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SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)

Consolidated interim financial statements
for the quarter and six months ended June 30, 2017 (Unaudited)

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Commercial registration number	1010164391	
Directors	H.E. Engr. Khalid Bin Abdulaziz Al-Faleh	- Chairman
	H.E. Sulaiman Bin Abdulrahman Al-Gwaiz	- Vice chairman
	Engr. Abdullah Bin Mohammed Al-Issa	
	Ms. Lubna Bint Suliman Al-Olayan	
	Engr. Abdullah Bin Ibrahim Al-Saadan	
	Dr. Ziad Bin Abdulrahman Al-Sudairy	
	Engr. Azzam Bin Yaser Shalabi	
	Dr. Jean-Lou Chameau	
	Engr. Khalid Saleh Al-Mudaifer	
Registered address	Building number 395 Abi Bakr Asseddiq Road, South Exit 6, North Ring Road Riyadh 11537 Kingdom of Saudi Arabia	
Postal address	P.O. Box 68861 Riyadh 11537 Kingdom of Saudi Arabia	
Banker	The Saudi British Bank (SABB)	
Auditors	Ernst & Young Al Faisaliah Office Tower, 3rd Floor King Fahad Road P.O. Box 2732 Riyadh 11461 Kingdom of Saudi Arabia	

MA'ADEN

Statement of Directors' responsibilities for the preparation and approval of the consolidated interim financial statements for the quarter and six months ended June 30, 2017 (Unaudited)

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's review report, set out on page 4, is made with a view to distinguish the responsibilities of management and those of the independent auditors in relation to the consolidated interim financial statements of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (the "Group").

Management is responsible for the preparation of the consolidated interim financial statements that present fairly the consolidated interim financial position of the Group as at June 30, 2017, the results of its operations, changes in equity and cash flows for the quarter and six months then ended, in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

In preparing the consolidated interim financial statements, the management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS and other pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA"), as endorsed in the Kingdom of Saudi Arabia, have been followed, subject to any material departures disclosed and explained in the consolidated interim financial statements and
- preparing and presenting the consolidated interim financial statements on a going concern basis, unless it is inappropriate to presume that the Group and the companies will continue its business for the foreseeable future.

The management is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Group;
- maintaining statutory accounting records in compliance with local legislation and IFRS in the respective jurisdictions in which the Group operates;
- taking steps to safeguard the assets of the Group and
- detecting and preventing fraud and other irregularities.

The consolidated interim financial statements for the quarter and six months ended June 30, 2017 set out on pages 5 to 136, were approved and authorized for issue by the Board of Directors on July 31, 2017 and signed on their behalf by:

Engr. Abdullah Bin Ibrahim Al-Saadan
Authorized by the Board

Engr. Khalid Al-Mudaifer
President and
Chief Executive Officer

Mr. Darren C. Davis
Chief Financial Officer

8 Dhual - Qa'dah 1438H
July 31, 2017
Riyadh
Kingdom of Saudi Arabia

Building a better working world

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Independent auditors' review report on the consolidated interim financial statements to the shareholders of Saudi Arabian Mining Company (Ma'aden)

Introduction:

We have reviewed the accompanying consolidated interim statement of financial position of Saudi Arabian Mining Company (Ma'aden) ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2017, and the related consolidated interim statements of profit or loss and other comprehensive income and cash flows, for the three and six-month periods ended 30 June 2017, and the related consolidated interim statement of changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

Rashid S. AlRashoud
Certified Public Accountant
Registration No. (366)

8 Thul-Qi'dah 1438
31 July 2017
Riyadh

(All amounts in Saudi Riyals unless otherwise stated)

		Quarter ended		Six months ended		Year ended
	Notes	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	December 31 2016
Sales	8	**2,994,972,687**	2,551,704,388	**5,712,405,175**	4,822,136,214	9,504,243,424
Cost of sales	9	**(1,983,050,955)**	(1,970,759,143)	**(3,774,839,757)**	(3,746,334,204)	(7,483,685,416)
Gross profit		**1,011,921,732**	580,945,245	**1,937,565,418**	1,075,802,010	2,020,558,008
Operating expenses						
Selling, marketing and logistic expenses	10	**(92,931,329)**	(113,946,469)	**(190,444,657)**	(201,672,490)	(409,963,201)
General and administrative expenses	11	**(96,896,857)**	(86,205,762)	**(176,665,008)**	(145,578,351)	(324,671,177)
Exploration and technical services expenses	12	**(13,980,592)**	(11,036,093)	**(24,320,967)**	(21,401,083)	(49,336,885)
Write-off of plant and equipment	18,19	**(517,788)**	(1,030,004)	**(16,362,625)**	(1,030,004)	(57,752,626)
Impairment of plant and equipment	19	**-**	-	**-**	-	(566,250,000)
Operating profit		**807,595,166**	368,726,917	**1,529,772,161**	706,120,082	612,584,119
Other income / (expenses)						
Income from time deposits	13	**18,806,185**	43,910,585	**41,474,776**	70,986,252	151,636,138
Finance cost	14	**(350,761,889)**	(219,963,595)	**(713,935,846)**	(376,961,301)	(890,415,706)
Other (expenses) / income, net	15	**(32,443,272)**	1,526,741	**(58,878,875)**	5,716,633	33,143,164
Share in net income of joint venture that have been equity accounted	21.1.3	**22,054,986**	-	**32,996,471**	-	3,725,530
Profit / (loss) before zakat and income tax		**465,251,176**	194,200,648	**831,428,687**	405,861,666	(89,326,755)
Income tax	22.1	**(16,968,934)**	(1,228,583)	**(19,808,520)**	(10,227,022)	19,882,715
Zakat expense	39.2	**(14,092,078)**	(16,756,345)	**(36,899,866)**	(18,929,913)	(78,428,404)
Profit / (loss) for the quarter / period / year		**434,190,164**	176,215,720	**774,720,301**	376,704,731	(147,872,444)
Other comprehensive income						
Items that will not be reclassified to profit or loss in subsequent periods						
Re-measurements of employees' end of service termination benefits obligation	38.1	**-**	-	**-**	-	1,770,585
Other comprehensive income for the quarter / period / year		**-**	-	**-**	-	1,770,585
Total comprehensive income / (loss) for the quarter / period / year		**434,190,164**	176,215,720	**774,720,301**	376,704,731	(146,101,859)

Continued

	Notes	Quarter ended June 30, 2017	Quarter ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016	Year ended December 31 2016
Profit / (loss) for the quarter / period / year is attributable to:						
Shareholders' of the parent company		**356,467,375**	171,219,482	**632,078,664**	365,522,506	(10,739,221)
Non-controlling interest	33.2	**77,722,789**	4,996,238	**142,641,637**	11,182,225	(137,133,223)
		434,190,164	176,215,720	**774,720,301**	376,704,731	(147,872,444)
Total comprehensive income / (loss) for the quarter / period / year is attributable to:						
Shareholders' of the parent company		**356,467,375**	171,219,482	**632,078,664**	365,522,506	(8,303,016)
Non-controlling interest	33.2	**77,722,789**	4,996,238	**142,641,637**	11,182,225	(137,798,843)
		434,190,164	176,215,720	**774,720,301**	376,704,731	(146,101,859)
Earnings / (loss) per ordinary share (Saudi Riyals)						
Basic and diluted earnings / (loss) per share from continuing operations attributable to shareholders' of the parent company	16	**0.31**	0.15	**0.54**	0.31	(0.01)

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated interim statement of financial position as at June 30, 2017 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Assets					
Non-current assets					
Mine properties	17	**9,377,485,417**	8,971,496,653	9,246,550,952	8,149,210,130
Property, plant and equipment	18	**44,804,982,004**	32,592,911,722	42,459,053,601	33,299,548,961
Capital work-in-progress	19	**26,737,989,730**	38,066,867,575	29,184,633,886	33,505,471,004
Intangible assets	20	**359,456,004**	379,050,075	374,448,577	374,949,546
Investment in joint venture	21	**865,402,586**	828,680,585	832,406,115	828,680,585
Deferred tax assets	22.2	**464,639,097**	280,847,845	378,439,046	248,382,944
Other investments	23	**50,000,000**	50,000,000	50,000,000	50,000,000
Advances and prepayments	25	**32,194,278**	17,386,312	29,730,480	21,645,868
Total non-current assets		**82,692,149,116**	81,187,240,767	82,555,262,657	76,477,889,038
Current assets					
Due from joint venture partners	24	**51,734,426**	450,000,000	-	720,000,000
Advances and prepayments	25	**190,537,576**	229,054,047	140,559,012	229,304,473
Inventories	26	**3,483,313,646**	2,850,319,400	3,092,993,891	2,918,468,061
Trade and other receivables	27	**1,833,383,325**	1,313,473,187	1,273,216,903	1,251,146,787
Time deposits	28	**2,837,962,190**	4,993,750,000	2,711,000,000	899,052,989
Cash and cash equivalents	29	**3,059,657,864**	3,221,369,400	4,369,714,529	4,308,309,524
Total current assets		**11,456,589,027**	13,057,966,034	11,587,484,335	10,326,281,834
Total assets		**94,148,738,143**	94,245,206,801	94,142,746,992	86,804,170,872

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Equity and liabilities					
Equity					
Share capital	30	**11,684,782,610**	11,684,782,610	11,684,782,610	11,684,782,610
Statutory reserve					
Share premium	31	**8,391,351,697**	8,391,351,697	8,391,351,697	8,391,351,697
Transfer of net income	32	**797,975,542**	757,911,634	797,975,542	757,911,634
Retained earnings		**5,099,982,619**	4,881,793,385	4,467,903,955	4,516,270,879
Equity attributable to shareholders' of the parent company		**25,974,092,468**	25,715,839,326	25,342,013,804	25,350,316,820
Non-controlling interest	33	**8,073,423,933**	7,944,475,077	7,794,301,046	7,783,292,852
Total equity		**34,047,516,401**	33,660,314,403	33,136,314,850	33,133,609,672
Non-current liabilities					
Deferred tax liabilities	22.3	**361,349,431**	206,847,003	274,328,467	164,155,080
Due to a joint venture partner	34	**241,541,684**	191,016,363	191,016,363	184,929,613
Long-term borrowings	35.6	**49,728,733,569**	51,029,550,606	50,778,534,391	42,744,072,108
Provision for decommissioning, site rehabilitation and dismantling obligations	36	**278,617,761**	261,929,291	269,522,564	255,190,219
Non-current portion of obligation under finance lease	37	**44,156,145**	78,925,928	61,598,017	95,413,846
Employees' benefits	38	**532,530,743**	445,236,636	489,756,229	405,720,553
Projects, trade and other payables	41	**1,188,310,991**	1,463,268,814	1,230,757,918	981,303,164
Total non-current liabilities		**52,375,240,324**	53,676,774,641	53,295,513,949	44,830,784,583
Current liabilities					
Projects, trade and other payables	41	**2,104,840,073**	1,759,246,528	2,201,826,667	2,089,175,160
Accrued expenses	42	**1,960,303,571**	3,596,634,197	2,629,438,338	4,520,925,588
Zakat and income tax payable	39	**79,650,094**	25,809,787	85,308,278	50,962,237
Severance fees payable	40	**13,568,314**	6,561,445	8,270,636	16,096,147
Current portion of obligation under finance lease	37	**34,769,784**	32,409,038	33,565,757	31,297,581
Current portion of long-term borrowings	35.6	**3,532,849,582**	1,487,456,762	2,752,508,517	2,131,319,904
Total current liabilities		**7,725,981,418**	6,908,117,757	7,710,918,193	8,839,776,617
Total liabilities		**60,101,221,742**	60,584,892,398	61,006,432,142	53,670,561,200
Total equity and liabilities		**94,148,738,143**	94,245,206,801	94,142,746,992	86,804,170,872
Commitments and contingent liabilities	45				

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated interim statement of changes in equity for the quarter and six months ended June 30, 2017 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	Equity attributable to shareholders' of the parent company					Non-controlling interest				
		Statutory reserve								
	Share capital (Note 30)	Share premium (Note 31)	Transfer of net income (Note 32)	Retained earnings	Sub-total	Share capital (Note 33)	Payments to increase share capital* (Note 33)	Net income attributable to non-controlling interest (Note 33)	Sub-total (Note 33)	Total equity
January 1, 2016	11,684,782,610	8,391,351,697	757,911,634	4,516,270,879	25,350,316,820	7,535,760,069	122,853,678	124,679,105	7,783,292,852	33,133,609,672
Profit for the period	-	-	-	365,522,506	365,522,506	-	-	11,182,225	11,182,225	376,704,731
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	365,522,506	365,522,506	-	-	11,182,225	11,182,225	376,704,731
Dividend paid to non-controlling interest during the period	-	-	-	-	-	-	-	(450,000,000)	(450,000,000)	(450,000,000)
Increase in non-controlling interest / share capital contributed during the period	-	-	-	-	-	612,560,821	(12,560,821)	-	600,000,000	600,000,000
June 30, 2016	11,684,782,610	8,391,351,697	757,911,634	4,881,793,385	25,715,839,326	8,148,320,890	110,292,857	(314,138,670)	7,944,475,077	33,660,314,403
Loss for the remainder of the year	-	-	-	(376,261,727)	(376,261,727)	-	-	(148,315,448)	(148,315,448)	(524,577,175)
Other comprehensive income / (loss) for the remainder of the year	-	-	-	2,436,205	2,436,205	-	-	(665,620)	(665,620)	1,770,585
Total comprehensive loss for the remainder of the year	-	-	-	(373,825,522)	(373,825,522)	-	-	(148,981,068)	(148,981,068)	(522,806,590)
Dividend paid to non-controlling interest during the remainder of the year	-	-	-	-	-	-	-	(1,192,963)	(1,192,963)	(1,192,963)
Net income transferred to statutory reserve	-	-	40,063,908	(40,063,908)	-	-	-	-	-	-
December 31, 2016	11,684,782,610	8,391,351,697	797,975,542	4,467,903,955	25,342,013,804	8,148,320,890	110,292,857	(464,312,701)	7,794,301,046	33,136,314,850

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Equity attributable to shareholders' of the parent company					Non-controlling interest				
		Statutory reserve								
	Share capital (Note 30)	Share premium (Note 31)	Transfer of net income (Note 32)	Retained earnings	Sub-total	Share capital (Note 33)	Payments to increase share capital* (Note 33)	Net income attributable to non-controlling interest (Note 33)	Sub-total (Note 33)	Total equity
December 31, 2016	11,684,782,610	8,391,351,697	797,975,542	4,467,903,955	25,342,013,804	8,148,320,890	110,292,857	(464,312,701)	7,794,301,046	33,136,314,850
Profit for the period	-	-	-	632,078,664	632,078,664	-	-	142,641,637	142,641,637	774,720,301
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	632,078,664	632,078,664	-	-	142,641,637	142,641,637	774,720,301
Payment to increase share capital during the period	-	-	-	-	-	-	136,481,250	-	136,481,250	136,481,250
June 30, 2017	**11,684,782,610**	**8,391,351,697**	**797,975,542**	**5,099,982,619**	**25,974,092,468**	**8,148,320,890**	**246,774,107**	**(321,671,064)**	**8,073,423,933**	**34,047,516,401**

* These payments, to ultimately increase share capital of the applicable subsidiaries over a period of time, are treated as part of the total equity of these subsidiaries. No shares have been issued as yet, and the Commercial Registration certificate has not yet been amended, but it will be once these payments have been converted to share capital.

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Quarter ended June 30, 2017	Quarter ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016	Year ended December 31, 2016
Operating activities						
Profit / (loss) before zakat and income tax		**465,251,176**	194,200,648	**831,428,687**	405,861,666	(89,326,755)
Adjustments for non-cash flow items:						
Inventory losses	9	**-**	18,459,961	**14,754,862**	32,860,008	16,509,086
Income from time deposits	13	**(18,806,185)**	(43,910,585)	**(41,474,776)**	(70,986,252)	(151,636,138)
Finance cost	14	**350,761,889**	219,963,595	**713,935,846**	376,961,301	890,415,706
Adjustment to mine properties	17	**781,063**	-	**1,784,502**	-	-
Depreciation of mine properties	17.1	**117,472,568**	102,814,685	**233,952,061**	172,297,871	394,512,195
Adjustment to property, plant and equipment	18	**83,014**	-	**83,014**	-	4,211,478
Write-off of plant and equipment	18	**517,788**	1,030,004	**16,362,625**	1,030,004	23,661,182
Depreciation of property, plant and equipment	18.1	**570,834,206**	498,438,704	**1,152,862,114**	1,018,317,118	2,091,091,048
Impairment of capital work-in-progress	19	**-**	-	**-**	-	566,250,000
Write-off of capital work-in-progress	19	**-**	-	**-**	-	34,091,444
Adjustment to capital work-in-progress	19	**-**	-	**-**	738,005	(669,167)
Amortisation of intangible assets	20.1	**8,083,832**	6,999,225	**15,779,729**	17,346,037	32,926,041
Share in net profit of joint venture	21.1	**(22,054,986)**	-	**(32,996,471)**	-	(3,725,530)
Reversal of allowance for inventory obsolescence	26	**-**	-	**-**	-	(131,520)
Allowance for doubtful debts	27	**-**	-	**-**	312,475	312,475
Current service cost of employees' termination benefits	38.1	**19,424,856**	14,985,939	**47,526,412**	32,908,069	70,455,189
Contribution for the employees' savings plan	38.2	**6,294,097**	6,171,245	**11,635,954**	12,770,908	26,408,207
Provision for severance fees	40	**5,111,865**	287,209	**13,582,674**	6,568,848	8,278,039
Changes in working capital:						
Advances and prepayments	25	**41,247,523**	55,350,640	**(52,442,362)**	4,509,982	80,660,849
Inventories	26	**(177,710,969)**	(61,233,377)	**(405,074,617)**	(188,597,884)	(414,789,933)
Trade and other receivables	27	**(313,533,800)**	(83,154,455)	**(557,747,982)**	(13,834,650)	(15,404,592)
Projects and other payables – Trade	41	**50,659,900**	16,821,244	**(89,888,497)**	(161,493,372)	193,979,981
Accrued expenses – Trade	42	**77,390,130**	(39,085,338)	**298,371,725**	(245,852,068)	(43,782,164)
Finance cost paid		**(457,565,524)**	(375,616,171)	**(654,457,471)**	(499,224,914)	(1,670,297,315)
Decommissioning, rehabilitation and dismantling obligations utilised	36	**-**	(771,001)	**-**	(1,651,001)	(2,500,001)
Employees' termination benefits paid	38.1	**(4,570,507)**	(4,117,531)	**(11,344,986)**	(8,044,549)	(15,324,858)
Employees' savings plan withdrawal	38.2	**(9,438,324)**	(4,963,350)	**(12,856,058)**	(6,148,900)	(15,874,040)
Zakat paid	39.2	**(61,545,657)**	(44,082,363)	**(61,545,657)**	(44,082,363)	(44,082,363)
Severance fees paid	40	**-**	(14,330,424)	**(8,284,996)**	(16,103,550)	(16,103,550)
Net cash generated from operating activities		**648,687,955**	464,258,504	**1,423,946,332**	826,462,789	1,950,114,994
Investing activities						
Income received from time deposits		**3,986,070**	17,596,430	**39,056,336**	22,182,027	144,658,139
(Increase) / decrease in restricted cash	29	**3,144,227**	(1,207,895)	**1,220,104**	537,934,194	534,022,035
Additions to mine properties	17	**(92,473,439)**	(411,503,130)	**(259,459,514)**	(974,646,664)	(1,472,295,942)
Additions to property, plant and equipment	18	**(81,522,484)**	(15,864,676)	**(114,169,930)**	(65,135,699)	(51,425,260)
Additions to capital work-in-progress	19	**(777,112,291)**	(1,749,837,001)	**(886,702,995)**	(4,222,307,718)	(6,544,720,069)
Additions to intangible assets	20	**(880,991)**	-	**(880,991)**	-	(1,285,986)
Due from joint venture partners	24	**(51,734,426)**	270,000,000	**(51,734,426)**	270,000,000	720,000,000
(Increase) / decrease in time deposits	28	**1,278,734,576**	978,250,000	**(126,962,190)**	(4,094,697,011)	(1,811,947,011)
Projects and other payables - Projects	41	**(99,502,025)**	(256,070,383)	**(53,759,700)**	323,155,748	176,158,017
Accrued expenses - Projects	42	**(513,304,039)**	(1,154,461,014)	**(1,096,208,271)**	(881,175,711)	(1,854,673,101)
Net cash utilized in investing activities		**(330,664,822)**	(2,323,097,669)	**(2,549,601,577)**	(9,084,690,834)	(10,161,509,178)

