

**SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND
ITS SUBSIDIARIES (A Saudi Joint Stock Company)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

**FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2011**

SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011

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LIMITED REVIEW REPORT

To the shareholders of Saudi Basic Industries Corporation (SABIC)
(A Saudi Joint Stock Company)


Scope of review

We have reviewed the accompanying interim consolidated balance sheet of Saudi Basic Industries Corporation (SABIC) - A Saudi Joint Stock Company - and its subsidiaries (the "Group") as of 31 March 2011 and the related interim consolidated statements of income, cash flows and changes in shareholders' equity for the three-month period then ended. These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organisation for Certified Public Accountants (SOCPA). A limited review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

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

For Ernst & Young


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Certified Public Accountant
Registration No. 277



Riyadh: 13 Jumada Al-Awal 1432H
(17 April 2011)

SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET (Unaudited)

AS AT 31 MARCH 2011

	<i>Note</i>	<i>31 March 2011 SR'000</i>	<i>31 March 2010 SR'000</i>
ASSETS			
Current assets			
Cash and cash equivalents		44,932,415	51,525,386
Accounts receivable		33,273,623	24,036,016
Inventories		27,608,969	24,520,664
Prepayments and other current assets	4	25,909,865	7,208,388
Total current assets		131,724,872	107,290,454
Non-current assets			
Investments		9,424,625	8,269,278
Property, plant and equipment		165,579,243	163,467,580
Intangible assets	5	23,159,617	20,908,350
Other non-current assets		4,375,253	3,250,447
Total non-current assets		202,538,738	195,895,655
TOTAL ASSETS		334,263,610	303,186,109
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable		18,318,066	14,644,019
Short-term bank borrowings		1,641,151	1,278,325
Current portion of long-term debt		15,657,662	6,023,864
Accrued expenses and other current liabilities		10,624,136	11,163,329
Zakat payable		2,402,037	1,723,610
Total current liabilities		48,643,052	34,833,147
Non-current liabilities			
Long-term debt	6	95,469,014	97,789,007
Employees' benefits payable		7,537,397	6,981,007
Other non-current liabilities		6,105,381	5,457,355
Total non-current liabilities		109,111,792	110,227,369
Total liabilities		157,754,844	145,060,516
EQUITY			
Shareholders' equity			
Share capital	7	30,000,000	30,000,000
Statutory reserve		15,000,000	15,000,000
General reserve		58,753,396	54,478,089
Retained earnings		24,717,960	14,208,882
Total shareholders' equity		128,471,356	113,686,971
Minority interests		48,037,410	44,438,622
Total equity		176,508,766	158,125,593
TOTAL LIABILITIES AND EQUITY		334,263,610	303,186,109

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

SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF INCOME (Unaudited)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011

	<i>Note</i>	<i>For the three-month period ended 31 March</i>	
		<i>2011 SR'000</i>	<i>2010 SR'000</i>
Sales		44,873,385	34,126,205
Cost of sales		(29,448,227)	(21,909,216)
GROSS INCOME		15,425,158	12,216,989
Selling, general and administrative expenses		(2,917,469)	(2,504,678)
INCOME FROM MAIN OPERATIONS		12,507,689	9,712,311
Investment and other income		563,652	117,761
Financing charges		(816,236)	(934,615)
INCOME BEFORE MINORITY INTERESTS AND ZAKAT		12,255,105	8,895,457
Minority interests in the net results of subsidiaries		(3,865,810)	(2,963,282)
INCOME BEFORE ZAKAT		8,389,295	5,932,175
Zakat	8	(700,000)	(500,000)
NET INCOME FOR THE PERIOD		7,689,295	5,432,175
EARNING PER SHARE (SR):			
Attributable to income from main operations	9	4.17	3.24
Attributable to net income for the period	9	2.56	1.81

