

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

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

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

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

INDEX	PAGE
Auditors' review report	1
Interim consolidated balance sheet	2
Interim consolidated statement of income	3
Interim consolidated statement of cash flows	4
Interim consolidated statement of changes in shareholders' equity	5
Notes to the interim consolidated financial statements	6 – 15

AUDITORS' REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 June 30, 2007, and the related interim consolidated statements of income for the three month and six month periods ended June 30, 2007, and interim consolidated statements of changes in shareholders' equity and cash flows for the six 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.

Based on our 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 generally accepted accounting standards.

Deloitte & Touche
Bakr Abulkhair & Co.



Bakr A. Abulkhair
License No. 101

Rajab 3, 1428
July 17, 2007

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

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

	Note	2007 SR 000	2006 SR 000
ASSETS			
Current assets			
Cash and cash equivalents		51,561,864	39,480,937
Accounts receivable		17,589,658	15,068,372
Inventories		14,229,949	10,831,796
Prepaid expenses and other receivables		2,486,928	2,410,975
Total current assets		85,868,399	67,792,080
Non-current assets			
Investments in associates and others	2	4,248,652	2,751,402
Property, plant and equipment		90,879,449	70,890,388
Intangible assets		5,691,529	5,019,829
Other non-current assets		4,362,564	3,806,138
Total non-current assets		105,182,194	82,467,757
TOTAL ASSETS		191,050,593	150,259,837
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable		11,961,551	8,901,746
Short term bank facilities		1,433,387	943,607
Current portion of long term debt		8,436,292	7,092,905
Accrued liabilities and provisions		710,518	746,441
Dividend payable	8	4,392,281	5,088,944
Total current liabilities		26,934,029	22,773,643
Non-current liabilities			
Long term debt	9	38,547,987	29,471,031
Other non-current liabilities		7,031,685	6,498,037
Total non-current liabilities		45,579,672	35,969,068
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		12,761,709	8,750,169
Total shareholders' equity		79,393,468	65,089,386
Minority interests		39,143,424	26,427,740
Total equity		118,536,892	91,517,126
TOTAL LIABILITIES AND EQUITY		191,050,593	150,259,837

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 SIX MONTH PERIODS ENDED JUNE 30, 2007

	For the three month ended		For the six month ended	
	June 30,	June 30,	June 30,	June 30,
	2007	2006	2007	2006
Note	SR 000	SR 000	SR 000	SR 000
Sales	28,127,168	20,946,432	54,393,454	40,213,585
Cost of sales	(17,202,771)	(13,216,252)	(32,765,857)	(24,900,133)
GROSS PROFIT	10,924,397	7,730,180	21,627,597	15,313,452
Administrative and marketing expenses	(1,272,311)	(1,084,574)	(2,412,301)	(2,053,647)
INCOME FROM OPERATIONS	9,652,086	6,645,606	10,215,296	13,259,805
Investment and other income	1,018,721	649,353	1,810,341	979,983
Financial charges	(466,784)	(427,687)	(1,046,792)	(768,974)
INCOME BEFORE MINORITY INTERESTS AND ZAKAT	10,204,023	6,867,272	19,978,845	13,470,814
Minority interests	(3,169,822)	(2,149,665)	(6,107,136)	(4,420,645)
INCOME BEFORE ZAKAT	7,034,201	4,717,607	13,871,709	9,050,169
Zakat	5 (560,000)	(150,000)	(1,110,000)	(300,000)
NET INCOME FOR THE PERIOD	6,474,201	4,567,607	12,761,709	8,750,169
Earnings per share (SR)	11 SR 2.59	SR 1.83	SR 5.10	SR 3.50

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 SIX MONTH PERIOD ENDED JUNE 30, 2007

	2007 SR 000	2006 SR 000
OPERATING ACTIVITIES		
Income before zakat	13,871,709	9,050,169
Adjustments for:		
Depreciation and amortization	2,943,526	3,271,805
Equity in earnings of associated companies	(384,975)	211,571
Minority interest in net income of subsidiaries	6,107,136	4,420,645
Changes in operating assets and liabilities:		
Accounts receivable and prepaid expenses	(988,125)	(13,517)
Inventories	(571,704)	(189,350)
Payables, accrued liabilities and provisions	2,223,842	1,698,313
Other non-current liabilities	268,816	(266,610)
Zakat paid	(1,867,907)	(631,794)
Net cash from operating activities	21,602,318	17,551,232
INVESTING ACTIVITIES		
Additions to property, plant and equipment, net	(13,381,933)	(7,486,439)
Investments, net	(331,838)	2,935,125
Intangible assets	(868,483)	74,436
Other non-current assets, net	(544,112)	(804,620)
Net cash used in investing activities	(15,126,366)	(5,281,498)
FINANCING ACTIVITIES		
Long-term debt, net	3,807,466	5,190,531
Short-term bank facilities, net	825,765	591,912
Dividends paid	(6,204,264)	(5,869,984)
Minority interest, net	5,429,210	(873,825)
Net cash from (used in) financing activities	3,858,177	(961,366)
NET CHANGE IN CASH AND CASH EQUIVALENTS	10,334,129	11,308,368
Cash and cash equivalents, January 1	41,227,735	28,172,569
CASH AND CASH EQUIVALENTS, JUNE 30	51,561,864	39,480,937