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	Quarter ended June 30, 2017	Quarter ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016	Year ended December 31, 2016
Financing activities						
Due to a joint venture partner	21	**50,525,321**	-	**50,525,321**	6,086,750	6,086,750
Dividend paid to non-controlling interest	33.3	**-**	(360,000,000)	**-**	(450,000,000)	(451,192,963)
Increase in share capital of non-controlling interest	33.3	**-**	600,000,000	**-**	600,000,000	600,000,000
Payment to increase share capital of non-controlling interest	33.3	**42,356,250**	-	**136,481,250**	-	-
Proceeds from long-term borrowings received	35	**19,438,109**	86,370,013	**772,875,006**	7,569,673,612	22,745,671,597
Repayment of long-term borrowings	35	**(467,566,759)**	(238,005,000)	**(1,125,254,259)**	-	(14,059,224,385)
Obligations under finance lease	37	**(9,071,316)**	(8,748,157)	**(17,808,634)**	(16,538,247)	(34,519,775)
Net cash (utilized) / generated from financing activities		**(364,318,395)**	79,616,856	**(183,181,316)**	7,709,222,115	8,806,821,224
Net change in cash and cash equivalents		**(46,295,262)**	(1,779,222,309)	**(1,308,836,561)**	(549,005,930)	595,427,040
Unrestricted cash and cash equivalents at the beginning of the quarter / period / year	29	**3,047,832,009**	4,945,162,647	**4,310,373,308**	3,714,946,268	3,714,946,268
Unrestricted cash and cash equivalents at the end of the quarter / period / year	29	**3,001,536,747**	3,165,940,338	**3,001,536,747**	3,165,940,338	4,310,373,308
Non-cash flow transactions						
Transfer to mine properties from capital work-in-progress	17,19	**-**	-	**107,211,514**	-	-
Transfer of capital spares to mine properties from inventories	17,26	**-**	-	**-**	26,323,519	26,323,519
Transfer to property, plant and equipment from capital work-in-progress	18,19	**39,350,195**	20,591,035	**3,421,934,713**	91,759,495	11,102,301,072
Transfer of capital spares to property, plant and equipment from inventories	18,26	**-**	-	**-**	197,563,018	197,563,018
Borrowing cost capitalized as part of capital work-in-progress	19, 14.1	**55,031,008**	187,054,755	**154,741,223**	358,471,293	695,720,611
Interest cost on defined benefits capitalised as part of capital work-in-progress	19,14.1	**-**	289,606	**-**	579,212	974,740
Depreciation of mine properties capitalized as part of capital-work-in-progress	19,17	**-**	-	**-**	6,385,789	6,766,444
Depreciation of property, plant and equipment capitalized as part of capital-work-in-progress	19,17	**10,329,255**	14,047,076	**20,868,487**	31,745,206	56,845,533
Amortization of intangible assets capitalized as part of capital-work-in-progress	19,20.1	**847,348**	1,449,504	**1,781,321**	5,337,527	9,576,144
Re-measurements of employees' end of service benefits capitalized as part of capital work-in-progress	19,38.1	**-**	-	**-**	-	4,425,464
Amortization of transaction cost capitalised as part of capital work-in-progress	19,35.2	**9,985,014**	21,553,887	**20,095,531**	45,848,296	86,846,987
Transfer to intangible assets from capital work-in-progress	20,19	**-**	(3,269,592)	**1,687,486**	26,784,093	40,715,230
Transfer from payments to increase share capital to share capital pertaining to non-controlling interest	33.3	**-**	12,560,821	**-**	12,560,821	12,560,821

(All amounts in Saudi Riyals unless otherwise stated)

1 General information

Saudi Arabian Mining Company ("Ma'aden") (the "Company") was formed as a Saudi Arabian joint stock company, following the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to March 17, 1997) and incorporated in the Kingdom of Saudi Arabia pursuant to Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to March 23, 1997) with Commercial Registration No. 1010164391, dated 10 Zul Qaida 1421H (corresponding to February 4, 2001). The Company has an authorized and issued share capital of Saudi Riyals ("SAR") 11,684,782,610 divided into 1,168,478,261 ordinary shares with a nominal value of SAR 10 each (Note 30).

The objectives of the Company and its subsidiaries (the "Group") are to be engaged in various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by-products. These activities exclude:

- petroleum and natural gas and materials derived there from
- any and all hydrocarbon substances, products, by-products and derivatives and
- activities related to all stages of the oil industry and the industries associated therewith and supplementary thereto.

The Group's principal mining activities are at the Mahd Ad-Dahab, Bulghah, Al-Amar, Sukhaybarat, As Suq, Ad Duwayhi, Al-Jalamid, Az Zabirah, Al-Ghazallah and Al-Ba'itha mines. Currently the Group mainly mines gold, phosphate rock, bauxite, low-grade bauxite, kaolin and magnesite.

The Group is also involved in the following aluminium project:

On February 14, 2012 the Board of Directors approved a plan, developed by the Company in collaboration with Alcoa Corporation (Note 24 and 34), to extend the product mix of their aluminium complex at Ras Al Khair, to include:

- automotive heat treated and non-heat treated sheet,
- building and construction sheet and
- foil stock sheet

2 Group structure

The Company has the following subsidiaries and joint ventures, all incorporated in the Kingdom of Saudi Arabia:

		Effective ownership			
Subsidiaries	**Type of company**	**Jun 30, 2017**	**Jun 30, 2016**	**Dec 31, 2016**	**Jan 1, 2016**
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	**100%**	100%	100%	100%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	**100%**	100%	100%	100%
Industrial Minerals Company ("IMC")	Limited liability company	**100%**	100%	100%	100%
Ma'aden Aluminium Company ("MAC")	Limited liability company	**74.9%**	74.9%	74.9%	74.9%
Ma'aden Rolling Company ("MRC")	Limited liability company	**74.9%**	74.9%	74.9%	74.9%
Ma'aden Bauxite and Alumina Company ("MBAC")	Limited liability company	**74.9%**	74.9%	74.9%	74.9%
Ma'aden Phosphate Company ("MPC")	Limited liability company	**70%**	70%	70%	70%
Ma'aden Wa'ad Al-Shamal Phosphate Company ("MWSPC")	Limited liability company	**60%**	60%	60%	60%
Joint ventures					
Sahara and Ma'aden Petrochemicals Company ("SAMAPCO")	Limited liability company	**50%**	50%	50%	50%
Ma'aden Barrick Copper Company ("MBCC")	Limited liability company	**50%**	50%	50%	50%

The financial year end of all the subsidiaries and joint ventures coincide with that of the parent company ("Ma'aden").

2.1 MGBM

The company was incorporated on August 9, 1989 in the Kingdom of Saudi Arabia, which is also its principal place of business. The objectives of the company are:

- the exploration and mining of gold and associated minerals within their existing mining lease area by way of drilling, mining, concentrating;
- extract, refine, export and sell such minerals in their original or refined form and
- construct, operate and maintain all mines, buildings, highways, pipelines, refineries, treatment plants, communication systems, power plants and other facilities necessary or suitable for the purposes of the leases.

On April 1, 2016, the company announced the commencement of commercial production at Ad Duwayhi mine.

2.2 MIC

The company was incorporated on August 18, 2008 in the Kingdom of Saudi Arabia, which is also its principal place of business. The objectives of the company are to:

- manage the infrastructure project to develop, construct and operate the infrastructure and
- provide services to Ras Al-Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia.

2.3 IMC

The company was incorporated on March 31, 2009 in the Kingdom of Saudi Arabia, which is also its principal place of business. The objectives of the company are:

- the exploitation of industrial minerals within the existing mining lease area by way of drilling, mining, concentrating, smelting and refining and
- extract, refine, export and sell such minerals in their original or refined form.

The company currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine at Al Ghazallah and a processing plant at Al Madinah Al Munawarah which partially commenced operations during 2011 and the remaining project is still in a development stage.

2.4 MAC

The company was incorporated on October 10, 2010 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 74.9% by Saudi Arabian Mining Company (“Ma’aden”) and
- 25.1% by Alcoa Saudi Smelting Inversiones S.L. (“ASSI”), a foreign shareholder, a company wholly owned by Alcoa Corporation, which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 33).

The objectives of the company are the production of primary aluminium products:

- ingots;
- aluminium T shape ingots;
- aluminium slabs and
- aluminium billets.

2.5 MRC

The company was incorporated on October 10, 2010 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 74.9% by Saudi Arabian Mining Company (“Ma’aden”) and
- 25.1% by Alcoa Saudi Rolling Inversiones S.L. (“ASRI”), a foreign shareholder, a company wholly owned by Alcoa Corporation, which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 33).

The objectives of the company are the production of:

- can body sheets and
- can ends stock.

The company is currently in its commissioning phase.

2.6 MBAC

The company was incorporated on January 22, 2011 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by AWA Saudi Limited ("AWA"), a foreign shareholder, which is owned 60% by Alcoa Corporation and 40% by Alumina Limited, an unrelated third party, which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 33).

The objectives of the company are to:

- produce and refine bauxite and
- produce alumina.

The company started commercial production on October 1, 2016.

2.7 MPC

The company was incorporated on January 1, 2008 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 70% by Saudi Arabian Mining Company ("Ma'aden") and
- 30% by Saudi Basic Industries Corporation ("SABIC"), which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 33).

The objectives of the company are to:

- exploit the Al-Jalamid phosphate deposits;
- utilize local natural gas and sulphur resources to manufacture Phosphate fertilizers at the processing facilities at Ras Al-Khair and
- produce ammonia as a raw material feed stock for the production of fertilizer with the excess ammonia exported or sold domestically.

2.8 MWSPC

The company was incorporated on January 27, 2014 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 60% by Saudi Arabian Mining Company ("Ma'aden");
- 25% by Mosaic Phosphate B.V., a foreign shareholder, a limited liability company registered in Netherlands wholly owned by The Mosaic Company ("Mosaic"), which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 33) and
- 15% by Saudi Basic Industries Corporation ("SABIC"), which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 33).

The objectives of the Company are the production of:

- di-ammonium and mono-ammonium phosphate fertilizer,
- ammonia,
- purified phosphoric acid,
- phosphoric acid,
- sulphuric acid and
- sulphate of potash

The company started commercial production of the ammonia plant on January 1, 2017 and has commenced the initial production of Diammonium Phosphate (DAP) on July 8, 2017.

2.9 SAMAPCO

The company was incorporated on August 14, 2011 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 50% by Saudi Arabian Mining Company (“Ma’aden”) (Note 21.2) and
- 50% by Sahara Petrochemical Company.

SAMAPCO is a joint venture project and is accounted for as an investment in a joint venture under the equity method of accounting in these consolidated interim financial statements.

The objectives of the company are the production of:

- concentrated caustic soda;
- chlorine and
- ethylene dichloride.

The operations of the company includes the production and supply of:

- concentrated caustic soda (CCS) feed stock to the alumina refinery at MBAC and to sell any excess production not taken up by Ma’aden in the local wholesale and retail market and
- Ethylene dichloride (EDC) in the local wholesale and retail market.

2.10 MBCC

The company was incorporated on November 2, 2014 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 50% by Saudi Arabian Mining Company (“Ma’aden”) (Note 21.1) and
- 50% by Barrick Middle East PTY Limited (“Barrick”).

MBCC is a joint venture project and is accounted for as an investment in a joint venture under the equity method of accounting in these consolidated interim financial statements.

The objectives of the company are the production of copper and associated minerals within their existing mining lease area by way of drilling, mining, concentrating, smelting and refining.

3 Basis of preparation

Statement of compliance

The consolidated interim financial statements have been prepared in accordance with:

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and
- interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) applicable to companies reporting under IFRS.

The consolidated interim financial statements comply with IFRS and other pronouncements that are issued by SOCPA, as endorsed, for financial reporting in the Kingdom of Saudi Arabia.

The Group has prepared a complete set of consolidated financial statements for its interim financial reporting, as allowed under **IAS 34 - “*Interim Financial Reporting*”**. Accordingly, these consolidated interim financial statements conform to the requirements of **IAS 1 - “*Presentation of Financial Statements*”,** relating to a complete set of financial statements.

For all periods up to and including the year ended December 31, 2016, the Group prepared its consolidated financial statements in accordance with the accounting standards promulgated by SOCPA. These consolidated interim financial statements for the quarter and six months ended June 30, 2017 are has prepared in full compliance with IFRS.

Refer to Note 5 for information on how the Group adopted IFRS for the first time.

The consolidated interim financial statements have been prepared on the historical cost basis except where IFRS requires other measurement basis.

These consolidated interim financial statements are presented in SAR which is both the functional and reporting currency of the Group.

New IFRS standards, amendments and interpretations not yet effective and not early adopted

At the date of authorization of these consolidated interim financial statements, the following new and amended IFRS accounting standards, which are applicable to the Group, were issued by the IASB but not yet effective. The Group is currently evaluating the impact that these new accounting standards, amendments and interpretations may have on the consolidated financial statements.

IFRS 9 – "*Financial instruments*"

Nature of change

The IASB has issued a new standard for financial instruments. This standard will replace the majority of **IAS 39 – "*Financial instruments: Recognition and Measurement*"** except for certain transitional adjustments such as macro-hedging and all previous versions of **IFRS 9 – "*Financial instruments*".**

The new accounting standard covers the classification, measurement and de-recognition of financial assets and financial liabilities, impairment of financial assets and provides a new hedge accounting model.

Mandatory application date / Date of adoption by the Group

Mandatory for financial years commencing on or after January 1, 2018. Expected date of adoption by the Company is January 1, 2018.

IFRS 15 – "*Revenue from Contracts with Customers"*

Nature of change

The IASB has issued a new standard for the recognition of revenue. This standard will replace **International Accounting Standard ("IAS") 18 – *"Revenue"* and IAS 11, - *"Construction contracts"*.**

The new standard is based on the principle that an entity recognizes revenue related to the transfer of promised goods or services when control of goods or services passes to the customer. The amount of revenue recognized should reflect the consideration to which the entity expects to be entitled to in exchange for those goods or services.

Mandatory application date / Date of adoption by the Group

Mandatory for financial years commencing on or after January 1, 2018. Expected date of adoption by the Company is January 1, 2018.

IFRS 16 – *"Leases"*

Nature of change

The IASB has issued a new standard for the recognition of leases. This standard will replace:

- **IAS 17 – *"Leases"***
- **IFRIC 4 – "*Whether an arrangement contains a lease"***
- **SIC 15 – *"Operating leases – Incentives"***
- **SIC-27 – *"Evaluating the substance of transactions involving the legal form of a lease"***

Under IFRS 16, a lessee is required to:

- recognize all right of use assets and lease liabilities, with the exception of short term (under 12 months) and low value leases, on the statement of financial position. The liability is initially measured at the present value of future lease payments for the lease term. This includes variable lease payments that depend on an index or rate but excludes other variable lease payments. The right of use assets reflects the lease liability , initial direct cost, any lease payments made before the commencement date of the lease, less any lease incentives and, where applicable, provisions for dismantling and restoration.
- recognize depreciation right of use assets and interest on lease liabilities in the consolidated statement of profit or loss over the lease term.
- separate the total amount of cash paid into a principal portion (presented within financing activities) and interest portion (which the Group presents in operating activities) in the consolidated statement of cash flows.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Mandatory application date / Date of adoption by the Group

Mandatory for financial years commencing on or after January 1, 2019. Expected date of adoption by the Group: January 1, 2019.

4 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all quarters / periods / year presented.

4.1 Basis of consolidation and equity accounting

Subsidiaries

The consolidated financial statements of the Group incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Controls exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has all of the following three elements:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- exposure, or rights, to variable returns from its involvement with the investee and
- the ability to use its power over the investee to affect its returns

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company investments, transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies of the subsidiaries are consistent with those adopted by the Group.

Non-controlling interests in the results and equity of not wholly owned subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

***Joint* ventures**

A joint venture exists where the Group has a contractual arrangements (rights and obligations) in place, with one or more parties, to undertake activities typically, however not necessarily, through a legal entity that is subject to joint control.

Interests in joint ventures are accounted for using the equity method. The investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of:

- the post-acquisition profits or losses of the investee in the consolidated statement of profit or loss, and
- the movements in other comprehensive income of the investee in the consolidated statement of other comprehensive income.

The Group’s share of the results of joint ventures is based on the financial statements prepared up to consolidated statement of financial position date, adjusted to conform with the accounting polices of the Group, if any.

Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment when the right to receive a dividend is established.

When the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 4.10.

4.2 Foreign currency translation

Foreign currency transactions are translated into SAR at the rate of exchange prevailing at the date of the transaction first qualifies for recognition and are initially recorded by each entity in the Group.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of profit or loss.

4.3 Revenue recognition

Sales revenue is derived principally from the sale of goods and is measured at the fair value of the consideration received or receivable, after deducting discounts, volume rebates and other amounts collected on behalf of third parties.

Sales of goods are recognised when all the following conditions are met:

- the significant risks and rewards of ownership of goods have been transferred , which is considered to occur when title passes to the customer;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the Group;
- the costs incurred or to be incurred in respect of the sale can be measured reliably and
- the goods have been delivered to a contractually agreed location and/or physically transferred onto a vessel, train, conveyor or other delivery mechanism.

Sales of metal concentrate are stated at the invoiced amount, which is net of treatment or refining charges. Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date and is based on the market price at that time. Revenue on these sales is initially recognized (when all the above criteria are met), at the current market price. Provisionally priced sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This marked to market adjustment is recognized in sales.

Sale of by-products, which is not regarded as significant, is credited against production cost (Note 9).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

4.4 Selling, marketing and logistic expenses

Selling, marketing and logistic expenses comprise of all costs for selling and marketing the Group’s products and include expenses for advertising, marketing fees and other sales related overheads. Allocation between selling, marketing and logistic expenses and cost of sales are made on a consistent basis, when required.

4.5 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales or the selling, marketing and logistics activity of the Group. Allocation between general and administrative expenses and cost of sales, are made on a consistent basis, when required.

4.6 Earnings per share

Basic and diluted earnings per share from continuing operations is calculated by dividing:

- the profit from continuing operations attributable to ordinary shareholders of the parent company
- by the weighted average number of ordinary shares outstanding during the financial period / year.

The Group has not issued any potential ordinary shares, therefore the basic and diluted earnings per share are the same.

4.7 Mine properties and property, plant and equipment

Mine properties and property, plant and equipment

Freehold land is carried at historical cost and is not depreciated.

Property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition and development of the asset and includes:

- the purchase price
- costs directly attributable to bring the asset to its location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of any mine closure, rehabilitation and decommissioning obligation and
- for qualifying assets, that take a substantial period of time to get ready for their intended use, the applicable borrowing costs

Mine properties are depreciated using the unit of production ("UOP") method, based on economically recoverable proven and probable ore reserves of the mine concerned, except in the case of those mining assets whose economic useful life is shorter than the life of the mine, in which case the straight line method is applied.

Buildings and items of plant and equipment for which the consumption of economic benefit is linked primarily to utilization or to throughput rather than production, are depreciated at varying rates on a straight line basis over their economic useful lives or the life-of-mine ("LOM"), whichever is the shorter.