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

SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011

	<i>For the three-month period ended 31 March</i>	
	<i>2011 SR'000</i>	<i>2010 SR'000</i>
OPERATING ACTIVITIES		
Income before zakat	8,389,295	5,932,175
<i>Adjustments to reconcile income before zakat to net cash from operating activities:</i>		
Depreciation and amortization	2,761,994	2,193,604
Share in net results of associated companies	(86,928)	(71,981)
Minority interests in the net results of subsidiaries	3,865,810	2,963,282
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable, prepayments and other current assets	(18,854,582)	(4,928,143)
Inventories	(1,486,892)	(750,674)
Accounts payable, accrued expenses and other current liabilities	3,195,533	1,839,105
Employees' benefits payables and other non-current liabilities	362,180	917,628
Zakat paid	(92,796)	(497,351)
Net cash (used in) from operating activities	(1,946,386)	7,597,645
INVESTING ACTIVITIES		
Property, plant and equipment, net	(2,996,624)	(7,739,691)
Investments, net	(433,278)	101,445
Intangible assets, net	(575,419)	931,498
Other non-current assets, net	(727,948)	(912,912)
Net cash used in investing activities	(4,733,269)	(7,619,660)
FINANCING ACTIVITIES		
Long- term debt, net	1,645,026	(2,262,111)
Short-term bank borrowings, net	520,643	338,551
Dividends paid	(9,068)	(6,410)
Minority interests, net	(1,192,918)	(2,900,063)
Net cash from (used in) financing activities	963,683	(4,830,033)
DECREASE IN CASH AND CASH EQUIVALENTS	(5,715,972)	(4,852,048)
Cash and cash equivalents at beginning of the period	50,648,387	56,377,434
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	44,932,415	51,525,386

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

SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY (Unaudited)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011

	<i>Share capital SR '000</i>	<i>Statutory reserve SR '000</i>	<i>General reserve SR '000</i>	<i>Retained earnings SR '000</i>	<i>Total SR '000</i>
<u>31 MARCH 2011</u>					
Balance as of 1 January 2011	30,000,000	15,000,000	58,753,396	17,028,665	120,782,061
Net income for the period	--	--	--	7,689,295	7,689,295
Balance as of 31 March 2011	<u>30,000,000</u>	<u>15,000,000</u>	<u>58,753,396</u>	<u>24,717,960</u>	<u>128,471,356</u>
<u>31 MARCH 2010</u>					
Balance as of 1 January 2010	30,000,000	15,000,000	54,478,089	8,776,707	108,254,796
Net income for the period	--	--	--	5,432,175	5,432,175
Balance as of 31 March 2010	<u>30,000,000</u>	<u>15,000,000</u>	<u>54,478,089</u>	<u>14,208,882</u>	<u>113,686,971</u>

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

SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

31 MARCH 2011

1. ORGANIZATION AND ACTIVITIES

Saudi Basic Industries Corporation ("SABIC") is a Saudi Joint Stock Company established pursuant to Royal Decree Number M/66 dated 13 Ramadan 1396H (corresponding to 6 September 1976) and registered in Riyadh under commercial registration No. 1010010813 dated 14 Muharram 1397H (corresponding to 4 January 1977). SABIC is 70% owned by the Government of the Kingdom of Saudi Arabia and 30% by the private sector.

SABIC and its subsidiaries (the "Group") are engaged in the manufacturing, marketing and distribution of chemical, fertilizer, and metal products in global markets.

2. BASIS OF CONSOLIDATION

The interim consolidated financial statements are comprised of the financial statements of the Group, as adjusted by the elimination of significant inter-company balances and transactions. A subsidiary is an entity in which SABIC has a direct or indirect equity investment of more than 50% or over which it exerts effective management control. Minority interests represent the portion of equity, in SABIC's subsidiaries, which are not attributable, directly or indirectly, to SABIC. Minority interests are shown separately under equity in the interim consolidated balance sheet. The minority interests in the net results of subsidiaries are shown separately in the interim consolidated statement of income. The financial statements of the subsidiaries are prepared using accounting policies which are consistent with those of SABIC. The subsidiaries are consolidated from the date on which SABIC is able to exercise effective management control.

The subsidiaries consolidated in these interim consolidated financial statements are as follows:

