

**SAUDI INTERNATIONAL PETROCHEMICAL COMPANY
(SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND AUDITORS' REPORT
FOR THE THREE MONTHS AND NINE MONTHS ENDED
SEPTEMBER 30, 2007**

SAUDI INTERNATIONAL PETROCHEMICAL COMPANY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2007

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AUDITORS' REPORT (LIMITED REVIEW) ON CONSOLIDATED INTERIM FINANCIAL STATEMENT

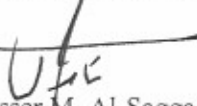
To the stockholders
Saudi International Petrochemical Company
(Saudi Joint Stock Company)
Riyadh, Saudi Arabia

We have reviewed the accompanying consolidated interim balance sheet of Saudi International Petrochemical Company ("Saudi Joint Stock Company"), and its subsidiaries, as of September 30, 2007 and the related statements of income for the three months and nine months and cash flows for the nine months then ended, and notes 1 to 8 which form part of these interim consolidated financial statements as prepared by the Company and presented to us with all the necessary information and explanations. These consolidated interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standard of auditing applicable to interim financial reporting issued by the Saudi Organization for Certified Public Accountants. A review of interim financial information 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.

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

Deloitte & Touche
Bakr Abulkhair & Co.


Nasser M. Al-Sagga
License No. 322
24 Ramdan, 1428
October 6, 2007



SAUDI INTERNATIONAL PETROCHEMICAL COMPANY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM BALANCE SHEET
AS OF SEPTEMBER 30, 2007

	September 30, 2007 SR	September 30, 2006 SR
	(Un-audited)	(Un-audited)
ASSETS		
Current assets		
Cash and cash equivalents	1,231,601,675	1,329,160,845
Short term investments	-	176,250,000
Accounts receivable, prepayments and other receivables	140,292,816	250,371,485
Inventories	69,022,219	78,230,128
Total current assets	1,440,916,710	1,834,012,458
Non-current assets		
Property and equipment and construction work-in-progress	4,536,593,368	2,998,336,624
Deferred projects implementation costs	130,239,151	16,909,565
Intangible assets	172,724,616	208,016,958
Other assets	-	15,094,035
Total non-current assets	4,839,557,135	3,238,357,182
TOTAL ASSETS	6,280,473,845	5,072,369,640
LIABILITIES, STOCKHOLDERS' EQUITY AND MINORITY INTEREST		
Current liabilities		
Accounts payable and other liabilities	764,373,596	316,192,447
Short term loan	250,000,000	-
Current portion of long term debt	127,503,356	108,536,740
Current portion of capital lease	32,108,108	-
Total current liabilities	1,173,985,060	424,729,187
Non-current liabilities		
Long term debt	1,098,496,107	1,804,098,358
Obligations under capital lease	486,972,974	-
End-of-service indemnities	17,628,814	12,164,433
Total non-current liabilities	1,603,097,895	1,816,262,791
Shareholders' equity and minority interest		
Share capital	2,000,000,000	1,500,000,000
Statutory reserve	151,539,865	99,986,618
General reserve	275,000,000	-
Retained earnings	316,258,762	629,879,541
Total shareholders' equity	2,742,798,627	2,229,866,159
Minority interest	760,592,263	601,511,503
Total shareholders' equity and minority interest	3,503,390,890	2,831,377,662
TOTAL LIABILITIES, STOCKHOLDERS' EQUITY AND MINORITY INTEREST	6,280,473,845	5,072,369,640

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

SAUDI INTERNATIONAL PETROCHEMICAL COMPANY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2007

	From July 1 to September 30		From January 1 to September 30	
	2007 (Un-audited)	2006 (Un-audited)	2007 (Un-audited)	2006 (Un-audited)
Sales	324,863,407	298,293,940	1,025,648,192	853,550,383
Cost of sales	(168,081,923)	(127,725,450)	(430,772,162)	(346,011,781)
Gross Profit	156,781,484	170,568,490	594,876,030	507,538,602
General and administrative expenses	(12,629,460)	(11,768,380)	(37,359,703)	(28,780,433)
Operating Income	144,152,024	158,800,110	557,516,327	478,758,169
Investment income	8,242,708	12,849,765	25,829,548	43,545,954
Finance charges	(24,560,970)	(24,629,209)	(71,766,714)	(59,541,983)
Net expenses of pre-operating activities	(278,538)	(1,113,442)	(623,583)	(1,113,442)
Other income	2,438,152	662,722	5,335,632	1,315,643
Income before minority interest and zakat	129,993,376	146,569,946	516,291,210	462,964,341
Minority interest	(38,348,378)	(45,798,672)	(160,168,190)	(137,427,854)
Net income before zakat	91,644,998	100,771,274	356,123,020	325,536,487
Zakat	(4,617,922)	(2,300,496)	(16,229,752)	(7,482,400)
NET INCOME	87,027,076	98,470,778	339,893,268	318,054,087
Earnings per Share (EPS) - note 5	0.44	0.49	1.70	1.59
Weighted average number of shares	200,000,000	200,000,000	200,000,000	200,000,000

