

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
(SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND
AUDITORS' REVIEW REPORT
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
(SAUDI JOINT STOCK COMPANY)

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND
AUDITORS' REVIEW REPORT
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007**

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AUDITORS' REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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To the shareholders
Saudi Basic Industries Corporation (SABIC)
(Saudi Joint Stock Company)
Riyadh, Saudi Arabia

We have reviewed the accompanying interim consolidated balance sheet of Saudi Basic Industries Corporation (SABIC) a Saudi joint stock company and its subsidiaries ("the Company") as of September 30, 2007, and the related interim consolidated statements of income for the three month and nine month periods ended September 30, 2007, and interim consolidated statements of changes in shareholders' equity and cash flows for the nine month period then ended. These interim consolidated financial statements are the responsibility of Company's management and were prepared and presented to us with all the necessary information and explanations which we requested.

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

As explained in note 12, the interim financial statements of SABIC Innovative Plastics B.V. have been included in the accompanying interim consolidated financial statements based on the preliminary fair values of its assets and liabilities until the completion of their final valuation.

Based on our review, and except for the matter referred to in the preceding paragraph, 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 generally accepted accounting standards.

Deloitte & Touche
Bakr Abulkhair & Co.



Bakr A. Abulkhair
License No. 101

Shawal 11, 1428
October 23, 2007

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
(SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED BALANCE SHEET (Unaudited)
AS OF SEPTEMBER 30, 2007

	Note	2007 SR 000	2006 SR 000
ASSETS			
Current assets			
Cash and cash equivalents		44,522,255	42,581,295
Accounts receivable		25,272,970	15,084,520
Inventories		22,138,285	11,397,204
Prepaid expenses and other receivables		5,324,790	2,445,037
Total current assets		97,258,300	71,508,056
Non-current assets			
Investments	2	5,253,664	3,029,307
Property, plant and equipment		116,516,161	73,353,999
Intangible assets		22,787,430	4,928,105
Other non-current assets		3,746,121	4,004,837
Total non-current assets		148,303,376	85,316,248
TOTAL ASSETS		245,561,676	156,824,304
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable		15,397,614	8,722,021
Short term bank facilities		1,004,669	564,054
Current portion of long term debt		4,839,064	5,115,609
Accrued liabilities and provisions		11,657,045	8,746,863
Dividends payable	8	712,238	753,813
Total current liabilities		33,610,630	23,902,360
Non-current liabilities			
Long term debt	9	78,447,137	33,098,198
Other non-current liabilities		10,007,154	6,254,492
Total non-current liabilities		88,454,291	39,352,690
Total liabilities		122,064,921	63,255,050
EQUITY			
Shareholders' equity			
Share capital	4	25,000,000	25,000,000
Statutory reserve		11,445,362	9,415,968
Research and technology reserve		1,291,691	1,291,691
General reserve		28,894,706	20,631,558
Retained earnings		17,661,384	10,424,488
Total shareholders' equity		84,293,143	66,763,705
Minority interests		39,203,612	26,805,549
Total equity		123,496,755	93,569,254
TOTAL LIABILITIES AND EQUITY		245,561,676	156,824,304

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

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
(JOINT STOCK COMPANY)

INTERIM CONSOLIDATED STATEMENT OF INCOME (Unaudited)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2007

	For the three month ended		For the nine month ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Note	SR 000	SR 000	SR 000	SR 000
Sales	32,130,839	23,382,189	86,524,293	63,595,774
Cost of sales	(19,869,801)	(13,785,967)	(52,447,568)	(38,514,389)
GROSS PROFIT	12,261,038	9,596,222	34,076,725	25,081,385
General and administrative expenses	(1,835,544)	(1,210,761)	(4,435,935)	(3,436,119)
INCOME FROM OPERATIONS	10,425,494	8,385,461	29,640,790	21,645,266
Investment and other income	1,390,164	610,305	3,200,505	1,590,288
Financial charges	(623,068)	(513,030)	(1,669,860)	(1,282,004)
INCOME BEFORE MINORITY INTERESTS AND ZAKAT	11,192,590	8,482,736	31,171,435	21,953,550
Minority interests	(3,402,915)	(2,858,417)	(9,510,051)	(7,279,062)
INCOME BEFORE ZAKAT	7,789,675	5,624,319	21,661,384	14,674,488
Zakat	5 (390,000)	(200,000)	(1,500,000)	(500,000)
NET INCOME FOR THE PERIOD	7,399,675	5,424,319	20,161,384	14,174,488
Earnings per share (SR)	11 SR 2.96	SR 2.17	SR 8.06	SR 5.67

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

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
(SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007