Depreciation is charged to the consolidated statement of profit or loss to allocate the costs of the related assets less their residual values over the following estimated economic useful lives:

	Number of years
• Civil works	4 – 50
• Buildings	9 – 40
• Heavy equipment	5 – 40
• Mobile and workshop equipment	5 – 40
• Laboratory and safety equipment	5
• Fixed plant and heap leaching facilities	4 – 20
• Other equipment	4 – 20
• Office equipment	4 – 10
• Furniture and fittings	4 – 10
• Computer equipment	4 – 5
• Motor vehicles	4
• Mine properties	Using UOP method over proven and probable reserves or straight line method over economic useful life, whichever is shorter

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the consolidated statement of profit or loss as and when incurred.

The assets' residual values and estimated economic useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the consolidated statement of profit or loss.

Borrowing costs related to qualifying assets are capitalised as part of the cost of the qualified assets until the commencement of commercial production.

Exploration and evaluation assets

Exploration and evaluation expenditure is expensed in the period / year in which it is incurred. Exploration expenditures relates to the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with:

- acquisition of the exploration rights to explore;
- topographical, geological, geochemical and geophysical studies;
- exploration drilling;
- trenching;
- sampling and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Evaluation expenditures relates to the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements in relation to both production and shipping;
- permitting activities and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibilities studies.

All exploration and evaluation costs are expensed until prospective mineral exploration project is identified as having economic development potential. The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body. Exploration and evaluation expenditures are capitalised as a tangible asset, if management determines that future economic benefits could be generated as a result of these expenditure.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralization of such mineral deposits, is capitalised as mine development cost following the completion of an economic evaluation equivalent to a feasibility study.

All exploration and evaluation costs incurred after management has concluded that economic benefit is more likely to be realized that not, i.e. “probable” and are capitalised as “Exploration and evaluation assets” only until the technical feasibility and commercial viability of extracting of mineral resource are demonstrable. Once the technical feasibility and commercial viability is demonstrable i.e. economic benefit will or will not be realised, the asset is tested for impairment and any impairment loss is recognised.

Exploration and evaluation assets are carried at historical cost less accumulated impairment. Exploration and evaluation assets are not depreciated.

For the purposes of exploration and evaluation assets only, one or more of the following facts and circumstances are considered for identifying whether or not exploration and evaluation asset may be impaired. These include the following:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once it has been identified that an exploration and evaluation asset may be impaired, the entity performs impairment and reversal of impairment on exploration and evaluation assets as specified in Note 17.

Based on the final technical scope, receipt of mining license and commercial feasibility, if the economic benefit will be realized and management intends to develop and execute the mine, the exploration and evaluation asset is transferred to “Mine under construction”.

Once the commissioning phase is successfully completed and the declaration of commercial production stage has been reached, the capitalized “Mine under construction“ is reclassified as “Producing mines”.

Cash flows attributable to capitalized exploration and evaluation assets are classified as investing activities in the consolidated statement of cash flows.

Stripping activity asset and stripping activity expense

Ma’aden incurs stripping (waste removal) costs during the development and production stage of its open pit mining operations.

Stripping costs incurred during the development stage of an open pit mine in order to access the underlying ore deposit are capitalised prior to the commencement of commercial production. Such costs are then amortised over the remaining life of the component of the ore body (for which access has improved), using the unit of production method over proven and probable reserves.

Stripping activities during production phase generally create two types of benefits being as follows:

- production of inventory or
- improved access to the ore to be mined in the future.

Where the benefits are realized in the form of inventory produced in the period under review, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realized in the form of improved access to the ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a ‘Stripping activity asset’, provided that all the following conditions are met:

- it is probable that the future economic benefits associated with the stripping activity will be realized,
- the component of the ore body for which the access has been improved can be identified and
- the costs relating to the stripping activity associated with the improved access can be reliably measured.

If all of the conditions are not met, the production stripping costs are charged to the consolidated statement of profit or loss, as production costs of inventories as they are incurred.

The stripping activity asset is initially measured at cost, being the directly attributable cost for mining activity which improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs. Incidental operations occurring at the same time as the production stripping activity which are not necessary for the production stripping activity to continue as planned are not included in the cost of the stripping activity asset.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing mining asset, being a tangible asset (based upon the nature of existing asset) as part of mine properties in the consolidated statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

4.8 Capital work-in-progress

Assets in the course of construction or development are capitalised in the capital work-in-progress account. The mine under construction or the asset under construction or development is transferred to the appropriate category in mine properties or property, plant and equipment or intangible assets (depending on the nature of the project), once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of capital work in progress comprises its purchase price, construction / development cost and any other directly attributable to the construction or acquisition of an item intended by management. Costs associated with commissioning the items (prior to its being available for use) are capitalised net of proceeds from the sale of any production during the commissioning period.

Capital work-in-progress is measured at cost less any recognized impairment.

Capital work-in-progress is not depreciated.

Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

4.9 Intangible assets

Intangible assets acquired separately are measured and initially recognised at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, where applicable.

Internally generated intangibles, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their respective economic useful lives, using the straight-line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation methods, residual values and estimated economic useful lives are reviewed at least annually. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	Number of years
• Contractual right to use (Infrastructure)	35
• ERP System	4 - 10
• Plant technology development	5 – 7
• IT Software and licenses (mine related)	Over life of mine using straight line method

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognized.

4.10 Impairment of mine properties, property, plant and equipment and intangible assets

At each reporting date, the Group reviews the carrying amounts of its mine properties, property, plant and equipment and intangible assets to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit (“CGU”) to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal (“FLCD”) or value in use (“VIU”). In assessing VIU, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the operating section of the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU 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 been recognized for the asset or CGU. A reversal of an impairment loss is recognized in the operating section of the consolidated statement of profit or loss.

4.11 Inventories

Finished goods

Finished goods are measured at the lower of unit cost of production or net realizable value. The unit cost of production is determined as the total cost of production divided by the saleable unit output.

Total cost of production assigned to inventories on hand at the reporting date comprises of:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore and the amortisation of any deferred stripping assets;
- direct production overheads and
- the revenue generated from the sale of by-products is credited against production costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

By-products are valued at net realizable value, with reference to the spot price of the commodities ruling at the reporting date.

Work-in-process

The cost of work-in-process is determined using unit cost of production for the period based on percentage of completion at the applicable stage, the estimated recoverable content:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore, and production activities.;
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore, and the amortisation of any deferred stripping assets and
- direct production overheads;

Net realizable value is the estimated selling price in the ordinary course of business using the same percentage of completion at the applicable stage, the estimated recoverable content less any selling expense.

Ore stockpiles

Ore stockpiles represent ore that has been extracted from the mine, and considered to be of future economic benefits under current prices and is available for further processing. Cost of ore stockpile is determined by using the weighted-average method. If the ore is considered not to be economically viable it is expensed immediately.

If there is significant uncertainty as to when the stockpiled ore will be processed, the cost is expensed as incurred. Where the future processing of this ore can be predicted with confidence because it exceeds the mine's cut-off grade and is economically viable, it is valued at the lower of cost of production or net realizable value. Quantities and grades of stockpiles and work-in-process are assessed primarily through surveys and assays.

Spares and consumables

Spares and consumable inventory are valued at lower of cost or net realizable value. Cost is determined on the weighted average cost basis. An allowance for obsolete and slow moving items, if any, is estimated at each reporting date.

Net realizable value is the estimated replacement cost of consumable material / spare parts.

Raw materials

Raw materials are valued at the lower of cost or net realizable value. Cost is determined on the weighted average cost basis.

Net realizable value is the estimated selling price less selling expenses.

4.12 Trade and other receivables

Trade receivables are carried at the original sales invoice amount less an allowance for doubtful debt. An allowance for doubtful debt is created only, if there is objective evidence that a trade receivable is not recoverable.

Such allowances for doubtful debt are charged to the consolidated statement of profit or loss and reported under "General and administrative expenses". When a trade receivable is uncollectible, it is written-off against the impairment allowance in the consolidated statement of profit or loss. When a subsequent event causes the amount of allowance for doubtful debt to decrease, the decrease in the allowance for doubtful debt is reversed through the consolidated statement of profit or loss.

4.13 Time deposits

Time deposits include placements with banks and other short term highly liquid investments, with original maturities of more than three months but not more than one year from the date of acquisition.

4.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash held at banks and time deposits with an original maturity of three months or less at the date of acquisition, which are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents that are not available for use by the Group are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows. Restricted cash and cash equivalents are related to the employees' savings plan program, see Notes 4.20 and 29.

4.15 Financial assets and liabilities

Financial assets and financial liabilities carried in the consolidated statement of financial position. Financial assets principally include other investments, due from joint venture partners, trade and other receivable, time deposits and cash and cash equivalents. Financial liabilities include amounts due to a joint venture partner, Long-term borrowings, trade, projects and other payables and accrued expenses.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial liability is recognised initially at fair value, less attributable transaction costs. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

The Group determines the classification of its financial liabilities at initial recognition.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss.

The Group holds debt instruments for collection of contractual cash flows representing solely the payments of principal and interest. Hence, all debt instruments held by the Group are subsequently measured at amortised cost.

Interest income from these financial assets is included in finance income using the effective interest rate method.

Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in the consolidated statement of profit or loss over the period of borrowings on an effective interest basis.

Impairment and uncollectibility of financial assets

An assessment is made at each consolidated statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of other comprehensive income. Impairment is determined as follows:

- for assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of comprehensive income;
- for assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- for assets carried at amortised cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the original effective interest rate.

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 46.2 details how the Group determines whether there has been a significant increase in credit risk.

Offsetting a financial asset and a financial liability

A financial asset and liability is offset and net amount reported in the consolidated financial statements, when the Group has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

4.16 Long-term borrowings

Long-term borrowings are initially recognised at the fair value (being proceeds received, net of eligible transaction costs incurred) if any. Subsequent to initial recognition long-term borrowings are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss over the period of the long-term borrowings using the effective interest method.

Fees paid on the establishment of the loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.
Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss as other income or finance cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred in the consolidated statement of profit or loss.

4.17 Provisions

Provisions are recognised when the Group has:

- a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic resources will be required to settle the obligation in the future and
- a reliable estimate can be made of the amount of the obligation

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects time value of money, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of the finance cost in the consolidated statement of profit or loss.

4.18 Provision for decommissioning, site rehabilitation and dismantling obligations

The mining, extraction and processing activities of the Group normally give rise to obligations for mine closure decommissioning, site rehabilitation and plant dismantling (collectively referred to as “decommissioning site rehabilitation and dismantling obligations”). Decommissioning and site restoration work can include facility decommissioning and dismantling of plant and buildings; removal or treatment of waste materials, site and land rehabilitation. The extent of the work required and the associated costs are dependent on the requirements of current laws and regulations work.

The full estimated cost is discounted to its present value and capitalised as part of “Mine under construction” and once it has been transferred to “Mine properties” it is then depreciated as an expense over the expected life-of-mine using unit production method.

Costs included in the provision includes all decommissioning obligations expected to occur over the life-of-mine and at the time of closure in connection with the mining activities being undertaken at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation. The timing of the actual decommissioning expenditure is dependent upon a number of factors such as:

- the life-of-mine;
- developments in technology;
- the operating license conditions;
- the environment in which the mine operates; and
- changes in economic sustainability.

Adjustments to the estimated amount and timing of future decommissioning cash flows are a normal occurrence in light of the significant judgments and estimates involved. Such adjustments are recorded as an increase in liability and a corresponding increase in the mine related asset. Factors influencing those adjustments include:

- revisions to estimated ore reserves, mineral resources and lives of mines;
- developments in technology;
- regulatory requirements and environmental management strategies;
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation; and
- changes in economic sustainability.

4.19 Leasing

Leases are classified as finance leases whenever the lease transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee. Finance leases are capitalised on the lease’s commencement date at the lower of the fair value of the leased property or the present value of the minimum future lease payments.

Each finance lease payment is allocated between the liability and the finance cost. The corresponding rental obligations, net of finance cost, are included in non-current liabilities. The interest element of the finance cost is charged to the consolidated statement of profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period. Asset acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

All other leases are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of profit or loss on a straight line basis over the term of the operating lease.

4.20 Employees' benefits

Employees' savings plan program

In accordance with Article 145 of the Labor Regulations, and in furtherance to Article 76 of the Company's Internal Work Regulation, approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to July 19, 1999), issued by His Highness the Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Group to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Group.

Participation in the Savings Plan Program is restricted to Saudi Nationals only and optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of SR 300 per month.
The Group will contribute an amount equaling 10% of the monthly savings of each member per year for the first year and increase it by 10% per year in the years there after until it reaches 100% in the 10th year, which will in turn be credited to the savings accounts of the employee. The Group's portion is charged to consolidated statement of profit or loss on a monthly basis. The Group's portion will only be paid upon termination or resignation of the employee.

Other short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled in full, within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Home owners plan

The interest cost associated with the funding of the acquisition or construction of the employees' house is borne by the Group in accordance with the approved Home owners plan, and expensed as part of employees' cost.

Employees' end-of-service benefits

The liability recognized in the consolidated statement of financial position in respect of the defined end-of-service-benefits plan, is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Since the Kingdom of Saudi Arabia has no deep market in high-quality corporate bonds, the market rates of high-quality corporate bonds of the United States of America are used to present value the defined benefit obligation by discounting the estimated future cash outflows.

The net finance cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in the consolidated statement of other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

4.21 Projects, other payables and accrued expenses

Liabilities in respect of contract costs for capital projects (including trade payables) are recognised at amounts to be paid for goods and services received. The amount recognised is discounted to the present value of the future obligations using the respective entity's incremental borrowing rate; unless they are due in less than one year.

Liabilities in respect of other payables are recognised at amounts expected to be paid for goods and services received.

(All amounts in Saudi Riyals unless otherwise stated)

4.22 Zakat, income tax, withholding tax and deferred tax

The Company is subject to zakat in accordance with the regulations of the General Authority for Zakat and Income Tax (the “GAZT”). A provision for zakat for the Company and zakat related to the Company’s wholly owned subsidiaries is charged to the consolidated statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Foreign shareholders in subsidiaries are subject to income tax, which is included in their share of non-controlling interest in the consolidated statement of profit or loss.

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

The tax expense includes the current tax and deferred tax charge recognized in the consolidated statement of profit or loss.

Current tax payable is based on taxable profit for the quarter / period / year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, joint arrangements and associates except where the Group is be able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the consolidated statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

4.23 Severance fees

Effective from year 2005 onwards, as per Article No. 71 of the Saudi Mining Investment Code issued based on the Royal Decree No. 47/M dated 20 Sha’aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is the lower. The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated statement of profit or loss (Notes 9 and 40).

However, the minimum severance fee payable for a small mine license based on sales is:

Minerals	**Basis**	**Rate**
Low grade bauxite	Actual metric tonnes sold	SAR 1.50 per metric tonne
Kaolin	Actual metric tonnes sold	SAR 2.25 per metric tonne
Magnesia	Actual metric tonnes sold	SAR 4.50 per metric tonne

The minimum severance fee payable is SAR 90,000 if the minimum mining capacity is not achieved. Provision for severance fees is charged to the cost of sales in the consolidated statement of profit or loss and not included in the valuation of inventory.

5 First time adoption of IFRS

These consolidated interim financial statements, for the quarter and six months ended June 30, 2017, have been prepared in accordance with IFRS and other pronouncements that are issued by SOCPA ,as endorsed in the Kingdom of Saudi Arabia. For periods up to and including the year ended December 31, 2016, the Group prepared its consolidated financial statements in accordance with the accounting standards promulgated by SOCPA.

Accordingly, the Group has prepared consolidated interim financial statements that comply with IFRS and other pronouncements that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia, together with the comparative period data for the quarter and six months ended June 30, 2016 and the year ended December 31, 2016, as described in the summary of significant accounting policies (Note 4).

This note explains the principal adjustments made by the Group in preparing:

- the opening consolidated statement of financial position as at January 1, 2016, the Group's date of transitioning from SOCPA to IFRS and the reclassification of the SOCPA balance sheet as at December 31, 2015 (see the reconciliation in Note 5.2 and the explanatory notes in Note 5.8);
- the comparative consolidated interim statement of financial position as at June 30, 2016 (see the reconciliation in Note 5.3), the comparative consolidated interim statement of profit or loss and other comprehensive income for the quarter and six months ended June 30, 2016 (see the reconciliation in Note 5.5 and 5.6) and
- the comparative consolidated statement of financial position as at December 31, 2016 (see the reconciliation in Note 5.4), the comparative consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2016 (see the reconciliation in Note 5.7).

5.1 Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements Under other IFRS. The Group has applied at the date of transition, the following exemptions, provided for in IFRS:

- Paragraph D9 and D9A of IFRS 1 for measuring leased assets and obligations
- Paragraph D21 of IFRS 1 for measuring the decommissioning obligations
- Paragraph D32 of IFRS 1 for measuring the stripping activity asset

(All amounts in Saudi Riyals unless otherwise stated)

5.2 Reconciliation of the opening consolidated statement of financial position of IFRS to SOCPA as at January 1, 2016 (date of transition to IFRS)

	Notes	IFRS as at January 1, 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at December 31, 2015
Assets					
Non-current assets					
Mine properties	5.8.1	**8,149,210,130**	7,950,297,772	198,912,358	-
Property, plant and equipment	5.8.2	**33,299,548,961**	(2,996,946,085)	(385,693,501)	36,682,188,547
Capital work-in-progress	5.8.3	**33,505,471,004**	(4,655,557,338)	(2,241,405,495)	40,402,433,837
Exploration and evaluation assets	5.8.1	**-**	(233,233,575)	-	233,233,575
Deferred stripping expense	5.8.1	**-**	(41,181,348)	(2,991,643)	44,172,991
Intangible assets	5.8.4	**374,949,546**	-	2,522,984	372,426,562
Investment in joint ventures	5.8.5	**828,680,585**	-	(372,774,239)	1,201,454,824
Deferred tax assets	5.8.6	**248,382,944**	-	248,382,944	-
Other investments		**50,000,000**	-	-	50,000,000
Advances and prepayments		**21,645,868**	-	-	21,645,868
Total non-current assets		**76,477,889,038**	23,379,426	(2,553,046,592)	79,007,556,204
Current assets					
Due from joint venture partners		**720,000,000**	-	-	720,000,000
Advances and prepayments	5.8.11	**229,304,473**	-	(19,411,566)	248,716,039
Inventories	5.8.7	**2,918,468,061**	(23,379,426)	-	2,941,847,487
Trade and other receivables	5.8.8	**1,251,146,787**	-	(996,824)	1,252,143,611
Time deposits		**899,052,989**	-	-	899,052,989
Cash and cash equivalents		**4,308,309,524**	-	-	4,308,309,524
Total current assets		**10,326,281,834**	(23,379,426)	(20,408,390)	10,370,069,650
Total assets		**86,804,170,872**	-	(2,573,454,982)	89,377,625,854
Equity and liabilities					
Equity					
Share capital		**11,684,782,610**	-	-	11,684,782,610
Statutory reserve					
Share premium		**8,391,351,697**	-	-	8,391,351,697
Transfer of net income		**757,911,634**	-	-	757,911,634
Retained earnings	5.2.2	**4,516,270,879**	-	(1,948,091,550)	6,464,362,429
Equity attributable to shareholders' of the parent company		**25,350,316,820**	-	(1,948,091,550)	27,298,408,370
Non-controlling interest	5.2.3	**7,783,292,852**	-	(313,218,088)	8,096,510,940
Total equity		**33,133,609,672**	-	(2,261,309,638)	35,394,919,310
Non-current liabilities					
Deferred tax liabilities	5.8.6	**164,155,080**	-	164,155,080	-
Due to a joint venture partner	5.8.3	**184,929,613**	-	(115,773,750)	300,703,363
Long-term borrowings	5.8.9	**42,744,072,108**	-	(523,645,986)	43,267,718,094
Provision for decommissioning, site rehabilitation and dismantling obligations	5.8.10	**255,190,219**	-	97,078,345	158,111,874
Non-current portion of obligation under finance lease	5.8.11	**95,413,846**	-	68,380,653	27,033,193
Employees' benefits	5.8.12	**405,720,553**	-	52,416,223	353,304,330
Projects, trade and other payables	5.8.13	**981,303,164**	(279,162,159)	(73,922,306)	1,334,387,629
Total non-current liabilities		**44,830,784,583**	(279,162,159)	(331,311,741)	45,441,258,483
Current liabilities					
Projects, trade and other payables	5.8.13	**2,089,175,160**	279,162,159	-	1,810,013,001
Accrued expenses		**4,520,925,588**	-	-	4,520,925,588
Zakat payable		**50,962,237**	-	-	50,962,237
Severance fees payable		**16,096,147**	-	-	16,096,147
Current portion of obligation under finance lease	5.8.11	**31,297,581**	-	19,166,397	12,131,184
Current portion of long-term borrowings		**2,131,319,904**	-	-	2,131,319,904
Total current liabilities		**8,839,776,617**	279,162,159	19,166,397	8,541,448,061
Total liabilities		**53,670,561,200**	-	(312,145,344)	53,982,706,544
Total equity and liabilities		**86,804,170,872**	-	(2,573,454,982)	89,377,625,854

