/ location.	Not to exceed US$500,000 each and every loss.

The construction insurance cover proposed would comply with the requirements of the EPC Contract and would be considered to be in line with current insurance market practice. We have commented on this cover in more detail in Section 6.3 of this report.

2.4 Saudi Arabian Insurance Law

In 2004 a new insurance law was enacted in Saudi Arabia. This law largely relates to the establishment of an insurance industry in Saudi Arabia and contains provisions relating to the licensing of local insurance companies. The law has now been implemented with 21 insurance companies having been licensed.

The insurance legislation deals solely with insurance carriers and intermediaries and is silent with regard to buyers. The law contains no specific provisions relating to buyers placing their business offshore with non-admitted insurers, and there is uncertainty about the authorities’ attitude to non-admitted placements and what action would be taken on discovery of non-admitted placings is not known. Compulsory classes of insurance must be purchased in Saudi Arabia. Any premiums ceded abroad to a non-admitted insurer would be subject to withholding tax of 5%. The insurance cover may need to be placed locally but with reinsurance support from outside Saudi Arabia.

We have commented about the new insurance law in more detail in Section 5 of this report.

2.5 The Structure of the Project Insurance Programme

The structure of the insurance programme for the Project will depend on whether insurance cover is placed locally. Currently it is proposed that to the extent necessary to be in compliance with Saudi Arabian regulations but not otherwise, insurance may be placed with a local Saudi Arabian insurer, with no more than 2.5% being retained within Saudi Arabia and at least 97.5% being reinsured with international insurers.

The reinsurance cover will involve the use of the captive insurance companies owned by Saudi Aramco and TOTAL. The Saudi Aramco captive, Stellar Insurance Company ("Stellar"), may participate in the construction insurance cover with its participation being no more than 20%. The captive insurance company of TOTAL, Omnium Insurance and Reinsurance Company ("Omnium"), may also participate up to the shareholding of TOTAL in the Project. Omnium and Stellar both have ratings of AA- from S&P.

It is proposed that all insurers and reinsurers will have a minimum rating of A- from S&P or the equivalent from AM Best, Fitch or Moody's. To the extent required by Saudi Arabian law, non-rated local insurers may be used for the issuance of local policies with reinsurance to the fullest extent.

The proposed structure of the insurance programme would be considered reasonable, on the basis that all the reinsurers used have an acceptable rating and that the placing complies with Saudi Arabian legal requirements. The minimum rating for the insurers and reinsurers is in line with levels that we normally see on project finance transactions.

2.6 The Insurance Market

The insurance market operates on a cyclical basis, with what are known as "hard" and "soft" markets. During 2001 and 2002 the insurance market hardened considerably with insurers seeking large increases in premiums and deductibles and imposing restrictions in cover. Since 2003 the market has stabilised and some "softening" in the insurance market with limited reductions in premium occurred during 2004 and 2005.

This softening has continued with premium rates in 2007 and 2008 generally declined, with rate reductions anywhere from 10% to 15% being seen. For 2009 we have seen some signs that the soft market is coming to an end with premiums being flat or insurers seeking increases. The construction risk insurance market remains fairly stable and competitive.

Though the insurance market has softened and premium levels have generally reduced, premium rates continue to be higher than they were in 2000 and early 2001. Insurers generally have not been reducing deductible levels or removing the exclusions to cover that have been applied since 2001.

2.7 Comments on the Proposed Operational Insurance Cover

Commencing from the Actual Completion Date, the Project is required to have operational insurance cover as outlined below:

Property Damage (including machinery breakdown);

Business Interruption;

Third Party Liability; and
Any other insurance as may be required by law.

For the operational phase, the Sponsors will have committed a significant amount of equity and will be incentivised to rebuild the Plant. Subscribing a terrorism cover during operation phase will be only at the Sponsors' option.

These are the insurance covers that we would expect to see in place during the operational phase. The minimum insurance schedule for the operational phase included as detailed Part II to Schedule 8 to the SITD is provided as Appendix A to this report. The insurance required by this schedule would be considered reasonable for a project of this size, nature and location.

2.8 Protection of the Lenders Interests

The Sponsors have advised that the insurance cover will include provisions that are normally required in a project finance transaction to protect lenders' interests. This would include naming the lenders as an additional insured, a waiver of subrogation in lenders favour, and non-vitiation cover subject to its availability in the insurance market. These provisions will only apply to the insurance cover once the Debt Service Undertakings have expired. For the period whilst the Debt Service Undertakings are in place, the insurance policies will not include protection for the lenders interests. Lenders protection will be provided through the Debt Service Undertakings.