	2007 SR 000	2006 SR 000
OPERATING ACTIVITIES		
Income before zakat	21,661,384	14,674,488
Adjustments for:		
Depreciation and amortization	4,765,548	4,846,234
Equity in earnings of associated companies	(371,201)	(21,064)
Minority interest in net income of subsidiaries	9,510,051	7,279,062
Changes in operating assets and liabilities:		
Accounts receivable and prepaid expenses	(11,509,299)	(63,727)
Inventories	(8,480,040)	(754,758)
Payables, accrued liabilities and provisions	8,745,354	2,985,598
Other non-current liabilities	3,244,285	(510,155)
Zakat paid	(2,122,603)	(644,846)
Net cash from operating activities	25,443,479	27,790,832
INVESTING ACTIVITIES		
Additions to property, plant and equipment, net	(40,578,818)	(11,372,511)
Investments, net	(1,350,624)	2,889,855
Intangible assets	(18,109,501)	37,422
Other non-current assets, net	(44,401)	(1,026,549)
Net cash used in investing activities	(60,083,344)	(9,471,783)
FINANCING ACTIVITIES		
Long-term debt, net	44,153,399	8,844,363
Short-term bank facilities, net	397,047	212,359
Dividends paid	(8,702,544)	(9,612,612)
Minority interest, net	2,086,483	(3,354,433)
Net cash from (used in) financing activities	37,934,385	(3,910,323)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,294,520	14,408,726
Cash and cash equivalents, January 1	41,227,735	28,172,569
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	44,522,255	42,581,295

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

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
(SAUDI JOINT STOCK COMPANY)

**INTERIM CONSOLIDATED STATEMENT OF
CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007**

	Note	Share capital SR 000	Statutory reserve SR 000	Research and technology reserve SR 000	General reserve SR 000	Retained earnings SR 000	Total SR 000
<u>September 30, 2007</u> (Unaudited)							
Balance as of January 1, 2007	4	25,000,000	11,445,362	1,291,691	20,631,558	14,514,548	72,883,159
Annual dividends of 2006	8	-	-	-	-	(6,250,000)	(6,250,000)
Board of directors remuneration	8	-	-	-	-	(1,400)	(1,400)
Transfer to general reserve	8	-	-	-	8,263,148	(8,263,148)	-
Net income for the period		-	-	-	-	20,161,384	20,161,384
Interim dividends	8	-	-	-	-	(2,500,000)	(2,500,000)
Balance as of September 30, 2007		<u>25,000,000</u>	<u>11,445,362</u>	<u>1,291,691</u>	<u>28,894,706</u>	<u>17,661,384</u>	<u>84,293,143</u>
<u>September 30, 2006</u> (Unaudited)							
Balance as of January 1, 2006	4	20,000,000	9,415,968	1,291,691	17,589,241	14,043,717	62,340,617
Increase in share capital	4	5,000,000	-	-	-	(5,000,000)	-
Dividends		-	-	-	-	(6,000,000)	(6,000,000)
Board of directors remuneration		-	-	-	-	(1,400)	(1,400)
Transfer to general reserve		-	-	-	3,042,317	(3,042,317)	-
Net income for the period		-	-	-	-	14,174,488	14,174,488
Interim dividends	8	-	-	-	-	(3,750,000)	(3,750,000)
Balance as of September 30, 2006		<u>25,000,000</u>	<u>9,415,968</u>	<u>1,291,691</u>	<u>20,631,558</u>	<u>10,424,488</u>	<u>66,763,705</u>

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

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007

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 1396 (September 6, 1976) and registered in Riyadh under commercial registration No. 1010010813 dated 14 Muharram 1397 (January 4, 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 "Company") are globally engaged in petrochemical, fertilizer, metal and basic hydrocarbon industries, the establishment of projects to supply the Company with its raw material requirements and the marketing and distribution of industrial products in world markets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying interim consolidated financial statements have been prepared in accordance with the Standard of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). The significant accounting policies adopted by the Company in preparing its interim consolidated financial statements, summarized below, are in conformity with those described in the annual audited consolidated financial statements for the year ended December 31, 2006. The interim consolidated financial statements and the accompanying notes should be read with the annual audited consolidated financial statements and the related notes for the year ended December 31, 2006.

Use of estimates

The preparation of the 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.

Basis of consolidation

The interim consolidated financial statements include the individual financial statements of SABIC and its subsidiaries, as adjusted by the elimination of intercompany balances and transactions. An investee company is classified as a consolidated subsidiary based on the degree of effective control exercised by SABIC compared to other shareholders, from the date on which control is transferred to SABIC.