(All amounts in Saudi Riyals unless otherwise stated)

5.2.1 Reconciliation of retained earnings under IFRS as at January 1, 2016 and retained earnings under SOCPA as at December 31, 2015

	Notes	
Effect of re-measurements on transition:		
Increase in accumulated depreciation on capital spares		(4,240,293)
Decrease in stripping activity asset		(2,991,643)
Effect of mine closure asset		(6,060,896)
Increase in accumulated depreciation due to componentization of plant and equipment recorded under mine properties and property, plant and equipment	5.8.1	(120,055,436)
Decrease due to write-off of ineligible cost recorded under capital work-in-progress	5.8.3	(34,594,000)
Decrease due to impairment of capital work-in-progress	5.2.4	(1,800,476,250)
Decrease due to impairment of investment in a joint venture	5.2.4	(372,774,239)
Decrease in amortization of intangible assets due to change in useful life		3,913,398
Decrease due to write-off of intangible assets		(1,390,414)
Impact of deferred tax		84,227,864
Re-measurement of borrowings under effective interest rate method		(29,259,056)
Re-measurement of provision for decommissioning, site rehabilitation and dismantling obligation		(795,725)
Adjustment for finance lease		(27,405)
Re-measurement of employees' termination benefits obligation		(49,711,025)
Decrease in value of long-term liabilities due to discounting		73,922,305
Adjustment for provisional pricing		(996,823)
Total		**(2,261,309,638)**
Effect of re-measurement is attributable to:		
Retained earnings of shareholders' of the parent company	5.2.2	(1,948,091,550)
Equity of non-controlling interest	5.2.3	(313,218,088)
Total		**(2,261,309,638)**

5.2.2 Reconciliation of retained earnings under IFRS as at January 1, 2016 and retained earnings under SOCPA as at December 31, 2015, attributable to shareholders' of the parent company

	Notes	IFRS as at January 1, 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at December 31, 2015
January 1, 2016	5.2, 5.2.1,5.3.1	**4,516,270,879**	-	(1,948,091,550)	6,464,362,429

5.2.3 Reconciliation of equity of non-controlling interest under IFRS as at January 1, 2016 and equity of non-controlling interest under SOCPA as at December 31, 2015

	Notes	IFRS as at January 1, 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at December 31, 2015
January 1, 2016	5.2, 5.2.1,5.3.1	**7,783,292,852**	-	(313,218,088)	8,096,510,940

(All amounts in Saudi Riyals unless otherwise stated)

5.2.4 Impairment of non-current assets

	Notes	
Capital work in progress		
Autosheet project at cost (Ma'aden Corporate)		461,250,000
Less: Joint venture partner's 25.1% share of the impairment loss, adjusted against the amount due to a joint venture partner	34	(115,773,750)
Share of impairment attributable to shareholders' of the parent company		345,476,250
Plant and equipment (MRC)		1,455,000,000
Total impairment charged against opening retained earnings	5.2.1	**1,800,476,250**
Investment in joint venture		
Impairment of carrying value of investment in joint venture	21.2	324,775,820
Additional contribution	21.2	47,998,419
Impairment charged against opening retained earnings	21.2, 5.2.1	**372,774,239**

There is a difference between IFRS and SOCPA in the initial calculation of the impairment test i.e. the formal estimate of the asset's recoverable amount as set out in IAS 36.

Under SOCPA the execution of the impairment test is carried out in a two stage process namely:

- Comparing the undiscounted estimated future cash flows derived from the utilization of the asset (recoverable amount) with the carrying value of that asset in the financial records. If the undiscounted recoverable amount exceeds the carrying amount of the asset the conclusion is that there is no impairment.
- If, however the undiscounted recoverable amount is less than the carrying amount the next step is to discount the estimated future cash flows, by using an appropriate discount rate to its present value. The amount by which the carrying value of an asset exceeds the present value of the recoverable amount represents the quantum of the impairment. This represents the amount by which the carrying amount is adjusted by.

Under IFRS an impairment test is required to be performed if indications of impairment exist (IAS 36.9). The recoverable amount is then calculated using the discounted estimated future cash flows, immediately. Invariably this leads to an earlier recognition of impairment compared to SOCPA.

(All amounts in Saudi Riyals unless otherwise stated)

5.3 Reconciliation of the consolidated interim statement of financial position of IFRS to SOCPA as at June 30, 2016

	Notes	IFRS as at June 30, 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at June 30, 2016
Assets					
Non-current assets					
Mine properties	5.8.1	**8,971,496,653**	8,756,077,108	215,419,545	-
Property, plant and equipment	5.8.2	**32,592,911,722**	(4,871,568,760)	(403,756,755)	37,868,237,237
Capital work-in-progress	5.8.3	**38,066,867,575**	(3,571,063,047)	(2,210,162,516)	43,848,093,138
Exploration and evaluation assets	5.8.1	**-**	(244,735,450)	-	244,735,450
Deferred stripping expense	5.8.1	**-**	(45,330,425)	3,557,202	41,773,223
Intangible assets	5.8.4	**379,050,075**	-	6,728,257	372,321,818
Investment in joint ventures	5.8.5	**828,680,585**	-	(332,969,227)	1,161,649,812
Deferred tax assets	5.8.6	**280,847,845**	-	280,847,845	-
Other investments		**50,000,000**	-	-	50,000,000
Advances and prepayments		**17,386,312**	-	-	17,386,312
Total non-current assets		**81,187,240,767**	23,379,426	(2,440,335,649)	83,604,196,990
Current assets					
Due from joint venture partners		**450,000,000**	-	-	450,000,000
Advances and prepayments		**229,054,047**	-	(16,823,358)	245,877,405
Inventories	5.8.7	**2,850,319,400**	(23,379,426)	-	2,873,698,826
Trade and other receivables	5.8.8	**1,313,473,187**	-	4,890,390	1,308,582,797
Time deposits		**4,993,750,000**	-	-	4,993,750,000
Cash and cash equivalents		**3,221,369,400**	-	-	3,221,369,400
Total current assets		**13,057,966,034**	(23,379,426)	(11,932,968)	13,093,278,428
Total assets		**94,245,206,801**	-	(2,452,268,617)	96,697,475,418
Equity and liabilities					
Equity					
Share capital		**11,684,782,610**	-	-	11,684,782,610
Statutory reserve					
Share premium		**8,391,351,697**	-	-	8,391,351,697
Transfer of net income		**757,911,634**	-	-	757,911,634
Retained earnings	5.3.1	**4,881,793,385**	-	(1,883,942,464)	6,765,735,849
Equity attributable to shareholders' of the parent company		**25,715,839,326**	-	(1,883,942,464)	27,599,781,790
Non-controlling interest	5.3.2	**7,944,475,077**	-	(327,722,231)	8,272,197,308
Total equity		**33,660,314,403**	-	(2,211,664,695)	35,871,979,098
Non-current liabilities					
Deferred tax liabilities	5.8.6	**206,847,003**	-	206,847,003	-
Due to a joint venture partner	5.8.3	**191,016,363**	-	(115,773,750)	306,790,113
Long-term borrowings	5.8.9	**51,029,550,606**	-	(484,137,061)	51,513,687,667
Provision for decommissioning, site rehabilitation and dismantling obligations	5.8.10	**261,929,291**	-	104,869,726	157,059,565
Non-current portion of obligation under finance lease	5.8.11	**78,925,928**	-	58,441,023	20,484,905
Employees' benefits	5.8.12	**445,236,636**	-	53,057,088	392,179,548
Projects, trade and other payables	5.8.13	**1,463,268,814**	(326,093,349)	(83,547,664)	1,872,909,827
Total non-current liabilities		**53,676,774,641**	(326,093,349)	(260,243,635)	54,263,111,625
Current liabilities					
Projects, trade and other payables	5.8.13	**1,759,246,528**	326,093,349	-	1,433,153,179
Accrued expenses		**3,596,634,197**	-	-	3,596,634,197
Zakat payable		**25,809,787**	-	-	25,809,787
Severance fees payable		**6,561,445**	-	-	6,561,445
Current portion of obligation under finance lease	5.8.11	**32,409,038**	-	19,639,713	12,769,325
Current portion of long-term borrowings		**1,487,456,762**	-	-	1,487,456,762
Total current liabilities		**6,908,117,757**	326,093,349	19,639,713	6,562,384,695
Total liabilities		**60,584,892,398**	-	(240,603,922)	60,825,496,320
Total equity and liabilities		**94,245,206,801**	-	(2,452,268,617)	96,697,475,418

(All amounts in Saudi Riyals unless otherwise stated)

5.3.1 Reconciliation of retained earnings under IFRS and SOCPA as at June 30, 2016, attributable to shareholders' of the parent company

	Notes	IFRS as at June 30, 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at June 30, 2016
January 1, 2016	5.2.2	**4,516,270,879**	-	(1,948,091,550)	6,464,362,429
Profit for the period	5.6	**365,522,506**	-	64,149,086	301,373,420
June 30, 2016	5.3	**4,881,793,385**	-	(1,883,942,464)	6,765,735,849

5.3.2 Reconciliation of equity of non-controlling interest under IFRS and SOCPA as at June 30, 2016

	Notes	IFRS as at June 30, 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at June 30, 2016
January 1, 2016	5.2.3	**7,783,292,852**	-	(313,218,088)	8,096,510,940
Profit for the period	5.6	**11,182,225**	-	(14,504,143)	25,686,368
Dividends paid during the period	33.3	**(450,000,000)**	-	-	(450,000,000)
Increase in non-controlling interest during the period	33.3	**600,000,000**	-	-	600,000,000
June 30, 2016	5.3	**7,944,475,077**	-	(327,722,231)	8,272,197,308

(All amounts in Saudi Riyals unless otherwise stated)

5.4 Reconciliation of the consolidated statement of financial position of IFRS to SOCPA as at December 31, 2016

	Notes	IFRS as at December 31, 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at December 31, 2016
Assets					
Non-current assets					
Mine properties	5.8.1	**9,246,550,952**	9,099,666,015	146,884,937	-
Property, plant and equipment	5.8.2	**42,459,053,601**	(5,921,208,744)	(507,288,676)	48,887,551,021
Capital work-in-progress	5.8.3	**29,184,633,886**	(2,814,051,029)	(2,638,597,475)	34,637,282,390
Exploration and evaluation assets	5.8.1	**-**	(269,803,530)	-	269,803,530
Deferred stripping expense	5.8.1	**-**	(71,223,286)	(6,120,990)	77,344,276
Intangible assets	5.8.4	**374,448,577**	-	5,325,369	369,123,208
Investment in joint ventures	5.8.5	**832,406,115**	-	(295,260,561)	1,127,666,676
Deferred tax assets	5.8.6	**378,439,046**	-	378,439,046	-
Other investments		**50,000,000**	-	-	50,000,000
Advances and prepayments		**29,730,480**	-	-	29,730,480
Total non-current assets		82,555,262,657	23,379,426	(2,916,618,350)	85,448,501,581
Current assets					
Advances and prepayments		**140,559,012**	-	(14,235,150)	154,794,162
Inventories	5.8.7	**3,092,993,891**	(23,379,426)	-	3,116,373,317
Trade and other receivables	5.8.8	**1,273,216,903**	-	298,225	1,272,918,678
Time deposits		**2,711,000,000**	-	-	2,711,000,000
Cash and cash equivalents		**4,369,714,529**	-	-	4,369,714,529
Total current assets		11,587,484,335	(23,379,426)	(13,936,925)	11,624,800,686
Total assets		94,142,746,992	-	(2,930,555,275)	97,073,302,267
Equity and liabilities					
Equity					
Share capital		**11,684,782,610**	-	-	11,684,782,610
Statutory reserve					
Share premium		**8,391,351,697**	-	-	8,391,351,697
Transfer of net income		**797,975,542**	-	-	797,975,542
Retained earnings	5.4.1	**4,467,903,955**	-	(2,357,033,646)	6,824,937,601
Equity attributable to shareholders' of the parent company		**25,342,013,804**	-	(2,357,033,646)	27,699,047,450
Non-controlling interest	5.4.2	**7,794,301,046**	-	(450,943,519)	8,245,244,565
Total equity		33,136,314,850	-	(2,807,977,165)	35,944,292,015
Non-current liabilities					
Deferred tax liabilities	5.8.6	**274,328,467**	-	274,328,467	-
Due to a joint venture partner	5.8.3	**191,016,363**	-	(115,773,750)	306,790,113
Long-term borrowings	5.8.9	**50,778,534,391**	-	(444,628,135)	51,223,162,526
Provision for decommissioning, site rehabilitation and dismantling obligations	5.8.10	**269,522,564**	-	112,445,535	157,077,029
Non-current portion of obligation under finance lease	5.8.11	**61,598,017**	-	48,255,936	13,342,081
Employees' benefits	5.8.12	**489,756,229**	-	64,623,160	425,133,069
Projects, trade and other payables	5.8.13	**1,230,757,918**	(793,626,305)	(81,954,040)	2,106,338,263
Total non-current liabilities		53,295,513,949	(793,626,305)	(142,702,827)	54,231,843,081
Current liabilities					
Projects, trade and other payables	5.8.13	**2,201,826,667**	793,626,305	-	1,408,200,362
Accrued expenses		**2,629,438,338**	-	-	2,629,438,338
Zakat payable		**85,308,278**	-	-	85,308,278
Severance fees payable		**8,270,636**	-	-	8,270,636
Current portion of obligation under finance lease	5.8.11	**33,565,757**	-	20,124,717	13,441,040
Current portion of long-term borrowings		**2,752,508,517**	-	-	2,752,508,517
Total current liabilities		7,710,918,193	793,626,305	20,124,717	6,897,167,171
Total liabilities		61,006,432,142	-	(122,578,110)	61,129,010,252
Total equity and liabilities		94,142,746,992	-	(2,930,555,275)	97,073,302,267

(All amounts in Saudi Riyals unless otherwise stated)

5.4.1 Reconciliation of retained earnings under IFRS and SOCPA as at December 31, 2016, attributable to shareholders' of the parent company

	Notes	IFRS as at December 31, 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at December 31, 2016
January 1, 2016	5.2.2	**4,516,270,879**	-	(1,948,091,550)	6,464,362,429
(Loss) / profit for the year	5.6	**(10,739,221)**	-	(411,378,301)	400,639,080
Other comprehensive income – Re-measurement of employees' termination benefits obligation	5.6	**2,436,205**	-	2,436,205	-
Net income transferred to statutory reserves	32	**(40,063,908)**	-	-	(40,063,908)
December 31, 2016	5.4	**4,467,903,955**	-	(2,357,033,646)	6,824,937,601

5.4.2 Reconciliation of equity of non-controlling interest under IFRS and SOCPA as at December 31, 2016

	Notes	IFRS as at December 31, 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at December 31, 2016
January 1, 2016	5.2.3	**7,783,292,852**	-	(313,218,088)	8,096,510,940
Loss for the year	5.6	**(137,133,223)**	-	(137,059,811)	(73,412)
Other comprehensive loss – Re-measurement of employees' termination benefits obligation	33.3	**(665,620)**	-	(665,620)	-
Dividend paid during the year	33.3	**(451,192,963)**	-	-	(451,192,963)
Increase in non-controlling interest during the year	33.3	**600,000,000**	-	-	600,000,000
December 31, 2016	5.4	**7,794,301,046**	-	(450,943,519)	8,245,244,565

(All amounts in Saudi Riyals unless otherwise stated)

5.5 Reconciliation of consolidated interim statement of profit or loss and other comprehensive income of IFRS to SOCPA for the quarter ended June 30, 2016

	Notes	IFRS for the quarter ended June 30, 2016	Correction of errors	Remeasure–ments due to transition	SOCPA for the quarter ended June 30, 2016
Sales	5.5.1A	**2,551,704,388**	-	5,548,364	2,546,156,024
Cost of sales	5.5.1B	**(1,970,759,143)**	-	34,481,816	(2,005,240,959)
Gross profit		**580,945,245**	-	40,030,180	540,915,065
Operating expenses					
Selling, marketing and logistic expenses	5.5.1C	**(113,946,469)**	-	(44,584)	(113,901,885)
General and administrative expenses	5.5.1D	**(86,205,762)**	-	1,594,901	(87,800,663)
Exploration and technical services expenses	5.5.1E	**(11,036,093)**	-	668,422	(11,704,515)
Write-off of plant and equipment		**(1,030,004)**	-	-	(1,030,004)
Operating profit		**368,726,917**	-	42,248,919	326,477,998
Other income / (expenses)					
Income from time deposits		**43,910,585**	-	-	43,910,585
Finance cost	5.5.1F	**(219,963,595)**	-	(22,021,193)	(197,942,402)
Other income, net		**1,526,741**	-	-	1,526,741
Share of net loss of joint ventures accounted for using the equity method	5.5.1G	**-**	-	14,732,700	(14,732,700)
Profit before zakat and income tax		**194,200,648**	-	34,960,426	159,240,222
Zakat expenses	39.2	**(16,756,345)**	-		(16,756,345)
Income tax	22.1	**(1,228,583)**	-	(1,228,583)	-
Profit for the quarter		**176,215,720**	-	33,731,843	142,483,877
Other comprehensive income					
Re-measurements of employees' termination benefit obligations		**-**	-	-	-
Other comprehensive income for the quarter		**-**	-	-	-
Total comprehensive income for the quarter		**176,215,720**	-	33,731,843	142,483,877
Profit for the quarter is attributable to:					
Shareholders' of the parent company	5.3.1	**171,219,482**	-	38,767,062	132,452,420
Non-controlling interest	5.3.2	**4,996,238**	-	(5,035,219)	10,031,457
		176,215,720	-	33,731,843	142,483,877

(All amounts in Saudi Riyals unless otherwise stated)

5.5.1 Breakdown of adjustments affecting consolidated interim statement of profit or loss and other comprehensive income on transition to IFRS from SOCPA for the quarter ended June 30, 2016