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 SIX MONTH PERIOD ENDED JUNE 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
June 30, 2007 (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		-	-	-	-	12,761,709	12,761,709
Balance as of June 30, 2007		<u>25,000,000</u>	<u>11,445,362</u>	<u>1,291,691</u>	<u>28,894,706</u>	<u>12,761,709</u>	<u>79,393,468</u>
June 30, 2006 (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		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		-	-	-	-	8,750,169	8,750,169
Balance as of June 30, 2006		<u>25,000,000</u>	<u>9,415,968</u>	<u>1,291,691</u>	<u>20,631,558</u>	<u>8,750,169</u>	<u>65,089,386</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 SIX MONTH PERIOD ENDED JUNE 30, 2007

1. ORGANIZATION AND ACTIVITIES

Saudi Basic Industries Corporation (SABIC) is a Saudi joint stock company established pursuant to Royal Degree 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.

The principal activities of SABIC and its main subsidiaries ("the Company") are the execution of petrochemical, fertilizers, metals and basic hydrocarbon industries, the establishment of projects to supply the Company with raw material requirements and the marketing of industrial products.

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 SIX MONTH PERIOD ENDED JUNE 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 (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)
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTH PERIOD ENDED JUNE 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 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, as per the amended accounting standard issued by SOCPA on intangible assets.

The Company ceased the amortization of the goodwill effective January 1, 2006 and considered the net book value as of December 31, 2005 as cost and implemented the amended SOCPA standards on intangible assets.

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

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

If material, the carrying amount of negative goodwill is netted off from fair value of property and equipment.

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)
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTH PERIOD ENDED JUNE 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 if required.

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 development expenses

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

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

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

Cost of sales 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 administration and marketing expenses.

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 lease.

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)
(SAUDI JOINT STOCK COMPANY)

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

The Company's bankers have issued, on its behalf, bank guarantees amounting to SR 1.6 billion (SR 2.036 billion as of June 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 June 30, 2007 (SR 25 billion divided into 2.5 billion shares of SR 10 as of June 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.

In accordance with the capital Market Authority's announcement No. 4/154/2007 dated Safar 27, 1427 (March 27, 2006) issued based upon the councils of Ministers resolutions to split the shares of joint stock companies, the par value of the shares has been split to SR 10 instead of SR 50. Accordingly, the Company's number of shares became 2.5 billion shares. The shares resumed trading after the split effective Rabie Al-Awal 17, 1427 (April 15, 2006).

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, 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

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

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

There are no significant inter segment revenues between the petrochemicals and the metal segments.

	Petrochemicals SR 000	Metals SR 000	Corporate SR 000	Total SR 000
June 30, 2007 (Unaudited)				
Sales	46,720,645	5,085,377	2,587,432	54,393,454
Gross profit	18,714,538	1,714,341	1,198,718	21,627,597
Net income	9,889,765	1,376,503	1,495,441	12,761,709
Total assets	132,170,999	16,885,562	41,994,032	191,050,593
Total liabilities	44,640,152	6,071,805	21,801,744	72,513,701
June 30, 2006 (Unaudited)				
Sales	34,637,194	3,447,813	2,128,578	40,213,585
Gross profit	13,674,229	857,295	781,928	15,313,452
Net income	7,238,769	638,989	872,411	8,750,169
Total assets	98,562,831	14,879,433	36,817,573	150,259,837
Total liabilities	29,876,516	6,066,369	22,799,826	58,742,711

A substantial portion of SABIC's operating assets are located in the Kingdom of Saudi Arabia. The principal markets for SABIC petrochemical products are Europe, 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 to the general reserve

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

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

9. SUKUK

On July 29, 2006, the Company issued a SR 3 billion Sukuk, at par value of SR 50,000 each without discount or premium, maturing in 2026.

The Sukuk bears a maximum rate of return based on SIBOR plus a margin of 40 basis points 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 the Company.

At the end of each five year period, the Company shall pay an amount equal to 10% of the aggregate face value of the Sukuk as bonus to the Sukuk holders.

The Company has provided an undertaking to the Sukuk holders to purchase the Sukuk from the shareholders in the years 2011, 2016, 2021 at an amount equivalent to 90%, 60% and 30% of the face value respectively.

As of June 30, 2007, total Sukuk issued by the Company under the above mentioned facility amounted to SR 3 billion. The periodic distributions expensed during the period amounted to SR 81 million.

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 12.5 billion (SR 12.4 billion as of June 30, 2006). The swap agreements can be exercised on different dates. The agreements state that premiums should be paid quarterly.

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 June 30, 2007 was 2.5 billion shares (2.5 billion shares at June 30, 2006).

12. SUBSEQUENT EVENTS

SABIC announced the acquisition of the plastic division of General Electric for a consideration of USD 11.6 billion. The acquisition is subject to regulatory approvals and is expected to be completed by the third quarter of 2007. The acquisition will be financed by issuing bonds and securing bank loans.

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

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

The Company has decided to issue Euro Medium Term Notes (EMTN) not exceeding USD 1 billion.

On July 11, 2007, SABIC announced the issuance of second Shariah compliant Sukuk, expiring in 2027, at par value without discount or premium. The Sukuk will be issued in denominations of SR 10,000 and will be subject to minimum holdings of SR 50,000.

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.