	<i>Direct and indirect shareholding %</i>	
	<i>2011</i>	<i>2010</i>
SABIC Industrial Investments Company (SIIC) and its subsidiaries	100.00	100.00
SABIC Luxembourg S.a.r.l.(SLUX) and its subsidiaries	100.00	100.00
SABIC Asia Pacific Pte. Ltd. (SAPPL) and its subsidiaries	100.00	100.00
Arabian Petrochemical Company and its subsidiary (Petrokemya)	100.00	100.00
Saudi Iron and Steel Company (Hadeed)	100.00	100.00
SABIC Sukuk Company (SUKUK)	100.00	100.00
SABIC Industrial Catalysts Company (SABCAT)	100.00	-
Saudi European Petrochemical Company (Ibn Zahr)	80.00	80.00
Jubail United Petrochemical Company (United)	75.00	75.00
National Chemical Fertilizer Company (Ibn Al-Baytar)	71.50	71.50
National Industrial Gases Company (Gas)	70.00	70.00
Yanbu National Petrochemical Company (Yansab)	51.95	51.95
Saudi Methanol Company (Ar-Razi)	50.00	50.00
Al-Jubail Fertilizer Company (Al-Bayroni)	50.00	50.00
Saudi Yanbu Petrochemical Company (Yanpet)	50.00	50.00
National Methanol Company (Ibn Sina)	50.00	50.00
Saudi Petrochemical Company (Sadaf)	50.00	50.00
Eastern Petrochemical Company (Sharq)	50.00	50.00
Al-Jubail Petrochemical Company (Kemya)	50.00	50.00
Arabian Industrial Fiber Company (Ibn Rushd)	47.26	47.26
Saudi Arabian Fertilizer Company (Safco)	42.99	42.99
Saudi Kayan Petrochemical Company (Saudi Kayan)	35.00	35.00

All subsidiaries are incorporated in the Kingdom of Saudi Arabia except for SLUX, and SAPPL which are incorporated in Luxembourg and Republic of Singapore, respectively. Yansab, Safco, and Saudi Kayan (currently in the development stage) are Saudi Joint Stock Companies.

SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (continued)
31 MARCH 2011

2. BASIS OF CONSOLIDATION (continued)

During the year ended 31 December 2010, SABIC Industrial Catalysts Company was incorporated. The company is engaged in the development and construction of plants to produce catalysts used in the production of Polymers, Methanol, Ethylene Glycol, Butadiene, and others products.

In addition to the above, SINOPEC/SABIC Tianjin Petrochemical Co. Ltd, a jointly controlled entity, equally owned by SIIC and China Petroleum & Chemical Corporation (SINOPEC) has been proportionately consolidated in these interim consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying interim consolidated financial statements have been prepared in accordance with the Standard on Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). The significant accounting policies adopted by SABIC in preparing its interim consolidated financial statements, summarized below, are in conformity with those described in the Group's annual audited consolidated financial statements for the year ended 31 December 2010.

The interim consolidated financial statements and the accompanying notes should be read in conjunction with the annual audited consolidated financial statements and the related notes for the year ended 31 December 2010.

Accounting convention

These interim consolidated financial statements are prepared under the historical cost convention except for the measurement at fair value for available for sale investments and derivative financial instruments.

Use of estimates

The preparation of these interim consolidated financial statements by management requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities. The actual results ultimately may differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

Accounts receivable

Accounts receivable are stated at the invoiced amount less an allowance for any doubtful debts. An estimate for doubtful debts is made when the collection of the receivable amount is considered doubtful. Bad debts are written off as incurred.

Inventories

Inventories are stated at the lower of cost or market value. Cost of raw materials, consumables, spare parts and finished goods is principally determined on a weighted average cost basis. Inventories of work in progress and finished goods include cost of materials, labor and an appropriate proportion of direct overheads.

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation except for freehold land and construction work in progress which are stated at cost. Expenditure for maintenance and repairs is expensed, while expenditure for improvements is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method.

Leasehold improvements are depreciated over the shorter of the estimated useful life or the remaining term of the lease. The capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. The estimated useful lives of the principal classes of assets for the calculation of depreciation are as follows:

	Years
Buildings	33
Plants and equipments	20
Furniture, fixtures and vehicles	4-10

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Associate companies

Investments of 20% or more in the share capital of investees, other than subsidiary companies, and over which the Group exercises significant influence, are reflected in the interim consolidated financial statements based on the equity method. The Group's share in the financial results of these investees is recognized in the interim consolidated statement of income.

Available for sale

This represents investments in financial assets neither acquired for trading purposes nor to be held to maturity. These are stated at fair value. Differences between the fair value and the cost, if significant, are reported separately in the interim consolidated statement of changes in shareholders' equity. Any decline other than temporary in the value of these investments is charged to the interim consolidated statement of income.

Fair value is determined by reference to the market value if an open market exists, or on the basis of the most recent financial statements. Otherwise, cost is considered to be the fair value.

Held to maturity

Investments that are acquired with the intention of being held to maturity are carried at cost (adjusted for any premium or discount), less any decline in value which is other than temporary. Such investments are classified as non-current assets with the exception of investments maturing in the following twelve months.