		Notes	
5.5.1A	**Sales**		
	Adjustment arising due to prior quarter provisional pricing	5.8.8	1,342,001
	Adjustment arising due to current quarter provisional pricing	5.8.8	4,206,363
	Total		**5,548,364**
5.5.1B	**Cost of sales**		
	Decrease in depreciation of mine properties	5.8.1	12,560,881
	Increase in stripping activity asset	5.8.1	8,548,842
	Adjustment arising from depreciation on mine closure and rehabilitation asset	5.8.1	(305,247)
	Adjustment arising from depreciation due to componentization of property, plant and equipment	5.8.2	6,882,841
	Reversal of amortization for the capitalized transaction cost	5.8.2	3,105,483
	Adjustment arising from amortization of intangible assets	5.8.4	1,729,382
	Depreciation charged on capital spares	5.8.7	(1,254,809)
	Adjustment arising due to prior quarter provisional pricing	5.8.8	1,918,964
	Adjustment arising due to current quarter provisional pricing	5.8.8	684,026
	Accumulated adjustment for finance lease	5.8.11	454,856
	Re-measurement of employees' termination benefits obligation	5.8.12	156,597
	Total		**34,481,816**
5.5.1C	**Selling, marketing and logistic expenses**		
	Re-measurement of employees' termination benefits obligation	5.8.12	**(44,584)**
5.5.1D	**General and administrative expenses**		
	Adjustment arising from depreciation due to componentization of property, plant and equipment	5.8.2	440,534
	Adjustment arising from amortization of intangible assets	5.8.4	466,997
	Intangible cost written-off during the period in SOCPA reversed due to opening IFRS adjustment	5.8.4	-
	Accumulated adjustment for finance lease	5.8.11	34,476
	Re-measurement of employees' termination benefits obligation	5.8.12	652,894
	Total		**1,594,901**
5.5.1E	**Exploration and technical services expenses**		
	Accumulated adjustment for finance lease	5.8.11	777
	Re-measurement of employees' termination benefits obligation	5.8.12	667,645
	Total		**668,422**
5.5.1F	**Finance cost**		
	Amortization of transaction cost under effective interest rate method	5.8.9	(8,517,475)
	Accretion of provision for decommissioning, site rehabilitation and dismantling obligations	5.8.10	(4,181,173)
	Unwinding of discount of non-current obligations under finance lease	5.8.11	(993,186)
	Accretion of employees' termination benefits obligation	5.8.12	(3,725,671)
	Increase due to unwinding of long-term liability	5.8.13	(4,603,688)
	Total		**(22,021,193)**
5.5.1G	**Share in net loss of joint ventures accounted for using the equity method**		
	Reversal of share in net loss of SAMAPCO	5.8.5	**14,732,700**

(All amounts in Saudi Riyals unless otherwise stated)

5.6 Reconciliation of consolidated interim statement of profit or loss and other comprehensive income of IFRS to SOCPA for the six months ended June 30, 2016

	Notes	IFRS for the period ended June 30, 2016	Correction of errors	Remeasure–ments due to transition	SOCPA for the period ended June 30, 2016
Sales	5.6.1A	**4,822,136,214**	-	2,894,656	4,819,241,558
Cost of sales	5.6.1B	**(3,746,334,204)**	-	33,910,325	(3,780,244,529)
Gross profit		**1,075,802,010**	-	36,804,981	1,038,997,029
Operating expenses					
Selling, marketing and logistic expenses	5.6.1C	**(201,672,490)**	-	(73,226)	(201,599,264)
General and administrative expenses	5.6.1D	**(145,578,351)**	-	6,354,277	(151,932,628)
Exploration and technical services expenses	5.6.1E	**(21,401,083)**	-	795,024	(22,196,107)
Write-off of plant and equipment		**(1,030,004)**	-	-	(1,030,004)
Operating profit		**706,120,082**	-	43,881,056	662,239,026
Other income / (expenses)					
Income from time deposits		**70,986,252**	-	-	70,986,252
Finance cost	5.6.1F	**(376,961,301)**	-	(23,814,103)	(353,147,198)
Other income, net		**5,716,633**	-	-	5,716,633
Share of net loss of joint ventures accounted for using the equity method	5.6.1G	**-**	-	39,805,012	(39,805,012)
Profit before zakat and income tax		**405,861,666**	-	59,871,965	345,989,701
Zakat expenses	39.2	**(18,929,913)**	-	-	(18,929,913)
Income tax	22.1	**(10,227,022)**	-	(10,227,022)	-
Profit for the period		**376,704,731**	-	49,644,943	327,059,788
Other comprehensive income					
Re-measurements of employees' termination benefit obligations		**-**	-	-	-
Other comprehensive income for the period		**-**	-	-	-
Total comprehensive income for the period		**376,704,731**	-	49,644,943	327,059,788
Profit for the period is attributable to:					
Shareholders' of the parent company	5.3.1	**365,522,506**	-	64,149,086	301,373,420
Non-controlling interest	5.3.2	**11,182,225**	-	(14,504,143)	25,686,368
		376,704,731	-	49,644,943	327,059,788

(All amounts in Saudi Riyals unless otherwise stated)

5.6.1 Breakdown of adjustments affecting consolidated interim statement of profit or loss and other comprehensive income on transition to IFRS from SOCPA for the six months ended June 30, 2016

		Notes	
5.6.1A	**Sales**		
	Adjustment arising due to prior year provisional pricing	5.8.8	(1,311,707)
	Adjustment arising due to current year provisional pricing	5.8.8	4,206,363
	Total		**2,894,656**
5.6.1B	**Cost of sales**		
	Decrease in depreciation of mine properties	5.8.1	25,682,521
	Increase in stripping activity asset	5.8.1	15,165,618
	Adjustment arising from depreciation on mine closure and rehabilitation asset	5.8.1	(616,007)
	Adjustment arising from depreciation due to componentization of property, plant and equipment	5.8.2	(19,788,110)
	Reversal of amortization for the capitalized transaction cost	5.8.2	6,210,967
	Adjustment arising from amortization of intangible assets	5.8.4	3,271,334
	Depreciation charged on capital spares	5.8.7	(2,509,764)
	Adjustment arising due to prior year provisional pricing	5.8.8	2,308,531
	Adjustment arising due to current period provisional pricing	5.8.8	684,026
	Accumulated adjustment for finance lease	5.8.11	551,927
	Re-measurement of employees' termination benefits obligation	5.8.12	2,949,282
	Total		**33,910,325**
5.6.1C	**Selling, marketing and logistic expenses**		
	Re-measurement of employees' termination benefits obligation	5.8.12	**(73,226)**
5.6.1D	**General and administrative expenses**		
	Adjustment arising from depreciation due to componentization of property plant and equipment	5.8.2	912,349
	Adjustment arising from amortization of intangible assets	5.8.4	933,939
	Intangible cost written-off during the period in SOCPA reversed due to opening IFRS adjustment	5.8.4	152,670
	Accumulated adjustment for finance lease	5.8.11	24,851
	Re-measurement of employees' termination benefits obligation	5.8.12	4,330,468
	Total		**6,354,277**
5.6.1E	**Exploration and technical services expenses**		
	Accumulated adjustment for finance lease	5.8.11	5,405
	Re-measurement of employees' termination benefits obligation	5.8.12	789,619
	Total		**795,024**
5.6.1F	**Finance cost**		
	Amortization of transaction cost under effective interest rate method	5.8.9	(17,034,950)
	Accretion of provision for decommissioning, site rehabilitation and dismantling obligations	5.8.10	(7,791,382)
	Unwinding of discount of non-current obligations under finance lease	5.8.11	(1,161,786)
	Accretion of employees' termination benefits obligation	5.8.12	(7,451,343)
	Increase due to unwinding of long-term liability	5.8.13	9,625,358
	Total		**(23,814,103)**
5.6.1G	**Share in net loss of joint ventures accounted for using the equity method**		
	Reversal of share in net loss of SAMAPCO	5.8.5	**39,805,012**

(All amounts in Saudi Riyals unless otherwise stated)

5.7 Reconciliation of consolidated statement of profit or loss and other comprehensive income of IFRS to SOCPA for the year ended December 31, 2016

	Notes	IFRS for the year ended December 31, 2016	Correction of errors	Remeasure–ments due to transition	SOCPA for the year ended December 31, 2016
Sales	5.7.1A	**9,504,243,424**	-	(1,997,792)	9,506,241,216
Cost of sales	5.7.1B	**(7,483,685,416)**	-	(23,716,953)	(7,459,968,463)
Gross profit		**2,020,558,008**	-	(25,714,745)	2,046,272,753
Operating expenses					
Selling, marketing and logistic expenses	5.7.1C	**(409,963,201)**	-	91,742	(410,054,943)
General and administrative expenses	5.7.1D	**(324,671,177)**	-	8,846,806	(333,517,983)
Exploration and technical services expenses	5.7.1E	**(49,336,885)**	-	1,753,907	(51,090,792)
Write-off of plant and equipment		**(57,752,626)**	-	-	(57,752,626)
Impairment of plant and equipment		**(566,250,000)**	-	(566,250,000)	-
Operating profit		**612,584,119**	-	(581,272,290)	1,193,856,409
Other income / (expenses)					
Income from time deposits		**151,636,138**	-	-	151,636,138
Finance cost	5.7.1F	**(890,415,706)**	-	(64,562,215)	(825,853,491)
Other income, net		**33,143,164**	-	-	33,143,164
Share of net income /(loss) of joint ventures accounted for using the equity method	5.7.1G	**3,725,530**	-	77,513,678	(73,788,148)
(Loss) / profit before zakat and income tax		**(89,326,755)**	-	(568,320,827)	478,994,072
Zakat expenses	39.2	**(78,428,404)**	-	-	(78,428,404)
Income tax	22.1	**19,882,715**	-	19,882,715	-
(Loss) / profit for the year		**(147,872,444)**	-	(548,438,112)	400,565,668
Other comprehensive income					
Re-measurements of employees' termination benefit obligations	5.7.1H	**1,770,585**	-	1,770,585	-
Other comprehensive income for the year		**1,770,585**	-	1,770,585	-
Total comprehensive (loss) / income for the year		**(146,101,859)**	-	(546,667,527)	400,565,668
Total comprehensive (loss) / income attributable to shareholders' of the parent company					
(Loss) / profit for the year		**(10,739,221)**	-	(411,378,301)	400,639,080
Re-measurements of employees' termination benefits obligation		**2,436,205**	-	2,436,205	-
Total		**(8,303,016)**	-	(408,942,096)	400,639,080
Total comprehensive loss attributable to non-controlling interest					
Loss for the year		**(137,133,223)**	-	(137,059,811)	(73,412)
Re-measurements of employees' termination benefits obligation		**(665,620)**	-	(665,620)	-
Total		**(137,798,843)**	-	(137,725,431)	(73,412)

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5.7.1 Breakdown of adjustments affecting consolidated statement of profit or loss and other comprehensive income on transition to IFRS from SOCPA for the year ended December 31, 2016

		Notes	
5.7.1A	**Sales**		
	Adjustment arising due to prior year provisional pricing	5.8.8	(1,311,707)
	Adjustment arising due to current year provisional pricing	5.8.8	(686,085)
	Total		**(1,997,792)**
5.7.1B	**Cost of sales**		
	Decrease in depreciation of mine properties	5.8.1	10,629,313
	Increase in stripping activity asset	5.8.1	427,855
	Adjustment arising from depreciation on mine closure & rehabilitation asset	5.8.1	(1,246,751)
	Adjustment arising from depreciation due to componentization of property, plant and equipment	5.8.2	(40,539,188)
	Reversal of amortization for the capitalized transaction cost	5.8.2	15,169,741
	Adjustment arising from amortization of intangible assets	5.8.4	1,120,173
	Depreciation charged on capital spares	5.8.7	(5,045,736)
	Adjustment arising due to prior year provisional pricing	5.8.8	2,308,531
	Adjustment arising due to current year provisional pricing	5.8.8	984,310
	Accumulated adjustment for finance lease	5.8.11	1,446,973
	Re-measurement of employees' termination benefits obligation	5.8.12	(8,972,174)
	Total		**(23,716,953)**
5.7.1C	**Selling, marketing and logistic expenses**		
	Re-measurement of employees' termination benefits obligation	5.8.12	**91,742**
5.7.1D	**General and administrative expenses**		
	Adjustment arising from depreciation due to componentization of property, plant and equipment	5.8.2	2,031,304
	Ineligible capitalization	5.8.3	(7,603,500)
	Adjustment arising from amortization of intangible assets	5.8.4	1,682,213
	Intangible cost written-off during the period in SOCPA reversed due to opening IFRS adjustment	5.8.4	152,670
	Accumulated adjustment for finance lease	5.8.11	116,658
	Re-measurement of employees' termination benefits obligation	5.8.12	12,467,461
	Total		**8,846,806**
5.7.1E	**Exploration and technical services expenses**		
	Adjustment arising from depreciation due to componentization of property, plant and equipment	5.8.1	(37,483)
	Accumulated adjustment for finance lease	5.8.11	(1,229)
	Re-measurement of employees' termination benefits obligation	5.8.12	1,792,619
	Total		**1,753,907**
5.7.1F	**Finance cost**		
	Amortization of transaction cost under effective interest rate method	5.8.9	(39,513,082)
	Accretion of provision for decommissioning, site rehabilitation and dismantling obligations	5.8.10	(15,367,192)
	Unwinding of discount of non-current obligations under finance lease	5.8.11	(2,972,120)
	Accretion of employees' termination benefits obligation	5.8.12	(14,741,558)
	Increase due to unwinding of long-term liability	5.8.13	8,031,737
	Total		**(64,562,215)**

(All amounts in Saudi Riyals unless otherwise stated)

		Notes	
5.7.1G	**Share in net loss of joint ventures accounted for using the equity method**		
	Reversal of share in net loss of SAMAPCO	5.8.5	**77,513,678**
5.7.1H	**Re-measurement of employees' termination benefits obligation**		
	Experience adjustment	5.8.12	28,092,902
	Loss from change in financial assumptions	5.8.12	(26,322,317)
	Total		**1,770,585**

5.8 Notes to the reconciliation of:

- the retained earnings under IFRS as at January 1, 2016 and retained earnings under SOCPA as at December 31, 2015 and
- the total comprehensive income and the statement of financial position for the quarter and six months period ended June 30, 2016 and the year ended December 31, 2016 between IFRS and SOCPA.

5.8.1 Mine properties

Current best practice in the mining industry is to distinguish between mining and non-mining items of property, plant and equipment, especially in a diversified mining company where there is a significant concentration of downstream non-mining assets. This reclassification also facilitated the introduction of the units of production (UOP) method of depreciation. Accumulated mine development costs are depreciated / amortized on a UOP basis over the economically recoverable proven and probable ore reserves of the mine concerned, except in the case of those mining assets whose economic useful life is shorter than the life of the mine, in which case the straight line method is applied.

As part of the transition from SOCPA to IFRS, on the transition date January 1, 2016, all items of property, plant and equipment, capital work-in-progress, exploration and evaluation assets, deferred stripping expense and inventories representing capital spares were reclassified into mining and non-mining assets.

Under the disclosure of "mine properties" all mining and mining related assets and activities are disclosed as different categories of mine properties (See Note 17).

The following net book value of assets currently servicing the mines have been reclassified to mine properties:.

	June 30, 2016 (Note 5.3)	**December 31, 2016 (Note 5.4)**	**January 1, 2016 (Note 5.2)**
Property, plant & equipment	4,871,568,760	5,921,208,744	2,996,946,085
Capital work-in-progress	3,571,063,047	2,814,051,029	4,655,557,338
Exploration and evaluation assets	244,735,450	269,803,530	233,233,575
Deferred stripping expense	45,330,425	71,223,286	41,181,348
Inventories representing capital spares	23,379,426	23,379,426	23,379,426
Total assets	**8,756,077,108**	**9,099,666,015**	**7,950,297,772**

Further, following transition date adjustments were also recognized in mine properties:

Recognition of mine closure and rehabilitation provision	110,185,093
Recognition of assets under finance lease	105,600,452
Depreciation on capital spares (Note 5.2.1)	(4,240,293)
Increase in accumulated depreciation due to the effect of componentization	(12,632,894)
Total (Note 5.2)	**198,912,358**

Under IFRS, an item of property, plant and equipment should be componentized into its significant parts with each component depreciated separately over their estimated economic useful lives. The componentization concept was not a standard practice followed in the Kingdom of Saudi Arabia. As part of the transition to IFRS, the Company has applied the concept of asset componentization and accounted for its impact on the estimated economic useful lives of the components, which resulted in a decrease in the net book value of the item of plant and equipment recorded under mine properties and property, plant and equipment, with a corresponding decrease in the opening balance of the retained earnings, on the transition date to IFRS, amounting to

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SAR 120,055,436 (Note 5.2.1). The net impact has been booked as part of the IFRS transition adjustments on January 1, 2016. The same apply to property, plant and equipment in Note 5.8.2.

Net decrease in accumulated depreciation as a result of componentization, the application of UOP method, and depreciation charged on mine closure and rehabilitation provision has been credited to consolidated statement of profit or loss.

	Quarter ended June 30, 2016	Six months ended June30, 2016	Year ended December 31, 2016
Cost of sales			
Decrease in depreciation of mine properties	12,560,881	25,682,521	10,629,313
Increase in stripping activity asset	8,548,842	15,165,618	427,855
Adjustment arising from depreciation of mine closure and rehabilitation provision	(305,247)	(616,007)	(1,246,751)
Exploration and technical services expenses			
Adjustment arising from depreciation due to componentization of property, plant and equipment	-	-	(37,483)
Total adjustment to the consolidated statement of profit or loss	**20,804,476**	**40,232,132**	**9,772,934**

5.8.2 Property, plant and equipment

IAS 16 requires significant component parts of an item of property, plant and equipment to be depreciated separately. At the date of transition to IFRS, a decrease in the value of property, plant and equipment was recognized due to separate depreciation of these significant components.

Further, under SOCPA, the transaction costs on borrowings primarily comprising of upfront fee and commitment fee were capitalized under property, plant and equipment. Under IFRS, such transaction costs have to be accounted for using effective interest rate method. Total transaction costs capitalized under SOCPA have been reduced from property, plant and equipment and long-term borrowings and the related depreciation charged under SOCPA has been added back to the property, plant and equipment at the date of transition.

Therefore, the transition date adjustments recognized in property, plant and equipment are as follows:

Decrease due to componentization of property, plant and equipment	(141,741,102)
Upfront and commitment fee on long-term borrowings capitalized as part of property, plant and equipment	(243,952,399)
Total	**(385,693,501)**

The cumulative difference in depreciation charge arising as a result of these re-measurements under IFRS have been credited to consolidated statement of profit or loss.

	Quarter ended June 30, 2016	Six months ended June30, 2016	Year ended December 31, 2016
Cost of sales			
Adjustment arising from depreciation due to componentization of property, plant and equipment	6,882,841	(19,788,110)	(40,539,188)
Reversal of depreciation for the capitalized transaction cost	3,105,483	6,210,967	15,169,741
General and administrative expenses			
Adjustment arising from depreciation due to componentization of property, plant and equipment	440,534	912,349	2,031,304
Total adjustment to the consolidated statement of profit or loss	**10,428,858**	**(12,664,794)**	**(23,338,143)**

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5.8.3 Capital work-in-progress

As at January 1, 2016, the Group determined that the recoverable amounts of two assets, which are considered as separate cash generating units are less than their carrying amounts. These recoverable amounts were calculated using an asset's value-in-use model and included an appropriate market related discount rate. This has resulted in an impairment loss of SAR 1,916,250,000 as of the date of transition to IFRS.

Further, proportionate share of impairment related to the autosheet project amounting to SAR 115,773,750 has been adjusted against the amount due to the joint venture partner.

The breakdown of this impairment loss is as follows:

Plant and equipment (MRC)	1,455,000,000
Plant and equipment (Autosheet project)	461,250,000
Total impairment	**1,916,250,000**
Less: 25.1% share of the impairment adjusted against the amount due to the joint venture partner (Note 34)	(115,773,750)
Impairment charged to retained earnings	**1,800,476,250**

Further, under SOCPA, the upfront and commitment fees on certain qualifying loans were capitalized under capital work-in-progress. The outstanding balance of these fees amounting to SAR 308,952,643 has been deducted from the value of the capital work-in-progress as of the date of transition to IFRS.