We understand that Saudi Industrial Development Fund ("SIDF") may participate in the financing. Our experience is that where SIDF participate they require that the insurance policies are assigned to them and that they will be the sole loss payee, with other lenders only having benefit of such proceeds on a residual basis. The requirements of SIDF will need to be discussed when their participation in the financing is confirmed. The SIDF requirements have been seen on other transactions that they have participated in and have been accepted by the insurance market. The Term Sheet reflects the participation of SIDF in the security requirements in section 25.1.

Within Section 7 of this report we have provided details of the insurance clauses that we would expect to see included.

2.9 Insurance Budget

We have received details of the proposed insurance costs that are being included in the financial model. We would consider the proposed costs to be reasonable and that the insurance cover proposed as set out in this report would be able to be placed at the costs proposed. This is discussed in more detail in Section 6.5 of this report.

2.10 Conclusion

We have reviewed the proposed insurance and insurance undertakings for the Project. The risk allocation and insurance cover that has been proposed is in our opinion reasonable and would generally be acceptable to us for a project of this size, nature and location.

Lenders will need to be comfortable with Debt Service Undertakings to accept that the finance documents will have no requirements for insurance cover to be in place until the Debt Service Undertakings expire.

The insurance cover Project is required to have in place from Actual Completion Date is set out in Part II of Schedule 7 to the CTA and would be considered reasonable for a Project of this size, nature and location.

APPENDIX 9

EXECUTIVE SUMMARY OF ENVIRONMENT RESOURCES MANAGEMENT REPORT BY AEA TECHNOLOGY PLC

Executive summary

AEA Technology (AEA) has been commissioned by Calyon Credit Agricole CIB (Calyon) to provide an independent review of the Environmental and Social Impact Assessment (ESIA) for the Jubail Export Refinery (JER or the 'Project'). The scope of work for AEA's due diligence review comprises a number of due diligence tasks. A 'Phase 1' report of the findings of an initial review by AEA was presented to the Company (SATORP) in September 2008. The Company then provided a revised 'Phase 2' ESIA in June 2009 (the 2009 ESIA), which included information to address issues identified from review of the earlier version of the ESIA. Proposals for further actions were then provided following a preliminary review of the 2009 ESIA.

This document presents the findings of our review of the environmental and social aspects of the 2009 ESIA and other relevant Project documentation, and describes actions proposed by SATORP to address issues highlighted in the preliminary review. To support the review process AEA has also undertaken a visit to the proposed Project site and associated facilities.

In undertaking this review the Project documentation has been assessed against both applicable local/national regulations and international lender standards, including the Equator Principles and IFC Performance Standards. In presenting the findings of the review, this report highlights any areas that require further attention to maintain compliance with these standards and, where appropriate, makes recommendations for their achievement. It is important to note that, for the purposes of clarity and conciseness, the report focuses on areas of deficiency and, as such, does not explicitly describe in detail areas that are fully adequate/compliant. However, where practicable, summary notes are provided of items where compliance has been achieved during the course of the review process.

Overall AEA finds the general approach to impact assessment and management presented in the ESIA to be systematic and clear.

Despite the overall favourable impression, we have identified some compliance issues within the review documentation. The most significant of these relate to:

- An absence of **consultation** with local residents in the Project development process and characterisation of local **social baseline**. This is not compliant with the requirements of the Equator Principles or IFC Performance Standards. However, we recognise that the Company had intended to undertake appropriate consultation but that this was not possible due to the procedures of the local regulator (RC). This therefore represents a conflict between local regulator requirements and IFC/EP standards. Although we generally consider that the significance of this non-compliance with IFC/EP standards is limited due to the small size of the population likely to be affected, robust assessment of the significance is not possible due to the lack of information of the number, location and nature of the local residences. This lack of information is, in turn, a function of the inability of the Company to carry out consultation.

  The 2009 ESIA also indicates prior use of the TCF by a Bedouin community. The Bedouin re-located following a meeting between representatives of the community, the Municipality and SATORP. AEA's review has identified some deficiencies in the way that this process was conducted with respect to the requirements of IFC standards. The events are now an historic issue and they occurred prior to the signing of a letter of understanding for use of the land by SATORP. However, the Guidance Notes to IFC PS5 make specific comment on the duties of a developer who is provided with an unencumbered project site, and these duties appear not to have been fully undertaken. It is recognised that the consultation with the Bedouin was coordinated by the Municipality and SATORP may have had limited ability to influence the situation. However, the lack of full consideration of IFC protocol with respect to client's keeping records of community discussions does not exemplify good practice. However, SATORP has now provided a commitment to include provision in the CEMP/OEMP for procedures to appropriately manage such situations in the future.

- The process of **public disclosure** is coordinated by the RC in the first instance. SATORP will liaise with the RC with the aim of making the relevant project information in Arabic available to the affected communities.