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

SAUDI INTERNATIONAL PETROCHEMICAL COMPANY
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CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

	September 30, 2007 SR	September 30, 2006 SR
	(Un-audited)	(Un-audited)
OPERATING ACTIVITIES		
Net income before zakat	356,123,020	325,536,487
Adjustments for:		
Depreciation	120,896,384	103,265,903
Amortization of intangible assets	29,177,292	23,896,004
End-of-service indemnities	5,118,926	4,173,946
Finance charges	71,766,714	59,541,983
Minority interest	160,168,190	137,427,854
Net expenses of pre-operating activities	623,583	1,113,442
Changes in operating assets and liabilities:		
Accounts receivable, prepayments and other receivables	116,697,814	(166,402,126)
Inventories	(9,060,120)	(23,329,433)
Accounts payable and other liabilities	336,866,914	(14,732,009)
Cash from operations	1,188,378,717	450,492,051
End-of-service indemnities paid	(447,714)	-
Finance charges paid	(57,011,977)	(55,681,892)
Zakat and tax paid	(72,222,575)	(24,450,048)
Net cash from operating activities	1,058,696,451	370,360,111
INVESTING ACTIVITIES		
Net expenses of pre-operating activities	(623,583)	(1,113,442)
Changes in investments, net	-	83,333,759
Increase in intangible assets	(4,462,542)	-
Additions to property, plant and equipment	(1,486,873,810)	(282,815,104)
Deferred project implementation costs incurred	(95,571,949)	(30,404,154)
Other assets	-	(959,695)
Net cash used in investing activities	(1,587,531,884)	(231,958,636)
FINANCING ACTIVITIES		
Short term loan	250,000,000	-
Long term debt	(67,554,553)	(5,804,899)
Payment of Board of Directors' remuneration	(2,600,000)	-
Movement in minority interest, net	73,473,856	32,980,770
Net cash from financing activities	253,319,303	27,175,871
Net change in cash and cash equivalents	(275,516,130)	165,577,346
Cash and cash equivalents, January 1	1,507,117,805	1,163,583,499
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	1,231,601,675	1,329,160,845

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

SAUDI INTERNATIONAL PETROCHEMICAL COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

1. ORGANIZATION AND ACTIVITIES

Saudi International Petrochemical Company (“the Company” or “Sipchem”) is a Joint Stock Company, registered in Saudi Arabia under commercial registration number 1010156910 dated 14 Ramadan 1420 H (December 22, 1999) with its head office in Riyadh. The share capital of the Company is SR 2,000 million, divided into 200 million shares of SR 10 each (note 4). Based on the directives of The Custodian of the Two Holy Mosques, Capital Market Authority issued decision No. 4-154-2006 dated 27/2/1427H (March 27, 2006) where they decided to split the par value of the shares of all the joint stock companies to SR 10 per share.

The Capital Market Authority (CMA) approved the listing of the Company’s shares on the Saudi stock exchange and the Company offered 45 million of the existing shares at par value of SR 10 with a premium of SR 45 per share to general public in September 2006.

The principal activities of the Company are to own, establish, operate and manage industrial projects in the petrochemical and chemical fields. The Company’s principal place of business is at Jubail Industrial City, Kingdom of Saudi Arabia.