Therefore, the transition date adjustments recognized in capital work-in-progress are as follows:

Impairment of plant and equipment	(1,916,250,000)
Upfront and commitment fees on long-term borrowings capitalized as part of capital work-in-progress	(308,952,643)
Re-measurement of provision for decommissioning, site rehabilitation and dismantling obligation	11,293,524
Re-measurement of employees' termination benefit obligation	5,036,371
Ineligible cost written-off	(34,594,000)
Other adjustments	2,061,253
Total	**(2,241,405,495)**

December 31, 2016, the following amounts have been recognized as an impairment loss in the consolidated statement of profit or loss:

	Quarter ended June 30, 2016	**Six months ended June30, 2016**	**Year ended December 31, 2016**
Impairment of plant and equipment			
Plant and equipment (MRC) (Note 19)	-	-	(566,250,000)
General and administrative expenses			
Ineligible cost written-off	-	-	(7,603,500)
***Total* adjustment to the consolidated statement of profit or loss**	**-**	**-**	**(573,853,500)**

5.8.4 Intangible assets

In accordance with SOCPA, the Company was required to amortize the intangible asset over a maximum useful life of 7 years. However, as at the date of transition to IFRS, the Company retrospectively re-measured the intangible assets based on the actual useful life of the intangible assets. This resulted in a decrease in accumulated amortization of intangible assets that was adjusted against the consolidated retained earnings. Further, certain intangible assets that did not qualify for recognition as intangible assets have been written-off and charged to the opening balance of consolidated retained earnings.

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The following transition date adjustments were recognized in intangible assets:

Decrease in amortization of intangible assets due to change in useful life	3,913,398
Decrease due to write-off of intangible assets	(1,390,414)
Total	**2,522,984**

Decrease in amortization charge as a result of re-measurement of intangible assets based on the actual useful life and the reversal of write-off of ineligible cost that was adjusted against the consolidated retained earnings at the transition date, has been credited to consolidated statement of profit or loss.

	Quarter ended June 30, 2016	**Six months ended June30, 2016**	**Year ended December 31, 2016**
Cost of sales			
Adjustment arising from amortization of intangible assets	1,729,382	3,271,334	1,120,173
General and administrative expenses			
Adjustment arising from amortization of intangible assets	466,997	933,939	1,682,213
Ineligible intangible cost written-off during the quarter / period / year in SOCPA reversed due to opening IFRS adjustment	-	152,670	152,670
Total adjustment to the consolidated statement of profit or loss	**2,196,379**	**4,357,943**	**2,955,056**

5.8.5 Investment in joint venture

At the date of transition, the Group determined that the recoverable amount of the total investment in one of its joint venture (SAMAPCO), including an additional contribution amounting to SAR 47,998,419 that was shown as a receivable from SAMAPCO, was less than its carrying amount. The impairment test used an equity valuation model and included an appropriate market related discount rate. This has resulted in an impairment loss of SAR 324,775,820 as at the date of transition to IFRS (Note 21.2).

Therefore, the transition date adjustments recognized in investment in joint venture are as follows:

Impairment of investment in joint venture	324,775,820
Additional contribution written-off	47,998,419
Total	**372,774,239**

Consequently, the share in net loss recognized for this investment during the quarter / period ended June 30, 2016 and for the year ended December 31, 2016 has been credited to “Share in net loss of joint venture accounted for using the equity method” in the consolidated statement of profit or loss which is as follows:

	Quarter ended June 30, 2016	**Six months ended June30, 2016**	**Year ended December 31, 2016**
Share in net loss of joint venture accounted for using the equity method			
Reversal of share in net loss of SAMAPCO	**14,732,700**	**39,805,012**	**77,513,678**

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5.8.6 Deferred tax

In accordance with SOCPA, the Group was not required to recognize deferred tax assets and liabilities. However, as part of the transition from SOCPA to IFRS, the Group had recognized deferred tax assets and liabilities on the following items as of the date of transition to IFRS:

Deferred tax assets

Un-utilized tax losses	172,984,640
Differences between the carrying value of property, plant and equipment, capital work-in-progress and intangible assets and their tax base	68,247,856
Difference between the carrying value of employees' termination benefits and their tax base	5,566,894
Difference between the carrying value of the provision for decommissioning, site rehabilitation and dismantling obligations and its tax base	1,583,554
Total	**248,382,944**

Further, deferred tax liabilities on account of difference between the carrying value of certain items of mine properties, property, plant and equipment and certain intangible assets amounting to SAR 164,155,080, had been recognized in the consolidated statement of financial position as at January 1, 2016.

The movement in deferred tax assets for the period ended June 30, 2016 and year ended December 31, 2016 amounting to SAR 32,464,901 and SAR 130,056,102 respectively has been credited to consolidated statement of profit or loss for those periods. The itemized movement of deferred tax assets is presented below:

	Un-utilized tax losses	Property, plant and equipment, capital work-in-progress and intangible assets	Provision for decommissioning, site rehabilitation and dismantling obligations	Employees' termination benefits	Total
January 1, 2016	172,984,640	68,247,856	1,583,554	5,566,894	248,382,944
Credit to profit or loss for the period	30,878,731	865,997	42,237	677,936	32,464,901
June 30, 2016	203,863,371	69,113,853	1,625,791	6,244,830	280,847,845
Credit to profit or loss for the remainder of the year	71,142,846	25,057,870	42,236	1,348,249	97,591,201
December 31, 2016	**275,006,217**	**94,171,723**	**1,668,027**	**7,593,079**	**378,439,046**

Similarly, movement to deferred tax liabilities for the period ended June 30, 2016 and year ended December 31, 2016 amounting to SAR 42,691,923 and SAR 110,173,387 respectively has been charged to consolidated statement of profit or loss for those periods.

5.8.7 Inventories

IAS 16 requires that capital spares related to a host asset be capitalized as part of the host asset and depreciated over the economic useful life. Capital spares with a cost of SAR 23,379,426 previously shown under inventory, were reclassified as part of mine properties and depreciated in accordance with the depreciation rates applicable to the host asset. The depreciation rates were applied retrospectively in accordance with IFRS1 from the date that the host asset was put into use. The cumulative effect of the increase in the depreciation charge of SAR 4,240,293 (Note 5.2.1) was debited against opening retained earnings as at January 1, 2016 and credited against accumulated depreciation.

The depreciation related to these capital spares were charged to the consolidated statement of profit or loss as follows:

	Quarter ended June 30, 2016	Six months ended June30, 2016	Year ended December 31, 2016
Cost of sales			
Depreciation charge on capital spares	**(1,254,809)**	**(2,509,764)**	**(5,045,736)**

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5.8.8 Trade and other receivables and sales

In accordance with IAS 18 “Revenue” the company is required to calculate the effect of provisional pricing on the un-finalized invoices outstanding as at the end of the reporting period. As of January 1, 2016, an amount of SAR 996,824 has been charged against retained earnings.

Further, for the quarter / period ended June 30, 2016 and year ended December 31, 2016, the following amounts have been charged to consolidated statement of profit or loss .

	Quarter ended June 30, 2016	Six months ended June30, 2016	Year ended December 31, 2016
Sales			
Adjustment arising due to prior quarter / period / year provisional pricing	1,342,001	(1,311,707)	(1,311,707)
Adjustment arising due to current quarter / period / year provisional pricing	4,206,363	4,206,363	(686,085)
Cost of sales			
Adjustment arising due to prior quarter / period / year provisional pricing	1,918,964	2,308,531	2,308,531
Adjustment arising due to current quarter / period / year provisional pricing	684,026	684,026	984,310
Total adjustment to the consolidated statement of profit or loss	**8,151,354**	**5,887,213**	**1,295,049**

5.8.9 Long-term borrowings

Under SOCPA, certain upfront and commitment fees on qualifying borrowings was capitalized to capital work-in-progress and property, plant and equipment. Consequently, these borrowings were recognized at full value upon initial recognition.

However, IFRS requires these upfront and commitment fees to be amortized using the effective interest method and charged to capital work-in-progress in case the asset is under construction or charged to the consolidated statement of profit or loss after completion of construction of the asset for which the borrowing took place.

The outstanding balances of these upfront and commitment fees after taking into account of amortization using effective interest method amounting to SAR 523,645,986 has been deducted from “Long Term Borrowings” and capital work-in-progress or property, plant and equipment as the case may be.

Further, IAS 32 requires amortization of upfront fees and commitment fees on these qualifying long-term borrowings using the effective interest rate method. The amortization of these transaction costs has been charged to “Finance cost” in the consolidated statement of profit or loss.

	Quarter ended June 30, 2016	Six months ended June30, 2016	Year ended December 31, 2016
Finance cost			
Amortization of transaction cost under effective interest rate method	**(8,517,475)**	**(17,034,950)**	**(39,513,082)**

5.8.10 Provision for decommissioning, site rehabilitation and dismantling obligations

At the date of transition to IFRS, the provision for decommission, site rehabilitation and dismantling was re-measured in accordance with the requirements of IAS 37 which resulted in a net increase of the provision for decommissioning by SAR 97,078,345 (Note 5.2) (June 30, 2016: SAR 104,869,726, December 31, 2016: 112,445,535).

(All amounts in Saudi Riyals unless otherwise stated)

The accretion of the provision arising from the passage of time and the unwinding of the present value is charged to consolidated statement of profit or loss.

	Quarter ended June 30, 2016	Six months ended June30, 2016	Year ended December 31, 2016
Finance cost			
Accretion of provision for decommissioning site rehabilitation and dismantling obligations	**(4,181,173)**	**(7,791,382)**	**(15,367,192)**

5.8.11 Obligation under finance lease

Certain assets, comprising of motor vehicles, power plant and certain mining equipment, were the subject of lease agreements that did not meet the criteria of a capital lease under SOCPA and had been treated as an operating lease. On the date of transition to IFRS January 1, 2016 these lease agreements were assessed and re-classified as finance leases under IFRS and capitalized in accordance with IAS 17. Both the assets held under finance lease amounting to SAR 105,600,452 and the liability relating to the obligation under finance lease amounting to SAR 87,547,050 were recognized in the consolidated statement of financial position on January 1, 2016. Further, outstanding balance of a mobilization advance amounting to SAR 19,411,566 has been reclassified from advances and prepayments to assets held under finance lease under mine properties.

The related depreciation charges and finance cost were calculated and charged to the appropriate reporting periods against the reversal of the operating lease expense previously charged.

Further, the unwinding of discount of non-current obligations under finance lease over the duration of the lease is charged to finance cost in the consolidated statement of profit or loss.

	Quarter ended June 30, 2016	Six months ended June30, 2016	Year ended December 31, 2016
Cost of sales			
Accumulated adjustment for assets held under finance lease	454,856	551,927	1,446,973
General and administrative expenses			
Accumulated adjustment for assets held under finance lease	34,476	24,851	116,658
Exploration and technical services expenses			
Accumulated adjustment for assets held under finance lease	777	5,405	(1,229)
Finance cost			
Unwinding of discount of non-current obligations under finance lease	(993,186)	(1,161,786)	(2,972,120)
Total adjustment to the consolidated statement of profit or loss	**(503,077)**	**(579,603)**	**(1,409,718)**

5.8.12 Employees' end of service termination benefits

As at the date of transition to IFRS, the employees end of service termination benefit liability was measured in accordance with IAS-19 using the projected unit credit method. This resulted in an increase of liability by SAR 52,416,223 at the date of transition (Note 5.2) (June 30, 2016: SAR 53,057,088 and December 31, 2016: SAR 64,623,160).

One of the assumptions used in arriving at the present value of the defined termination benefits liability is a discount rate of 4.5%. The accretion of the present value of the defined benefits termination liability over the weighted average duration of the defined termination benefit obligation is charged to finance cost in the consolidated statement of profit or loss.

(All amounts in Saudi Riyals unless otherwise stated)

The resulting accretion of employees' termination benefits obligation have been charged to consolidated statement of profit or loss.

	Quarter ended June 30, 2016	Six months ended June30, 2016	Year ended December 31, 2016
Cost of sales			
Re-measurement of employees' termination benefits obligation	156,597	2,949,282	(8,972,174)
Selling, marketing and logistic expenses			
Re-measurement of employees' termination benefits obligation	(44,584)	(73,226)	91,742
General and administrative expenses			
Re-measurement of employees' termination benefits obligation	652,894	4,330,468	12,467,461
Exploration and technical services expenses			
Re-measurement of employees' termination benefits obligation	667,645	789,619	1,792,619
Finance cost			
Accretion of employees' termination benefit obligation	(3,725,671)	(7,451,343)	(14,741,558)
Total adjustment to the consolidated statement of profit or loss	**(2,293,119)**	**544,800**	**(9,361,910)**

Further, the actuarial loss due to change in actuarial assumptions and the related experience adjustment has been recognised as a separate component in the consolidated statement of other comprehensive income.

	Quarter ended June 30, 2016	Six months ended June30, 2016	Year ended December 31, 2016
Re-measurement of employees' termination benefits obligation			
Experience adjustment	-	-	28,092,902
Loss from change in financial assumptions			(26,322,317)
Total charged to consolidated statement of other comprehensive income	**-**	**-**	**1,770,585**

5.8.13 Projects, trade and other payable

In accordance with SOCPA, the Group was not required to discount payable balances having a maturity date of more than one year from the statement of financial position date. As at the date of transition, the Company has discounted these balances using its incremental borrowing rate. Consequently, an amount of SAR 279,162,159 was reclassified from non-current project, trade and other payables to current project, trade and other payables and the corresponding reduction because of discounting amounting to SAR 73,922,305 (Note 5.2.1) was adjusted against the opening retained earnings.

The resulting accretion of projects and other payables arising from passage of time and unwinding of present value have been charged to the consolidated statement of profit or loss.

	Quarter ended June 30, 2016	Six months ended June30, 2016	Year ended December 31, 2016
Finance cost			
Increase due to unwinding of long-term liabilities	**(4,603,688)**	**9,625,358**	**8,031,737**

5.8.14 First time adoption of IFRS – effect on consolidated interim statement of cash flow

The transition from SOCPA to IFRS has not had a material impact on the consolidated interim statement of cash flows.

6 Critical accounting judgments, estimates and assumptions

The preparation of consolidated interim financial statements in conformity with IFRS and other pronouncements that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia, requires the Group's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying accounting disclosures, and the disclosures of contingent liabilities at the date of the consolidated interim financial statements.

Estimates and assumptions are continually evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

6.1 Critical accounting judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recorded in the consolidated interim financial statements:

- economic useful lives of property, plant and equipment;
- impairment and the reversal of impairment
- zakat and income tax
- exploration and evaluation expenditure
- stripping costs
- production start date

Economic useful lives of property, plant and equipment

The Group's assets, classified within mine properties, are depreciated / amortized on a UOP basis over the economically recoverable proven and probable ore reserves of the mine concerned, except in the case of those mining assets whose economic useful life is shorter than the life of the mine, in which case the straight line method is applied. When determining the life-of-mine, assumptions that were valid at the time of estimation, may change when new information becomes available.

The Group's assets, classified within property, plant and equipment, are depreciated on a straight line basis over their economic useful lives.

The factors that could affect estimation of the life-of-mine include the following:

- changes in proven and probable ore reserves;
- the grade of ore reserves varying significantly from time to time;
- differences between actual commodity prices and commodity price assumptions used in the estimation and classification of ore reserves;
- unforeseen operational issues at mine sites; and
- changes in capital, operating, mining, processing and reclamation costs, discount rates could possibly adversely affect the economic viability of ore reserves.

Any of these changes could affect prospective depreciation of mining assets and their carrying value. The economic useful lives of non-mining property, plant and equipment is reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Impairment and the reversal of impairment

The Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets are impaired or whether there is any indicator that an impairment loss recognized in previous years may no longer exist or may have decreased.

Zakat and income tax

During the quarter ended June 30, 2017 an amount of SAR 61,545,657 was paid to GAZT pertaining to the year ended December 31, 2016 (during the year ended December 31, 2016 an amount of SAR 44,082,363 was paid to GAZT pertaining to the year ended December 31, 2015).

During April 2017, the GAZT has issued final zakat assessment for the Company and its wholly owned subsidiaries for the years 2008 until 2013. The Company has filed an appeal against the assessed amount with the preliminary appeal committee. Differences, if any, at the finalization of final assessments and subject to decision under appeals will be accounted for when such amounts are determined.

Exploration and evaluation expenditure

The application of the Group's accounting policy for E&E expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's E & E assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions.

Stripping costs

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset. Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations.

An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

Commercial production start date

Commercial production is achieved when mining related assets are capable of operating in the manner envisaged by the entity's management which is generally when the mining related assets are capable of operating continuously at a nominated percentage of design capacity.

The decision on when commercial production for mining related assets is achieved is however judgmental and should be based after discussions between the accountants, engineers and metallurgists. Consideration should be taken of the following list of non-exhaustive factors, such as:

- a nominated percentage of design capacity for a mine or a mill.
- mineral recoveries at or near expected levels
- achievement of continuous production.
- the level of future capital expenditure still to be incurred.

Various aspects of the mining / production process (e.g. mine, processing plant, refinery, mill, etc.) needs to be considered separately when concluding on when commercial production has commenced, especially if one aspect of the process has commenced production in advance of the others. Once the mine is capable of commercial production, depreciation should commence.

6.2 Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year:

- ore reserve and mineral resource estimates;
- mine decommissioning obligation;
- allowances for obsolete and slow moving spare parts
- contingencies

Ore reserve and mineral resource estimates

There is a degree of uncertainty involved in the estimation and classification of ore reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, the quantity of ore reserve and mineral resource grades must be considered as estimates only. What is more, the quantity of ore reserves and mineral resources may vary depending on, amongst other things, metal prices and currency exchange rates.

The ore reserve estimates of the Group have been determined based on long-term commodity price and forecasts cut-off grades. Any material change in the quantity of reserves, grades or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will give the same result in larger scale tests under on-site conditions or during production.

Fluctuation in commodity prices, the results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. The volume and grade of ore reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of ore reserves and mineral resources, or of the Group’s ability to extract these ore reserves, could have a material adverse effect of the Group’s business, prospects, financial condition and operating results.

Mine decommissioning obligations

The Group’s mining and exploration activities are subject to various environmental laws and regulations. The Group estimates environmental obligations based on management’s understanding of the current legal requirements in the Kingdom of Saudi Arabia, terms of the license agreements and engineering estimates. Provision is made, for decommissioning as soon as the obligation arises. Actual costs incurred in future years could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations and life-of-mine estimates could affect the carrying amount of this provision.

Allowances for obsolete and slow moving spare parts

The Group also creates an allowance for obsolete and slow-moving spare parts. At June 30, 2017, the allowance for obsolete slow-moving items amounted to SAR 15,853,329 (June 30, 2016: SAR 15,984,849, December 31, 2016: SAR 15,853,329 and January 1, 2016: SAR 15,984,849). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year (Note 26.1).

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

7 Segmental information

Segment reporting

Operating business segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

The Group has appointed a committee (the Management Committee) which assesses the financial performance and position of the Group, and makes strategic decisions. The Management Committee comprises the President and Chief Executive Officer and other senior management personnel.

7.1 Business segment

A business segment is a component of the Group :

- that engages in business activities from which it may earn revenues and incur expenses;
- results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

Transactions between segments are carried out at arm’s length and are eliminated on consolidation. The revenue from external parties is measured in the same way as in the consolidated statement of profit or loss.

The accounting policies used by the Group in reporting business segments internally are the same as those contained in Note 4 of the consolidated financial statements.