Jointly controlled entity

A jointly controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. In the interim consolidated financial statements, the Group reports its interests in jointly controlled entities using proportionate consolidation, whereby the Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined on a line-by-line basis with the equivalent items in the Group's interim consolidated financial statements.

Intangible assets

Goodwill

The excess of consideration paid over the fair value of net assets acquired is recorded as goodwill. Goodwill is periodically re-measured and reported in the interim consolidated financial statements at carrying value after being adjusted for impairment, if any. The carrying amount of negative goodwill, if any, is netted off against fair value of non-current assets.

Pre-operating expenses

Expenses incurred during the development of new projects and their start-up periods, and which are expected to provide benefits in future periods, are deferred or capitalized. The deferred pre-operating expenses are amortized starting from the commencement of the commercial operations using a straight-line method over the shorter of the estimated period of benefit or seven years.

Impairment

The Group periodically reviews the carrying amounts of its long term tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment is recognized in the interim consolidated statement of income.

Except for goodwill, where impairment subsequently reverses, the carrying amount of the asset or the cash generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized for the asset or cash generating unit in prior years. A reversal of impairment is recognized immediately in the interim consolidated statement of income.

SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (continued)
31 MARCH 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the suppliers and service providers or not.

Dividends

Final dividends are recognized as a liability at the time of their approval by the General Assembly. Interim dividends are recorded as and when approved by the Board of Directors.

Zakat and income tax

Zakat is provided in accordance with the Regulations of the Department of Zakat and Income Tax (DZIT) in the Kingdom of Saudi Arabia and on an accrual basis. The provision is charged to the interim consolidated statement of income. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization. Foreign shareholders in subsidiaries are subject to income tax which is included in minority interest in the interim consolidated financial statements. For subsidiaries outside the Kingdom of Saudi Arabia, provision for corporate tax is computed in accordance with tax regulations of the respective countries.

Employees' benefits

Employees' end of service benefits are provided for in accordance with the requirements of the Saudi Arabian Labor Law and SABIC's policies. Employees' early retirement plan costs are provided for in accordance with the Group's policies and are charged to the interim consolidated statement of income in the year the employee retires.

The Group has pension plans for its employees in overseas jurisdictions. The eligible employees participate in either defined contribution or defined benefit plans. The pension plans take into consideration the legal framework of labor and social security laws of the countries where the companies are incorporated.

Employees' home ownership program

Unsold housing units constructed for eventual sale to eligible employees are included under land and buildings and are depreciated over 33 years. Upon signing the sale contract with the eligible employees, the relevant housing units are classified under other non-current assets.

Revenue recognition

Sales represent the invoiced value of goods shipped and services rendered by the Group during the period, net of any trade, quantity discounts and sales return. Generally sales are reported net of marketing and distribution expenses incurred in accordance with executed marketing and off-take agreements.

Investment income from associated companies is recognized based on the equity method. Earnings on time deposits are recognized on an accrual basis.

Costs and expenses

Production costs and direct expenses are classified as cost of sales. All other expenses, including selling and distribution expenses not deducted from sales are classified as selling, general and administrative expenses.

Technology and innovation expenses

Technology and innovation expenses are charged to the interim consolidated statement of income when incurred.

Foreign currency translation

Transactions in foreign currencies are translated into Saudi Riyals at the rates of exchange prevailing at the time of such transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the exchange rates prevailing at the balance sheet date. Gains and losses from settlement and translation of foreign currency transactions are included in the interim consolidated statement of income.

The financial statements of foreign operations are translated into Saudi Riyals using the exchange rate at each balance sheet date, for assets and liabilities, and the average exchange rates for revenues and expenses. Components of equity, other than retained earnings, are translated at the rates prevailing at the date of their occurrence. Translation adjustments, if material, are recorded as a separate component of shareholders' equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to certain portions of its interest rate risks arising from financing activities. The Group generally designates these as cash flow hedges of interest rate risk. The use of financial derivatives is governed by the Group's policies, which provide principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date and are re-measured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated as effective hedges of future cash flows are recognized directly in equity, if material, and the ineffective portion is recognized in the interim consolidated statement of income. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gain or loss on the derivative that had previously been recognized is included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognized in the interim consolidated statement of income in the same period in which the hedged item affects net income or loss.

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the interim consolidated statement of income as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transactions occur. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to the interim consolidated statement of income for the period.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under capital leases are recognized as assets of the Group at the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease.

Finance costs, which represent the difference between the total leasing commitments and the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease, are charged to the interim consolidated statement of income over the term of the relevant lease in order to produce a constant periodic rate of return on the remaining balance of the obligations for each accounting period.