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007

The subsidiary companies consolidated in these financial statements are as follows:

	Shareholding %	
	2007	2006
SABIC Industrial Investments Company and its subsidiaries (SIIC)	100.00	100.00
SABIC Luxembourg S.a.r.l. and its subsidiaries	100.00	100.00
SABIC Asia Pacific Pte. Ltd. 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 Antilles N.V.	100.00	100.00
SABIC Sukuk Company (SUKUK)	100.00	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)	55.95	55.95
Arabian Industrial Fiber Company (Ibn Rushd)	53.90	53.90
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
Saudi Arabian Fertilizer Company (Safco)	42.99	42.99
Saudi Kayan Petrochemical Company (Saudi Kayan)	35.00	-

All subsidiaries are incorporated in the Kingdom of Saudi Arabia except for Sabic Luxembourg S.a.r.l., SABIC Antilles N.V. and SABIC Asia Pacific Pte. Ltd., which are incorporated in Luxembourg, Netherlands and Republic of Singapore, respectively.

The Company owns 55.95% of the share capital of Yansab. Included in this holding is 4% (4.5 million shares, 22.5 million shares after the split), which was sold to eligible employees at par value under a stock grant scheme.

Interim results

The results of operations for the interim periods may not be a fair indication of the results of the full year operations.

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007

Accounting convention

The interim consolidated financial statements are prepared under the historical cost convention except for the measurement of available for sale securities at fair value, wherever available, and for accounting for investments in associated companies on the equity basis.

Investments in associated companies and other

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

Investments in financial assets are reflected at market value and are classified as securities available for sale. If there is no readily available market such investment are stated at cost less any decline in value which is other than temporary, if any. Investment income is recognized as dividends are declared.

Investments that are bought 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 bonds which mature in the next fiscal period, which are classified as current assets.

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.

Pre-operating expenses

Expenses incurred during the development and plant start up periods, and which are expected to provide benefits in future periods, are deferred or capitalised. The deferred pre-operating expenses are amortised 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.

Goodwill

The excess of consideration paid over the fair value of net assets acquired is recorded as goodwill and at the end of each reporting period is measured and reported in the interim consolidated financial statements at carrying value after being adjusted for impairment, if any.

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007

Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an 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 Company 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 losses are expensed in the interim consolidated statement of income.

Where an impairment loss 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 loss been recognised for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognised as income immediately in the interim consolidated statement of income.

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 on maintenance and repairs is expensed, while expenditure for betterments is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated years of depreciation of the principal classes of assets are as follows:

	Years
Plant and equipment	20
Buildings	33
Furniture and office equipment	4-20
Vehicles	4

Revenue recognition

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

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007

Investment income from associated companies is recognized based on the equity method.

Earnings on bank deposits are recognized on an accrual basis.

Zakat and income tax

Zakat is provided in accordance with the Regulations of the Directorate 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. Any differences 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 tax is computed in accordance with tax regulations of the respective countries.

Foreign currency translation

Transactions in foreign currencies (which are not covered by forward foreign exchange contracts) 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 translated at the exchange rates prevailing at that 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.

Employees' end of service benefits and early retirement plan

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

Cash and cash equivalents

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

Research and technology expenses

Research and technology expenses are charged to the interim consolidated statement of income when incurred.

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007

Cost of sales and expenses

Marketing and distribution expenses principally comprise of costs incurred in the distribution and sale of the Company's products / services. All other expenses are classified as 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. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Dividends

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.

Derivative financial instruments

The Company uses derivative financial instruments, primarily to manage its interest rate risk exposure. Derivative assets related to the financial instruments are initially recognized in the financial statements at cost, and any gains and losses on maturity are included in the interim consolidated statement of income.

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 Company 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 income statement over the term of the relevant lease in order to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the operating leases.

3. CONTINGENT LIABILITIES

The Company 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, management does not expect that they will have a material adverse effect on the interim consolidated financial statements of the Company.

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007

The Company's bankers have issued, on its behalf, bank guarantees amounting to SR 3.5 billion (SR 2.12 billion as of September 30, 2006) in the normal course of business.

4. SHARE CAPITAL

The share capital amounting to SR 25 billion is divided into 2.5 billion shares of SR 10 each as of September 30, 2007 (SR 25 billion divided into 2.5 billion shares of SR 10 as of September 30, 2006). The Extraordinary General Assembly in its meeting held on 24 Rabi Al Awal, 1427, corresponding to April 22, 2006, approved to increase the share capital by SR 5,000 million through issuing 1 bonus share for every 4 shares held.

5. ZAKAT

The Company has finalized and settled the zakat assessments with the DZIT for the years upto December 31, 2004. The DZIT has issued final zakat clearance certificates for the years up to December 31, 2004. The zakat assessments for the years 2005 and 2006 are under review by DZIT.

6. SEGMENT INFORMATION

The Company's operations consist of the following segments:

- **The petrochemicals segment**, includes basic chemicals, speciality products, intermediates, polymers, polyolefin and fertilizer products
- **The metals segment**, consists of steel products and investments in aluminum production facilities
- **The corporate segment**, includes the corporate operations, and research and technology centers

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007

There are no significant inter segment revenues.