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

- **Phosphate Strategic Business Unit Segment,** consist of operations related to:
  - ***MPC*** – the mining and beneficiation of phosphate concentrated rock at Al Jalamid. The utilization of natural gas and sulphur to produce Phosphate fertilizers as well as ammonia products at Ras Al Khair.
  - ***IMC*** – the mining of industrial minerals at a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine at Al Ghazallah and a processing plant at Al Madinah Al Munawarah.
  - ***MWSPC*** – the development of a mine to exploit the Al-Khabra and Umm Wu’al phosphate deposits. The company started commercial production of the ammonia plant on January 1, 2017 and has commenced the trial production of Diammonium Phosphate (DAP) on July 8, 2017.
  - ***Phosphate and Industrial Minerals division under Corporate*** – related cost and exploration expenses in Ma’aden Corporate has been allocated to this segment.
  - ***MIC*** – is responsible for the development, construction and delivery of services to Ma’aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a 33% proportionate share of MIC’s revenues, costs and assets have been allocated to this segment.
- **Aluminium Strategic Business Unit Segment**, consists of the operations related to:
  - ***MAC*** – operates the smelter at Ras Al Khair and it currently processes the alumina feedstock that it purchases from Alcoa and produces aluminium products. MAC started commercial production on September 1, 2014.
  - ***MRC*** – in the process of constructing a rolling mill. The project is in the commissioning phase.
  - ***MBAC*** – the mining of bauxite at the Al Baitha mine and the transportation thereof to its refinery at Ras Al Khair. The alumina from MBAC is then processed at MAC. The refinery started commercial production on October 1, 2016.
  - ***Automotive sheet*** project include automotive heat treated and non-treated sheet, building and construction sheet and foil stock sheet. The project is in the development stage (Note 1).
  - ***Aluminium division under Corporate*** – related cost and external sales revenue have been allocated to this segment.
  - ***MIC*** – is responsible for the development, construction and delivery of services to Ma’aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a 67% proportionate share of MIC’s revenues, costs and assets have been allocated to this segment.

7.1 Business segment (continued)

- **Precious and Base Metals Strategic Business Unit Segment**, consists of operations related to:
  - ***MGBM*** – that operates five gold mines, i.e. Mahd Ad Dahab, Al-Amar, Bulghah, As Suq and Ad Duwayhi (which came into commercial production on April 1, 2016) and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia.
  - ***MBCC*** – a joint venture that produces copper and various by-products located in the southeast of Al Madinah Al Munawarah. MBCC started commercial production on July 1, 2016.
  - ***Precious and base metals division under Corporate*** – related cost and exploration expenses in Ma'aden Corporate has been allocated to this segment.

- **Corporate**
  - Is responsible for effective management and governance including funding of subsidiaries and joint ventures that carry out various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by-products.

(All amounts in Saudi Riyals unless otherwise stated)

7.2 Business segment financial information

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
June 30, 2017						
Sales of goods to external customers	8	**2,754,515,338**	**2,302,388,658**	**655,501,179**	**-**	**5,712,405,175**
Gross profit		**1,001,580,886**	**707,030,496**	**228,954,036**	**-**	**1,937,565,418**
Income from time deposits	13	**3,005,466**	**1,501,795**	**-**	**36,967,515**	**41,474,776**
Underlying EBITDA		**1,391,479,551**	**1,314,629,130**	**344,076,870**	**(104,236,812)**	**2,945,948,739**
Depreciation and amortization		**545,051,765**	**696,345,936**	**151,543,565**	**9,652,638**	**1,402,593,904**
Underlying EBIT		**846,427,786**	**618,283,194**	**192,533,305**	**(113,889,450)**	**1,543,354,835**
Operating special items and re-measurements:						
Non-operating other (expenses) / income, net		**(8,501,587)**	**2,683,024**	**(2,001,699)**	**(51,058,613)**	**(58,878,875)**
Share in net income of a joint venture		**-**	**-**	**32,996,471**	**-**	**32,996,471**
Net profit / (loss) before net finance income / (cost) and zakat and income tax		**837,926,199**	**620,966,218**	**223,528,077**	**(164,948,063)**	**1,517,472,431**
Net profit / (loss) attributable to shareholders' of the parent company		**430,889,462**	**176,255,188**	**187,704,913**	**(162,770,899)**	**632,078,664**
Mine properties	17	**4,941,460,768**	**1,525,162,939**	**2,910,861,710**	**-**	**9,377,485,417**
Property, plant and equipment	18	**15,584,346,987**	**29,070,053,992**	**10,571,543**	**140,009,482**	**44,804,982,004**
Capital work-in-progress	19	**20,641,117,559**	**6,044,575,850**	**8,686,519**	**43,609,802**	**26,737,989,730**
Intangible assets	20	**90,789,257**	**242,274,245**	**10,562,828**	**15,829,674**	**359,456,004**
Investment in a joint venture	21	**-**	**-**	**865,402,586**	**-**	**865,402,586**
Total assets		**44,716,807,449**	**40,694,526,019**	**4,278,599,128**	**4,458,805,547**	**94,148,738,143**
Long-term borrowings	35.6	**27,359,648,175**	**24,604,182,706**	**1,297,752,270**	**-**	**53,261,583,151**
Obligation under capital lease	37	**-**	**20,484,905**	**58,441,024**	**-**	**78,925,929**
Total liabilities		**30,753,357,704**	**26,558,982,035**	**1,777,421,806**	**1,011,460,197**	**60,101,221,742**

(All amounts in Saudi Riyals unless otherwise stated)

7.2 Business segment financial information (continued)

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
June 30, 2016						
Sales of goods to external customers	8	2,198,393,856	2,140,332,623	483,409,735	-	4,822,136,214
Gross profit		431,020,204	467,572,162	177,209,644	-	1,075,802,010
Income from time deposits	13	3,415,522	349	-	67,570,381	70,986,252
Underlying EBITDA		**920,872,515**	**845,811,048**	**215,871,145**	**(61,904,752)**	**1,920,649,956**
Depreciation and amortization		658,132,564	450,379,155	89,735,542	9,713,765	1,207,961,026
Underlying EBIT		**262,739,951**	**395,431,893**	**126,135,603**	**(71,618,517)**	**712,688,930**
Operating special items and re-measurements:						
Non-operating other (expenses) / income, net		14,492,496	1,221,697	(18,213,274)	8,215,714	5,716,633
Net profit / (loss) before net finance income / (cost) and zakat and income tax		**277,232,447**	**396,653,590**	**107,922,329**	**(63,402,803)**	**718,405,563**
Net profit / (loss) attributable to shareholders' of the parent company		131,178,460	200,932,178	90,599,379	(57,187,511)	365,522,506
Mine properties	17	4,611,482,086	1,479,888,938	2,880,125,629	-	8,971,496,653
Property, plant and equipment	18	13,074,362,279	19,352,391,263	11,155,539	155,002,641	32,592,911,722
Capital work-in-progress	19	20,884,609,809	17,079,190,711	64,066,661	39,000,394	38,066,867,575
Intangible assets	20	100,200,758	251,728,251	12,041,968	15,079,098	379,050,075
Investment in a joint venture	21	-	-	828,680,585	-	828,680,585
Total assets		43,116,080,066	41,302,642,623	4,240,248,579	5,586,235,533	94,245,206,801
Long-term borrowings	35.6	24,370,284,873	25,087,403,365	659,319,130	2,400,000,000	52,517,007,368
Obligation under capital lease	37	-	33,254,230	78,080,736	-	111,334,966
Total liabilities		28,873,886,793	27,841,442,115	1,182,381,325	2,687,182,165	60,584,892,398

(All amounts in Saudi Riyals unless otherwise stated)

7.2 Business segment financial information (continued)

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
December 31, 2016						
Sales of goods to external customers	8	4,205,441,852	4,249,270,671	1,049,530,901	-	9,504,243,424
Gross profit		705,891,898	988,223,778	326,442,332	-	2,020,558,008
Income from time deposits	13	9,517,140	351	-	142,118,647	151,636,138
Underlying EBITDA		**1,627,218,302**	**1,267,791,092**	**401,095,115**	**(156,713,067)**	**3,139,391,442**
Depreciation and amortization		1,255,766,304	1,020,819,573	222,734,106	19,209,301	2,518,529,284
Underlying EBIT		**371,451,998**	**246,971,519**	**178,361,009**	**(175,922,368)**	**620,862,158**
Operating special items and re-measurements:						
Non-operating other (expenses) / income, net		16,363,869	1,029,392	(4,006,255)	19,756,158	33,143,164
Share in net income of a joint venture		-	-	3,725,530	-	3,725,530
Net profit / (loss) before net finance income / (cost) and zakat and income tax		**387,815,867**	**248,000,911**	**178,080,284**	**(156,166,210)**	**657,730,852**
Net profit / (loss) attributable to shareholders' of the parent company		105,446,747	(83,987,402)	131,401,911	(163,600,477)	(10,739,221)
Mine properties	17	4,887,243,977	1,454,789,879	2,904,517,096	-	9,246,550,952
Property, plant and equipment	18	12,584,703,836	29,714,754,663	12,541,365	147,053,737	42,459,053,601
Capital work-in-progress	19	23,257,705,695	5,864,309,338	22,873,396	39,745,457	29,184,633,886
Intangible assets	20	94,906,091	250,877,209	11,844,837	16,820,440	374,448,577
Investment in a joint venture	21	-	-	832,406,115	-	832,406,115
Total assets		45,663,662,521	40,378,529,747	4,172,966,973	3,927,587,751	94,142,746,992
Long-term borrowings	35.6	27,878,968,248	24,751,023,599	901,051,061	-	53,531,042,908
Obligation under capital lease	37	-	26,783,121	68,380,653	-	95,163,774
Total liabilities		32,021,417,239	27,198,381,264	1,421,937,328	364,696,311	61,006,432,142

(All amounts in Saudi Riyals unless otherwise stated)

7.3 Geographical segment

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group's operation is conducted only in the Kingdom of Saudi Arabia and therefore all the non-current assets of the Group are located within the Kingdom of Saudi Arabia.

The Group's geographical distribution of revenue generation by destination is as follows:

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
June 30, 2017						
International						
Indian subcontinent and Asia-pacific		**1,742,927,045**	**734,575,598**	**-**	**-**	**2,477,502,643**
Brazil, GCC MENA, Europe, Latin America and North America		**380,485,354**	**1,175,905,174**	**1,428,491**	**-**	**1,557,819,019**
Switzerland and others		**595,282,198**	**71,457,753**	**654,072,688**	**-**	**1,320,812,639**
Sub-total		**2,718,694,597**	**1,981,938,525**	**655,501,179**	**-**	**5,356,134,301**
Domestic		**35,820,741**	**320,450,133**	**-**	**-**	**356,270,874**
Total	8	**2,754,515,338**	**2,302,388,658**	**655,501,179**	**-**	**5,712,405,175**
June 30, 2016						
International						
Indian subcontinent and Asia-pacific		1,404,490,598	556,370,024	-	-	1,960,860,622
Brazil, GCC MENA, Europe, Latin America and North America		426,183,571	785,689,966	743,383	-	1,212,616,920
Switzerland and others		302,018,791	340,097,234	481,861,564	-	1,123,977,589
Sub-total		2,132,692,960	1,682,157,224	482,604,947	-	4,297,455,131
Domestic		65,700,896	458,175,399	804,788	-	524,681,083
Total	8	2,198,393,856	2,140,332,623	483,409,735	-	4,822,136,214
December 31, 2016						
International						
Indian subcontinent and Asia-pacific		2,527,012,739	1,516,441,146	-	-	4,043,453,885
Brazil, GCC MENA, Europe, Latin America and North America		1,090,996,415	1,287,934,099	3,463,528	-	2,382,394,042
Switzerland and others		471,223,772	645,581,518	1,042,489,597	-	2,159,294,887
Sub-total		4,089,232,926	3,449,956,763	1,045,953,125	-	8,585,142,814
Domestic		116,208,926	799,313,908	3,577,776	-	919,100,610
Total	8	4,205,441,852	4,249,270,671	1,049,530,901	-	9,504,243,424

(All amounts in Saudi Riyals unless otherwise stated)

7.3 Geographical segment (continued)

The Group's geographical distribution of external revenue by major customers by destination are as follows:

	Phosphate	Aluminium	Precious and base metals	Corporate	Total
June 30, 2017					
Customer No. 1 - Indian subcontinent	**721,088,799**	**-**	**-**	**-**	**721,088,799**
Customer No. 2 - Switzerland	**-**	**-**	**580,271,658**	**-**	**580,271,658**
Customer No. 3 - Spain	**-**	**543,303,492**	**-**	**-**	**543,303,492**
Customer No. 4 - Brazil	**372,431,588**	**-**	**-**	**-**	**372,431,588**
June 30, 2016					
Customer No. 1 - Indian subcontinent	665,948,860	-	-	-	665,948,860
Customer No. 2 - Spain	-	523,566,777	-	-	523,566,777
Customer No. 3 - Brazil	419,094,511	-	-	-	419,094,511
Customer No. 4 - Switzerland	-	-	400,084,559	-	400,084,559
December 31, 2016					
Customer No. 1 - Indian subcontinent	1,712,104,332	-	-	-	1,712,104,332
Customer No. 2 - Spain	-	1,012,405,330	-	-	1,012,405,330
Customer No. 3 - Switzerland	-	-	886,774,396	-	886,774,396
Customer No. 4 - Brazil	727,980,825	-	-	-	727,980,825

The Group's revenue generation by product is as follows:

	Note	Phosphate	Aluminium	Precious and base metals	Corporate	Total
June 30, 2017						
Phosphate fertilizer and ammonia		**2,691,682,769**	**-**	**-**	**-**	**2,691,682,769**
Low grade bauxite		**14,943,804**	**-**	**-**	**-**	**14,943,804**
Caustic calcined magnesia		**30,735,389**	**-**	**-**	**-**	**30,735,389**
Kaolin		**17,147,807**	**-**	**-**	**-**	**17,147,807**
Primary aluminium		**-**	**2,302,377,352**	**-**	**-**	**2,302,377,352**
Gold		**-**	**-**	**655,501,179**	**-**	**655,501,179**
Infrastructure		**5,569**	**11,306**	**-**	**-**	**16,875**
Total	8	**2,754,515,338**	**2,302,388,658**	**655,501,179**	**-**	**5,712,405,175**

(All amounts in Saudi Riyals unless otherwise stated)

7.3 Geographical segment (continued)

The Group's revenue generation by product is as follows:

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
June 30, 2016						
Phosphate fertilizer and ammonia		2,121,494,122	-	-	-	2,121,494,122
Low grade bauxite		40,430,050	-	-	-	40,430,050
Caustic calcined magnesia		18,212,703	-	-	-	18,212,703
Kaolin		18,253,681	-	-	-	18,253,681
Primary aluminium		-	2,140,325,923	-	-	2,140,325,923
Gold		-	-	483,409,735	-	483,409,735
Infrastructure		3,300	6,700	-	-	10,000
Total	8	2,198,393,856	2,140,332,623	483,409,735	-	4,822,136,214
December 31, 2016						
Phosphate fertilizer and ammonia		4,056,326,243	-	-	-	4,056,326,243
Low grade bauxite		70,497,397	-	-	-	70,497,397
Caustic calcined magnesia		38,224,871	-	-	-	38,224,871
Kaolin		40,386,328	-	-	-	40,386,328
Primary aluminium		-	4,249,256,434	-	-	4,249,256,434
Gold		-	-	1,049,530,901	-	1,049,530,901
Infrastructure		7,013	14,237	-	-	21,250
Total	8	4,205,441,852	4,249,270,671	1,049,530,901	-	9,504,243,424

All the subsidiaries and joint venture entities listed in Notes 2 and 7.1, are incorporated in the Kingdom of Saudi Arabia.

(All amounts in Saudi Riyals unless otherwise stated)

8 Sales

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Sale of goods					
Phosphate segment					
Phosphate fertilizer and ammonia	**1,461,463,822**	1,110,030,213	**2,691,682,769**	2,121,494,122	4,056,326,243
Low grade bauxite	**6,406,312**	17,480,678	**14,943,804**	40,430,050	70,497,397
Caustic calcined magnesia	**19,409,895**	9,551,284	**30,735,389**	18,212,703	38,224,871
Kaolin	**7,801,672**	8,615,488	**17,147,807**	18,253,681	40,386,328
Sub-total	**1,495,081,701**	1,145,677,663	**2,754,509,769**	2,198,390,556	4,205,434,839
Aluminium segment					
Primary aluminium	**1,170,888,398**	1,103,847,198	**2,302,377,352**	2,140,325,923	4,249,256,434
Precious and base metals segment					
Gold	**328,994,150**	302,179,527	**655,501,179**	483,409,735	1,049,530,901
Rendering of services					
Infrastructure revenue	**8,438**	-	**16,875**	10,000	21,250
Total	**2,994,972,687**	2,551,704,388	**5,712,405,175**	4,822,136,214	9,504,243,424
Gold sales analysis					
Quantity of gold ounces (Oz) sold	**69,471**	62,973	**139,823**	103,377	224,576
Average realized price per ounce (Oz) in:					
US$	**1,263**	1,280	**1,250**	1,247	1,246
Saudi Riyals (equivalent)	**4,736**	4,799	**4,688**	4,676	4,673

(All amounts in Saudi Riyals unless otherwise stated)

9 Cost of sales

	Quarter ended June 30, 2017	Quarter ended June 30, 2016	Six months ended June 30, 2017	Six months ended June30, 2016	Year ended December 31, 2016
Salaries and staff related benefits	**255,940,898**	184,752,272	**474,860,500**	338,685,986	760,179,167
Contracted services	**176,564,645**	85,463,371	**355,427,102**	165,948,901	439,698,732
Repairs and maintenance	**30,086,327**	13,809,377	**57,561,050**	31,952,826	62,732,179
Consumables	**42,079,557**	35,947,712	**79,503,592**	65,576,125	143,671,934
Overheads	**54,350,157**	85,495,128	**182,045,708**	181,484,934	368,334,373
Raw material and utilities consumed	**858,831,483**	901,806,090	**1,541,080,608**	1,735,996,318	3,226,190,536
Inventory losses	**-**	18,459,961	**14,754,862**	32,860,008	16,509,086
Sale of by-products (Note 4.3 and 9.1)	**(12,965,098)**	(11,333,139)	**(32,984,424)**	(17,283,861)	(44,008,143)
Reversal of inventory obsolescence (Note 26)	**-**	-	**-**	-	(131,520)
Severance fees (Note 40)	**5,111,865**	287,209	**13,582,674**	6,568,848	8,278,039
Total cash operating costs	**1,409,999,834**	1,314,687,981	**2,685,831,672**	2,541,790,085	4,981,454,383
Depreciation of mine properties (Note 17.1)	**117,321,971**	102,664,088	**233,666,612**	171,994,812	393,922,609
Depreciation of property, plant and equipment (Note 18.1)	**564,008,289**	490,665,427	**1,139,221,053**	1,002,584,462	2,060,404,913
Amortisation of intangible assets (Note 20.1)	**6,935,130**	6,313,628	**13,843,673**	15,930,390	29,927,970
Total operating costs	**2,098,265,224**	1,914,331,124	**4,072,563,010**	3,732,299,749	7,465,709,875
(Increase) / decrease in inventory (Note 26)	**(115,214,269)**	56,428,019	**(297,723,253)**	14,034,455	17,975,541
Total	**1,983,050,955**	1,970,759,143	**3,774,839,757**	3,746,334,204	7,483,685,416

9.1 Sale of by-products comprise of the following commodities:

	Quarter ended June 30, 2017	Quarter ended June 30, 2016	Six months ended June 30, 2017	Six months ended June30, 2016	Year ended December 31, 2016
Copper	**4,717,283**	5,209,418	**14,559,217**	8,348,202	19,297,994
Zinc	**7,359,301**	4,640,133	**15,293,142**	6,624,303	19,022,849
Silver	**888,514**	1,483,588	**3,132,065**	2,311,356	5,687,300
Total (Note 9)	**12,965,098**	11,333,139	**32,984,424**	17,283,861	44,008,143

(All amounts in Saudi Riyals unless otherwise stated)