- Presence of a large workforce during the construction period necessitates application of an appropriate **management plan for the temporary accommodation facilities** (camps) in order to ensure safety of the local communities and to maintain proper labour discipline. SATORP has committed to incorporating the appropriate measures in the CEMP and in a dedicated Camp Management Plan.
- Inadequately defined Project **boundaries** in terms of the regulatory process for the disposal of waste originating from facilities outside of the JIC limits (i.e. the construction camp), although SATORP has subsequently reiterated that appropriate disposal routes for all wastes (including those from the construction camp) will be put in place with RC approval.
- **Impacts** on the **local community** beyond the Project boundaries (other than those stemming from the air quality and noise impacts) are not considered. These include impacts on the health status of the sensitive receptors, farming activities (cropping/ grazing) and traffic safety for the farm residents and their livestock. However, SATORP has committed to address any of these issues, should they arise, via the Royal Commission's Public Communications Register. An appropriate procedure to be managed by SATORP in coordination with the RC will be included in the CEMP and in the ESMP.
- A lack of **baseline** data. Two issues of note are:
    - The scope of the ecological site survey as presented in the 2009 ESIA did not adequately address the occurrence or vulnerability of the Spiny Tailed Lizard, a protected species. We consider that the information presented in the 2009 ESIA does not provide a suitable baseline against which to compare future impacts (as required by IFC standards). However, supplementary information provided during the review process (together with commitments made to include protection measures within the CEMP) has satisfied AEA's primary concerns.
    - A survey to establish baseline conditions for soils and groundwater (as required under IFC standards) has not yet been carried out. However, we understand from SATORP that such a survey will commence in Q3 2009.
- **Oil spill response** planning. A high level assessment of the consequences of unplanned oil spills to the marine environment is provided in the ESIA. This analysis is significantly limited by the lack of information on coastal sensitivities. We understand from discussions undertaken during the site visit that oil spill response plans are already in place for the port of Jubail as well as coordinated plans from other oil operators in the region. The 2009 ESIA confirms that additional work is required to liaise with the authorities on developing the oil spill response plan for the port, including potential update of coastal sensitivities. We understand that such commitments will be captured in the ESMP and timebound to ensure that they are completed before operation.

SATORP has made a number of commitments in the 2009 ESIA, and during the due diligence review process, to ensure compliance with the standards and to address outstanding issues. The Company proposes to implement these measures by incorporating commitments to relevant actions within the ESMP, CEMP/CESP, OEMP and other management plans. SATORP has also made additional commitments, during the Phase 2 review process, for actions to be added to the management plans. AEA has recommended within this report that a number of other items should be addressed using this process.

However, at the time of writing, the precise approach to covenanting the ESIA and/or the ESMP within the loan documentation has not been confirmed, although we understand that the Company's preferred position is that:

- Only the commitments made in the ESMP will be covenanted (and hence any other commitments made in the ESIA will not be covenanted)
- The project standards that the Company commits to meet are those stated in the ESIA and ESMP.

If this approach is to be adopted then we note that all commitments made in the ESIA need to be comprehensively transposed into the ESMP, and we understand that SATORP commits to undertake this measure. While this has already been undertaken in many instances, some exceptions have been identified in the 2009 ESIA. Again, we understand that SATORP commits to incorporate these items in the ESMP. There are also some discrepancies in the structure of the management plans that we recommend are rectified.

Currently, the ESMP forms a section of the 2009 ESIA. Given the Company's proposed approach to the covenanting of project documentation, which distinguishes between the ESIA and the ESMP, we understand that the ESMP will be extracted as a separate, standalone document. This will enable the ESMP to provide a living/evolving document to enable the ESMP to be updated for the operational phase. During the due diligence review process, SATORP has provided assurance that these measures will be implemented.

A comprehensive summary of all identified compliance issues is provided in Section 9 and Table 3 in terms of:

- A brief description of the issue
- A summary of the required remedial actions to resolve the non-compliance, together with a summary of the actions that SATORP commits to undertake.
- Identification of the relevant standard(s) against which the non-compliance relates
- The materially and status of the issue (see Section 4). It is important to note that at this stage of the due diligence review process, the 'status' of some of the identified issues will be marked as Amber. In most cases this is because a material deficiency or outstanding requirement has been identified, but SATORP has committed to address and resolve the issue. Once suitable rectification actions are completed or additional information/clarification is provided, the issues may be re-assessed as 'Green'. There are also a number of issues that essentially meet the Green status criteria defined above, but for which final confirmation of Green status is conditional on formal inclusion of agreed actions/commitments in the ESMP or other relevant documentation.

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