	Petrochemicals SR 000	Metals SR 000	Corporate SR 000	Total SR 000
September 30, 2007 (Unaudited)				
Sales	74,708,448	7,870,035	3,945,810	86,524,293
Gross profit	29,811,102	2,576,021	1,689,602	34,076,725
Net income	15,999,333	2,051,098	2,110,953	20,161,384
Total assets	173,589,480	16,492,485	55,479,711	245,561,676
Total liabilities	79,218,889	5,708,351	37,137,681	122,064,921

September 30, 2006 (Unaudited)

Sales	54,558,419	5,598,075	3,439,280	63,595,774
Gross profit	22,204,769	1,384,524	1,492,092	25,081,385
Net income	11,891,923	1,019,837	1,262,728	14,174,488
Total assets	100,589,366	15,375,347	40,859,591	156,824,304
Total liabilities	29,188,444	6,143,318	27,923,288	63,255,050

A substantial portion of Company's operating assets are located in the Kingdom of Saudi Arabia. The principal markets for Company's products are Europe, USA, the Middle East, and Asia Pacific. It is not practicable to summarize the sales of the petrochemicals segment by geographic areas.

7. SALES

The main reason for the increase in sales is due to the increase in prices and quantities of products sold compared to those of the comparative period.

8. APPROPRIATION OF NET INCOME

The General Assembly, in its annual meeting held on March 31, 2007, approved the appropriation of the net income for the year ended December 31, 2006 as follows:

- distribution of cash dividends of SR 10 billion (SR 4 per share) including interim cash dividends of SR 3.75 billion (SR 1.5 per share)
- transfer 10% of net income to statutory reserve
- payment of SR 1.4 million as Board of Directors' remuneration
- transfer the remaining balance of retained earnings to the general reserve

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007

On July 17, 2007, the Board of Director resolved to distribute interim cash dividends amounting to SR 2.5 billion (SR 1 per share) for the period ended June 30, 2007.

9. LONG-TERM DEBT

Sukuk

On July 15 2007, SABIC 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 and premium, maturing on 2027. The Sukuk bears maximum rate of returns based on SIBOR plus a specified margin per annum 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, SABIC shall pay an amount equal to 10% of the aggregate face value of the Sukuk as bonus to the Sukuk holders. SABIC has provided an undertaking to the Sukuk holders to purchase the Sukuk from the shareholders in 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 September 30, 2007, total value of Sukuk issued by SABIC amounted to SR 11 billion. The periodic distributions expensed during the period amounted to SR 191 million (SR 30 million as of September 30, 2006).

Debt

In connection with the acquisition of SABIC Innovative Plastics B.V., a non-recourse debt of \$8.17 billion was raised. The debt components comprise senior unsecured notes of \$1.5 billion at fixed coupon of 9.5% with a final maturity in 2015 and senior secured term loans of \$6.67 billion denominated in US dollars and Euros, with varying spreads over LIBOR or EURIBOR and maturities of up to seven years from the acquisition date.

In addition, certain other subsidiaries utilized their debt facilities for various expansion projects.

10. DERIVATIVES

The Company entered into interest rate swap agreements and swap arrangements to hedge the volatility in interest rates related to loans outstanding at period end amounting to SR 15.7 billion (SR 16.2 billion as of September 30, 2006). The swap agreements can be exercised on different dates. The agreements state that premiums should be paid quarterly.

SAUDI BASIC INDUSTRIES CORPORATION (SABIC)
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11. EARNINGS PER SHARE

The earnings per share are calculated based on the number of outstanding shares at the end of each period. The outstanding number of shares at September 30, 2007 was 2.5 billion shares (2.5 billion shares at September 30, 2006).

12. ACQUISITION

At August 31, 2007, SABIC acquired the plastics division of General Electric Corporation and renamed the global business as SABIC Innovative Plastics B.V. (SIP). SIP is a wholly owned subsidiary of SABIC Luxembourg S.a.r.l. The purchase consideration for the acquisition amounted to \$11.6 billion was financed by \$ 8.17 billion of debts and the balance was funded by SABIC. The interim financial statements of SABIC Innovative Plastics B.V. have been consolidated with the interim consolidated financial statements of SABIC Luxembourg S.a.r.l during the third quarter applying the purchase accounting method, whereby the purchase price will be allocated to the assets and liabilities based on their fair values and the excess of the fair value of the net assets to be recorded as goodwill. The Company is in the process of completing the required procedures to value the assets and liabilities which were recorded based on preliminary valuation therefore, material adjustments may result on the net assets upon finalizing the valuation. The International Financial Reporting Standards (IFRS) allows for a period of 12 months to finalize such valuation.

13. COMPARATIVE FIGURES

Certain figures for the comparative period have been reclassified to conform with the presentation of the current period.