Rental payments under operating leases are charged to the interim consolidated statement of income on a straight-line basis over the term of the operating lease.

Segment reporting

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

4. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets include Murabaha deposits with maturities of more than three months and less than a year amounting to SR 23 billion as at 31 March 2011 (SR 3.5 billion as at 31 March 2010).

5. INTANGIBLE ASSETS

Intangible assets include goodwill of SR 13.7 billion as at 31 March 2011 (SR 13.4 billion as at 31 March 2010), the remaining balance comprises of pre-operating and deferred costs, patents, trademarks and other intangibles.

SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (continued)
31 MARCH 2011

6. LONG-TERM DEBT

Sukuk

On 29 July 2006, the Group issued its first Sukuk amounting to SR 3 billion at par value of SR 50,000 each without discount or premium, maturing in 2026. On 15 July 2007, the Group issued its second Sukuk amounting to SR 8 billion, at par value of SR 10,000 each, subject to minimum holding of SR 50,000, without discount or premium, maturing in 2027. On 3 May 2008, the Group issued its third Sukuk amounting to SR 5 billion, at par value of SR 10,000 each, without discount or premium, maturing in 2028. The Sukuk issuances bear a rate of return based on SIBOR plus a specified margin payable quarterly in arrears from the net income received under the Sukuk assets held by the Sukuk custodian 'SABIC Sukuk Company', a wholly owned subsidiary of SABIC.

At the end of each five year period, the Group shall pay an amount equal to 10% of the aggregate face value of the Sukuk as bonus to the Sukuk holders. The Group has provided an undertaking to the Sukuk holders to purchase the Sukuk from the Sukuk holders on the first, second and third "fifth year date" (the respective periodic distribution date following after fifth, tenth and fifteenth year of issue) at an amount equivalent to 90%, 60% and 30% of the face value respectively.

As of 31 March 2011, total Sukuk issued by the Group under the above mentioned instruments amounted to SR 16 billion (SR 16 billion as of 31 March 2010).

Bonds

During 2006, SABIC Europe B.V. (a wholly-owned indirect subsidiary of SLUX) issued an unsecured Euro 750 million Euro-bond. The Euro-bond carries a fixed coupon rate of 4.5% with final maturity date due on 28 November 2013. On 19 December 2008, SABIC Capital I B.V. (a wholly-owned indirect subsidiary of SLUX) replaced SABIC Europe B.V. in carrying the liability of the Euro-bond with the execution of the exchange offer. The exchange offer was executed by SABIC Capital I B.V. providing guarantee for the obligations to the bond-holders. The significant terms and conditions remained unchanged including the semi-annual coupon payments due in May and November each year.

During the year ended 31 December 2010, SABIC Capital I B.V. (an indirect wholly-owned subsidiary of SLUX) issued a 5 year USD 1 billion bond at a coupon rate of 3%.

Notes

On 31 August 2007, SABIC Innovative Plastics Holding B.V. (SIPH) (a wholly-owned indirect subsidiary of SLUX) issued senior unsecured notes of USD 1.5 billion. The notes carry a fixed coupon rate of 9.5% with final maturity date due on 15 August 2015. The coupon payments are payable in February and August each year. On 5 April 2010, SIPH voluntarily redeemed 35% of the senior unsecured notes amounting to USD 525 million.

On 29 December 2009, SABIC entered into an agreement with Public Investment Fund (PIF) for a private placement of Saudi Riyal notes amounting to SR 10 billion with multiple tranches. Such tranches when drawn will have a bullet maturity after 7 years. SABIC issued its first Saudi Riyal note tranche on 29 December 2009 totaling SR 2 billion. Additional three tranches of SR 1 billion each were issued on 30 March 2010, 29 June 2010, and 30 September 2010.

Other debt

Other debt include loans from banks, PIF and Saudi Industrial Development Fund (SIDF). Loans from banks are repayable in installments at varying interest rates in conformity with varying repayment terms set out in the applicable loan agreements. The PIF term loans are generally repayable in semi-annual installments and financing charges on these loans are at varying rates above LIBOR. The SIDF term loans are repayable in semi-annual installments. The administration fees related to the SIDF loans paid are capitalized as part of the plant construction costs.

7. SHARE CAPITAL

The share capital amounting to SR 30 billion is divided into 3 billion shares of SR 10 each as of 31 March 2011 and 2010.

SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (continued)
31 MARCH 2011

8. ZAKAT

Zakat is provided for and charged to the interim consolidated statement of income on an estimated basis. Differences resulting from the final zakat calculation are adjusted at year end.

SABIC has filed its zakat returns with the Department of Zakat and Income Tax (DZIT) up to 2009, and settled the zakat dues accordingly. SABIC has cleared its zakat status with DZIT up to 2008. SABIC received the final zakat certificate up to 2009, however the zakat assessment for the year 2009 is under review by the DZIT.

9. EARNINGS PER SHARE

The earnings per share is calculated based on the number of outstanding shares at the end of the period.

10. SEGMENT INFORMATION

The Group's operations consist of the following business segments:

- The chemicals segment, includes basic chemicals, intermediates, polymers and specialty chemicals.
- The fertilizers segment, consists of fertilizer products.
- The metals segment, consists of steel products.
- The corporate segment, includes the corporate operations, Technology and Innovation centers, the investment activities and SABIC Industrial Investments Company (SIIC).

31 March 2011 (Unaudited)	Chemicals SR 000'	Fertilizer SR 000'	Metals SR 000'	Corporate SR 000'	Consolidation adjustments & eliminations SR 000'	Total group SR 000'
Sales	51,918,156	1,842,351	4,008,722	3,578,360	(16,474,204)	44,873,385
Gross profit	12,375,335	1,184,038	938,085	380,817	546,883	15,425,158
Net income	8,880,422	1,224,961	726,541	8,246,771	(11,389,400)	7,689,295
Total assets	258,005,514	12,897,282	20,839,037	207,540,830	(165,019,053)	334,263,610
Total liabilities	169,492,133	1,875,907	5,074,683	73,822,929	(92,510,808)	157,754,844

31 March 2010
(Unaudited)

Sales	37,913,164	1,515,191	3,040,292	2,626,172	(10,968,614)	34,126,205
Gross profit	9,379,737	984,625	693,178	1,351,420	(191,971)	12,216,989
Net income	6,200,342	1,013,502	534,440	6,006,905	(8,323,014)	5,432,175
Total assets	237,137,540	11,601,060	19,666,555	170,844,212	(136,063,258)	303,186,109
Total liabilities	156,085,823	2,549,340	4,472,962	52,272,609	(70,320,218)	145,060,516

The net income amounts of the above segments include share in earnings of subsidiary and associated companies. Also, the total assets amounts in these segments include investment balances with respect to subsidiary companies.

A substantial portion of the Group's operating assets are located in the Kingdom of Saudi Arabia. The principal markets for the Group's chemical products are Europe, USA, the Middle East, and Asia Pacific. While the corporate activities are based in the Kingdom of Saudi Arabia, the principal markets for the Group's fertilizers segment are mainly in South East Asia, Australia, New Zealand, South America, Africa and the Middle East. The metals segment sales are mainly in the Kingdom of Saudi Arabia and other Gulf Cooperative Council (GCC) Countries.

11. INTERIM RESULTS

The results of operations for the interim periods may not be an accurate indication of the results of the full year's operations.

12. CONTINGENCIES

The Group is involved in litigation matters in the ordinary course of business, which are being defended. While the ultimate results of these matters cannot be determined with certainty, the management does not expect that they will have a material adverse effect on the interim consolidated financial statements of the Group. The Group's bankers have issued, on its behalf, bank guarantees amounting to SR 1.5 billion (31 March 2010: SR 1.9 billion) in the normal course of business.

13. DERIVATIVE FINANCIAL INSTRUMENTS

The Group had executed derivative financial instruments including commission rate swaps. The balance outstanding at 31 March 2011 under such agreement was SR 18.3 billion (31 March 2010: SR 22.1 billion).

14. APPROPRIATION OF NET INCOME

On 6 Shaaban 1431H corresponding to 18 July 2010, SABIC approved to distribute interim cash dividends for 2010 amounting to SR 4.5 billion (SR 1.5 per share). On 13 Muharam 1432H corresponding to 19 December 2010, the Board of Directors proposed a distribution of cash dividend for the second half of the year ended 31 December 2010 amounting to SR 6 billion (SR 2 per share). The proposed dividend is subject to the approval of the shareholders annual general assembly meeting. The total cash dividend for the year ended 31 December 2010 would amount to SR 10.5 billion (SR 3.5 per share).

15. COMPARATIVE FIGURES

Certain of the prior period figures have been re-classified to conform with the current period's presentation.