The Company has the following subsidiaries (the Company and its subsidiaries hereinafter referred to as “the Group”):

Subsidiaries – Saudi limited liability companies	Percentage of Ownership	
	2007	2006
International Methanol Company (“IMC”)	65%	65%
Gulf Advanced Chemical Industries Company Ltd. (“GACIC”)	53.91%	53.91%
International Vinyl Acetate Company Ltd. (“IVAC”)	75%	75%
International Acetyl Company Ltd. (“IAC”)	75%	75%
United Industrial Gases Company Ltd. (“UIGC”)	75%	75%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated interim financial statements have been prepared in compliance with the standards and regulations promulgated by the Saudi Organization of Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company and its subsidiaries:

Principles of consolidation

The consolidated interim financial statements incorporate the interim financial statements of the Company and its subsidiaries controlled by the Company prepared up to September 30, 2007. All significant inter-company transactions and balances between group companies have been eliminated in preparing the consolidated interim financial statements.

Revenue recognition

Sales are accounted upon shipping of goods to customers and are stated net of distribution costs.

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and murabahah, with original maturities of three months or less.

SAUDI INTERNATIONAL PETROCHEMICAL COMPANY
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

Inventories

Inventories are stated at the lower of average cost or estimated net realizable value.

Investments in financial instruments

Investment securities represent investment in murabahah deposits. Investment securities with maturities within twelve months from the balance sheet date are classified as short term investments.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the applicable assets ranging from 4 to 33 years using the straight line method.

Impairment of tangible assets

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and its 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 (if any). 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 (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Intangible assets

Intangible assets comprise debt acquisition, arrangement costs and pre-operating costs. Debt acquisition costs are being amortized over the period of the loans and pre-operating costs are being amortized over a period of five to seven years, from the commencement of commercial production.

Earnings per share

Earnings per share are computed by dividing net income for the periods by the weighted average number of shares outstanding.

Zakat

Zakat is recorded at the quarter end based on quarter end figures and any difference between the estimate and the actual is adjusted at the fourth quarter.

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.

SAUDI INTERNATIONAL PETROCHEMICAL COMPANY
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

3. ISLAMIC IJARA FINANCING

In 2007, one of the subsidiaries sold and leased back certain assets and entered into an Islamic Ijara Facility Agreement with a syndicate of financial institutions in the amount of US\$ 142.7 million, equivalent to SR 535.1 million, for the purpose of liquidating the outstanding commercial loan amount and the conversion to an Islamic financing facility, resulting in the Company being able to reduce the overall financing costs.

4. INCREASE IN SHARECAPITAL

The shareholders of Sipchem at their extraordinary general assembly meeting held on May 12, 2007, approved the proposal of the Board of Directors to increase the share capital by SR 500 million through capitalization of part of the retained earnings by the distribution of one bonus share for every three shares held as of the date of the extraordinary general meeting.

The Board of Directors of Sipchem in their meeting dated July 9, 2007 decided to recommend to the shareholders an increase in the share capital of the Company through a rights issue. The general assembly meeting will be held after obtaining the approval from the Capital Market Authority.

The shareholders of IVAC, IAC and UIGC have resolved to admit Supreme Endowments Council, Saudi Arabia as a new shareholder with 5% shares in each of these companies and to increase the share capital of these companies. Legal formalities for the increase in share capital and the change in shareholders are still in progress as of September 30, 2007. Additionally, the Company has entered into a conditional sale agreement to sell 15% ownership in IVAC and IAC to Ikuras Petroleum Industrial Company, a company registered in Kuwait.

5. EARNINGS PER SHARE

Earnings per share are computed by dividing net income for the periods by the weighted average number of shares outstanding, after the bonus issue, during the three and nine months periods ended September 30, 2007 and 2006 amounting to 200 million.

6. GENERAL RESERVE

The General Assembly approved the Board of Directors proposal to establish a general reserve of SR 275 million, through transfer from retained earnings to finance the needs of the Company's future projects.

7. CAPITAL COMMITMENTS AND CONTINGENCIES

As at September 30, 2007, the Group had outstanding letters of credits and guarantees amounting to SR 136.1 million (2006 - SR 167.9 million) and capital commitments amounting to SR 4,538.1 million (2006 – SR 1,854.3 million).

A petition was filed against Sipchem, IVAC and IAC (Group companies) by Celanese Co. Ltd., in the State of Texas- United States Of America for the alleged misappropriation of various trade secrets of Celanese Ltd. The Group companies deny these allegations and are vigorously defending against Celanese Ltd.'s claims. The charges against IVAC and IAC were dismissed by the Court. Management of the Company is certain that such case is without foundation and will not be material.

8. RESULTS OF THE INTERIM PERIOD

The results of the interim period are not audited and therefore it may not give an accurate indicator of the annual operating results.