10 Selling, marketing and logistic expenses

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Salaries and staff related benefits	**14,493,786**	14,666,120	**21,182,809**	20,219,545	43,091,632
Contracted services	**242,150**	413,282	**1,259,792**	564,544	3,311,801
Freight and overheads	**45,995,410**	26,095,164	**75,555,374**	53,242,746	117,377,469
Consumables	**238,497**	26,626	**293,327**	32,871	63,942
Marketing fees and deductibles	**26,324,176**	65,207,461	**83,230,910**	114,248,402	220,546,979
Other selling expenses	**5,637,310**	7,537,816	**8,922,445**	13,364,382	25,571,378
Total	**92,931,329**	113,946,469	**190,444,657**	201,672,490	409,963,201

11 General and administrative expenses

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Salaries and staff related benefits	**56,229,136**	62,321,424	**89,089,210**	95,619,093	216,848,654
Contracted services	**16,218,709**	6,566,225	**48,719,744**	17,026,800	30,167,377
Overheads and other	**16,539,056**	9,132,967	**23,609,145**	15,617,075	42,544,710
Consumables	**219,386**	326,252	**523,668**	686,376	1,735,433
Repair parts	**107,840**	71,145	**107,840**	100,170	829,677
Provision for doubtful debts (Note 27.1)	**-**	-	**-**	312,475	312,475
Depreciation of mine properties (Note 17.1)	**114,477**	114,477	**212,683**	231,973	438,072
Depreciation of property, plant and equipment (Note 18.1)	**6,319,551**	6,987,675	**12,466,662**	14,568,742	28,796,708
Amortisation of intangible assets (Note 20.1)	**1,148,702**	685,597	**1,936,056**	1,415,647	2,998,071
Total	**96,896,857**	86,205,762	**176,665,008**	145,578,351	324,671,177

12 Exploration and technical services expenses

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Salaries and staff related benefits	**9,269,490**	8,340,785	**13,637,206**	13,736,228	33,944,091
Contracted services	**2,992,374**	1,495,180	**7,334,904**	1,795,223	9,349,771
Overheads and other	**952,596**	155,690	**1,724,728**	4,098,118	3,743,012
Consumables	**105,322**	120,984	**253,064**	418,876	248,258
Repair parts	**118,324**	101,732	**123,900**	117,638	10,812
Depreciation of mine properties (Note 17.1)	**36,120**	36,120	**72,766**	71,086	151,514
Depreciation of property, plant and equipment (Note 18.1)	**506,366**	785,602	**1,174,399**	1,163,914	1,889,427
Total	**13,980,592**	11,036,093	**24,320,967**	21,401,083	49,336,885

(All amounts in Saudi Riyals unless otherwise stated)

13 Income from time deposits

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Income from time deposits – measured at amortised cost	**18,806,185**	43,910,585	**41,474,776**	70,986,252	151,636,138

14 Finance cost

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Public Investment Fund	**79,581,021**	26,985,904	**158,287,525**	62,868,257	140,705,757
Saudi Riyal procurement	**62,809,603**	31,904,812	**125,429,024**	81,263,983	176,104,082
Al-Rajhi Bank	**-**	-	**-**	8,226,879	8,226,879
The Export Import Bank of Korea	**-**	-	**-**	2,194,015	2,194,015
Korea Export Insurance Corporation	**-**	-	**-**	5,728,642	5,728,642
Commercial	**9,130,191**	6,156,312	**18,083,863**	16,559,853	31,031,974
US Dollar procurement	**13,401,801**	6,361,521	**26,699,779**	12,723,043	31,179,532
Wakala	**15,103,112**	6,662,948	**30,200,528**	13,341,947	36,748,886
Saudi Industrial Development Fund	**1,404,500**	-	**2,809,000**	1,325,000	11,655,785
Riyal Murabaha Facility	**98,871,645**	87,641,991	**195,367,157**	94,167,168	274,871,707
Revolving Credit Facility	**5,680,974**	22,071,761	**11,343,421**	38,215,208	64,297,882
Others	**20,351,821**	1,482,109	**60,197,730**	6,876,014	9,677,078
Sub-total	**306,334,668**	189,267,358	**628,418,027**	343,490,009	792,422,219
Amortization of transaction cost (Note 35.9)	**31,361,282**	16,890,994	**62,823,965**	26,093,448	71,479,197
Accretion of provision for mine decommissioning obligations (Note 36.1, 36.2, 36.3 and 36.4)	**4,504,806**	4,482,698	**9,095,197**	8,390,073	16,832,346
Unwinding of discount of non-current obligations under finance lease	**755,086**	993,186	**1,570,789**	1,161,786	2,972,122
Interest cost on employees' termination benefits (Note 38.1)	**3,893,573**	3,725,671	**7,813,192**	7,451,343	14,741,559
Accretion of provision for non-current liabilities	**3,912,474**	4,603,688	**4,214,676**	(9,625,358)	(8,031,737)
Total	**350,761,889**	219,963,595	**713,935,846**	376,961,301	890,415,706

(All amounts in Saudi Riyals unless otherwise stated)

14.1 Summary of finance cost

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Expensed during the quarter / period / year (Note 14)	**350,761,889**	219,963,595	**713,935,846**	376,961,301	890,415,706
Borrowing cost capitalised as part of qualifying assets in capital work-in-progress during the quarter / period / year (Note 19)	**55,031,008**	187,054,755	**154,741,223**	358,471,293	695,720,611
Amortization of transaction cost capitalized as part of qualifying assets in capital work-in-progress during the quarter / period / year (Note 35.9)	**9,985,014**	21,553,887	**20,095,531**	45,848,296	86,846,987
Interest cost on defined termination benefits capitalised as part of qualifying assets in capital work-in-progress during the quarter / period / year (Note 38.1)	**-**	289,606	**-**	579,212	974,740
Total	**415,777,911**	428,861,843	**888,772,600**	781,860,102	1,673,958,044

15 Other (expenses) / income, net

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Other (expenses) / income , net	**(32,443,272)**	1,526,741	**(58,878,875)**	5,716,633	33,143,164

16 Earnings per ordinary share

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Profit / (loss) attributable to shareholders' of the parent company	**356,467,375**	171,219,482	**632,078,664**	365,522,506	(10,739,221)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (Note 30)	**1,168,478,261**	1,168,478,261	**1,168,478,261**	1,168,478,261	1,168,478,261
Basic and diluted earnings per ordinary share from continuing operations	**0.31**	0.15	**0.54**	0.31	(0.01)

Basic and diluted earnings per ordinary share is calculated by dividing the profit attributable to the share-holders of the parent company by the weighted average number of ordinary shares in issue during the quarter / period / year.

(All amounts in Saudi Riyals unless otherwise stated)

17 Mine properties

	Note	Exploration and evaluation assets	Mines under construction	Producing mines: Mine closure and rehabilitation provision	Mine infrastructure / buildings	Heavy equipment	Fixed plant and heap leaching	Civil works	Stripping activity asset	Mining capital work-in-progress	Others	Total
Cost												
January 1, 2016		233,233,575	4,274,833,758	174,697,247	940,441,205	135,434,455	3,148,689,924	59,228,787	48,105,087	398,940,798	176,136,412	9,589,741,248
Additions during the period		11,501,875	938,110,609	-	-	-	(10,610,252)	-	18,783,107	16,861,325	-	974,646,664
Transfer of capital spares		-	-	-	-	-	26,323,519	-	-	-	-	26,323,519
Transfers within mine properties		-	(2,116,866,364)	11,248,741	601,691,488	209,300,809	1,053,039,194	-	-	23,655,434	217,930,698	-
Adjustments		-	-	-	(4,071,415)	-	-	-	-	-	(13,590)	(4,085,005)
June 30, 2016		244,735,450	3,096,078,003	185,945,988	1,538,061,278	344,735,264	4,217,442,385	59,228,787	66,888,194	439,457,557	394,053,520	10,586,626,426
Additions during the remainder of the year		25,068,080	353,946,822	-	-	-	-	-	26,657,653	91,976,723	-	497,649,278
Transfers within mine properties		-	(1,130,953,146)	-	389,678,427	4,067,960	386,252,246	408,472,487	-	(61,216,264)	3,698,290	-
December 31, 2016		269,803,530	2,319,071,679	185,945,988	1,927,739,705	348,803,224	4,603,694,631	467,701,274	93,545,847	470,218,016	397,751,810	11,084,275,704
Additions during the period		8,439,946	146,706,106	-	-	-	-	-	46,638,648	57,674,814	-	259,459,514
Transfers within mine properties		-	(164,408,974)	-	1,708,047	5,185,116	66,578,535	33,373,975	-	49,298,109	8,265,192	-
Transfer from capital work-in-progress	19	-	-	-	-	-	-	-	-	107,006,514	205,000	107,211,514
Adjustments		-	-	-	-	-	-	-	-	(1,784,502)	-	(1,784,502)
June 30, 2017		**278,243,476**	**2,301,368,811**	**185,945,988**	**1,929,447,752**	**353,988,340**	**4,670,273,166**	**501,075,249**	**140,184,495**	**682,412,951**	**406,222,002**	**11,449,162,230**

(All amounts in Saudi Riyals unless otherwise stated)

17 Mine properties (continued)

	Notes	Exploration and evaluation assets	Mines under construction	Mine closure and rehabilitation provision	Mine infrastructure / buildings	Heavy equipment	Fixed plant and heap leaching	Civil works	Stripping activity asset	Mining capital work-in-progress	Others	Total
				Producing mines								
Accumulated depreciation												
January 1, 2016		-	-	15,529,895	386,201,244	70,067,806	854,824,100	16,573,332	3,825,987	-	93,508,754	1,440,531,118
Charge for the period	17.1	-	-	3,077,893	24,413,040	11,011,883	116,400,576	1,455,164	6,017,257	-	16,307,847	178,683,660
Adjustments		-	-	-	(4,071,415)	-	-	-	-	-	(13,590)	(4,085,005)
June 30, 2016		-	-	18,607,788	406,542,869	81,079,689	971,224,676	18,028,496	9,843,244	-	109,803,011	1,615,129,773
Charge for the remainder of the year	17.1	-	-	3,549,383	39,200,320	12,805,050	133,415,302	5,521,578	5,979,249	-	22,124,097	222,594,979
December 31, 2016		-	-	22,157,171	445,743,189	93,884,739	1,104,639,978	23,550,074	15,822,493	-	131,927,108	1,837,724,752
Charge for the period	17.1	-	-	4,220,939	33,597,231	13,578,874	126,890,723	8,783,921	11,497,290	-	35,383,083	233,952,061
June 30, 2017		**-**	**-**	**26,378,110**	**479,340,420**	**107,463,613**	**1,231,530,701**	**32,333,995**	**27,319,783**	**-**	**167,310,191**	**2,071,676,813**
Net book value as at												
January 1, 2016		233,233,575	4,274,833,758	159,167,352	554,239,961	65,366,649	2,293,865,824	42,655,455	44,279,100	398,940,798	82,627,658	8,149,210,130
June 30, 2016		244,735,450	3,096,078,003	167,338,200	1,131,518,409	263,655,575	3,246,217,709	41,200,291	57,044,950	439,457,557	284,250,509	8,971,496,653
December 31, 2016		269,803,530	2,319,071,679	163,788,817	1,481,996,516	254,918,485	3,499,054,653	444,151,200	77,723,354	470,218,016	265,824,702	9,246,550,952
June 30, 2017		**278,243,476**	**2,301,368,811**	**159,567,878**	**1,450,107,332**	**246,524,727**	**3,438,742,465**	**468,741,254**	**112,864,712**	**682,412,951**	**238,911,811**	**9,377,485,417**

17. Mine properties (continued)

Initial recognition at cost

Exploration and evaluation asset

Expenditure is transferred from “Exploration and evaluation assets” to “Mines under construction” which is a sub-category of “Mine properties” once the work completed to date supports the future development of the property and such development receives appropriate approvals.

Mines under construction

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized in “Mines under construction”. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine.

Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalized, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognized in the consolidated statement of profit or loss and other comprehensive income. After production starts, all assets included in “Mines under construction” are then transferred to “Producing mines” which is also a sub-category of “Mine properties”.

Mine closure and rehabilitation provision

Mine closure and rehabilitation provision includes the following restoration activities:

- dismantling and removing structures;
- rehabilitating mines and tailing dams;
- dismantling operating facilities;
- closing plant and waste sites and
- restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground environment is disturbed at the mining operations location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing carrying amount of the related mining assets to the extent that is was incurred as a result of the development/construction of the mine.

Producing mines

Upon completion of the “Mine under construction” phase, the assets are transferred into “Mine properties” or “Property, plant and equipment”. Items of property, plant and equipment and producing mine are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchases price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included in property, plant and equipment.

Stripping activity asset

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of mine, before the production phase commences (development stripping), are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using a UOP method. The capitalization of developing stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

17. Mine properties (continued)

Stripping activities undertaken during the production phase of a surface mine (production stripping) is generally considered to create two benefits:

- the production of inventory or
- improved access to the ore to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a “stripping activity asset”.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of “Mine properties” in the consolidated statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

Mining capital work-in-progress

It is normal industry practice for producing mines to embark on major capital expenditure projects to enhance or improve the existing flow sheet and are accounted for as “Capital work-in-progress” until its completion for intended use, when it is transferred at cost to the producing mine and put into use, from which point onwards it is being depleted.

Depreciation and impairment

Exploration and evaluation assets

Exploration and evaluation assets are not being depreciated, but are tested annually for impairment in accordance with IFRS 6.

Mines under construction

“Mines under construction:” are not depreciated until construction is completed and the assets are available for their intended use. This is signified by the formal commissioning of the mine for commercial production.

Mine closure and rehabilitation provision, producing mines and stripping activity asset

The carrying values of mine closure and rehabilitation provision, producing mines and stripping activity assets are depleted on a systematic basis and are tested for impairment on an annual basis and when impairment indicators have been identified.

Mining capital work-in-progress

Mining capital work-in-progress are not depreciated until the construction is completed and the assets are available for their intended use. Mining capital work-in-progress are tested for impairment annually and when impairment indicators have been identified.

(All amounts in Saudi Riyals unless otherwise stated)

17. Mine properties (continued)

17.1 Allocation of depreciation charge for the quarter / period / year to:

	Notes	Quarter ended June 30, 2017	Quarter ended June 30, 2016	Six months ended June 30, 2017	Six months ended June30, 2016	Year ended December 31, 2016
Expensed through profit or loss						
Cost of sales	9	**117,321,971**	102,664,088	**233,666,612**	171,994,812	393,922,609
General and administrative expenses	11	**114,477**	114,477	**212,683**	231,973	438,072
Exploration and technical services expenses	12	**36,120**	36,120	**72,766**	71,086	151,514
Sub-total		**117,472,568**	102,814,685	**233,952,061**	172,297,871	394,512,195
Capital work-in-progress	19	**-**	-	**-**	6,385,789	6,766,444
Total		**117,472,568**	102,814,685	**233,952,061**	178,683,660	401,278,639

17.2 Mining properties pledged as security

Mine properties with a net book value at June 30, 2017 of SAR 5,884,954,976 (June 30, 2016: SAR 5,561,859,930, December 31, 2016: SAR 6,503,040,267 and January 1, 2016: SAR 7,859,883,447) are pledged as security to lenders under the Common Term Agreements (Note 35.10).

17.3 Plant and equipment acquired as part of finance lease

	Heavy equipment	Fixed plant and heap leaching	Others	Total
Cost				
January 1, 2016	56,931,767	89,732,132	46,673,816	193,337,715
June 30, 2016	56,931,767	89,732,132	46,673,816	193,337,715
December 31, 2016	56,931,767	89,732,132	46,673,816	193,337,715
June 30, 2017	**56,931,767**	**89,732,132**	**46,673,816**	**193,337,715**
Accumulated depreciation				
January 1, 2016	13,200,546	14,955,355	11,944,258	40,100,159
Charge for the period	3,992,201	8,973,214	2,052,182	15,017,597
June 30, 2016	17,192,747	23,928,569	13,996,440	55,117,756
Charge for the remainder of the year	2,647,591	8,973,213	1,869,926	13,490,730
December 31, 2016	19,840,338	32,901,782	15,866,366	68,608,486
Charge for the period	3,070,066	8,973,214	3,582,861	15,626,141
June 30, 2017	**22,910,404**	**41,874,996**	**19,449,227**	**84,234,627**
Net book value				
January 1, 2016	43,731,221	74,776,777	34,729,558	153,237,556
June 30, 2016	39,739,020	65,803,563	32,677,376	138,219,959
December 31, 2016	37,091,429	56,830,350	30,807,450	124,729,229
June 30, 2017	**34,021,363**	**47,857,136**	**27,224,589**	**109,103,088**

Leased plant and equipment with a net book value at June 30, 2017 of SAR 109,103,088 (June 30, 2016: SAR 138,219,959, December 31, 2016: SAR 124,729,229 and January 1, 2016: SAR 153,237,556) has been pledged as security to the lessor (Note 37.1 and 37.2).

(All amounts in Saudi Riyals unless otherwise stated)

18 Property, plant and equipment

		Non – mining assets									
	Notes	**Land**	**Motor vehicles**	**Heavy equipment**	**Fixed plant**	**Buildings**	**Civil works**	**Office equipment**	**Other equipment**	**Furniture and fittings**	**Total**
Cost											
January 1, 2016		61,550,000	42,289,488	163,576,422	23,878,344,278	7,758,954,580	4,531,865,069	72,736,224	2,030,734,259	68,799,797	38,608,850,117
Additions during the period		-	-	-	65,113,933	-	-	21,766	-	-	65,135,699
Transfer from capital work-in-progress during the period	19	-	-	-	32,675,632	19,129,119	31,574,978	3,526,067	3,941,071	912,628	91,759,495
Transfer to capital work-in-progress during the period	19	-	-	-	(10,003,123)	-	-	-	-	-	(10,003,123)
Transfer of capital spares during the period		-	-	-	197,563,018	-	-	-	-	-	197,563,018
Write-off during the period		-	-	-	-	-	-	-	(1,030,004)	-	(1,030,004)
Adjustments		-	(166,836)	-	-	-	-	(1,731,409)	(68,000)	(26,687)	(1,992,932)
June 30, 2016		61,550,000	42,122,652	163,576,422	24,163,693,738	7,778,083,699	4,563,440,047	74,552,648	2,033,577,326	69,685,738	38,950,282,270
Addition during the remainder of the year		-	-	-	(13,710,439)	-	-	-	-	-	(13,710,439)
Transfer from capital work-in-progress during the remainder of the year	19	-	3,499,280	(86,233)	4,632,010,113	5,231,959,611	662,110,938	2,009,278	478,483,538	555,052	11,010,541,577
Transfer to capital work-in-progress during the remainder of the year	19	-	-	-	(5,972,346)	-	-	-	-	-	(5,972,346)
Write-off during the remainder of the year		-	-	-	-	-	-	-	(43,207,421)	-	(43,207,421)
Adjustments		-	134,000	(2,572,467)	-	-	(7,670,522)	(1,177,193)	-	(3,793,904)	(15,080,086)
December 31, 2016		61,550,000	45,755,932	160,917,722	28,776,021,066	13,010,043,310	5,217,880,463	75,384,733	2,468,853,443	66,446,886	49,882,853,555
Additions during the period		-	-	-	114,169,930	-	-	-	-	-	114,169,930
Transfer from capital work-in-progress during the period	19	-	280,343	-	3,301,384,553	103,974,171	1,247,138	5,662,790	9,295,179	90,539	3,421,934,713
Write-off during the period		-	-	-	-	-	-	-	(25,929,339)	-	(25,929,339)
Adjustments		-	(588,354)	-	-	-	-	-	-	-	(588,354)
June 30, 2017		**61,550,000**	**45,447,921**	**160,917,722**	**32,191,575,549**	**13,114,017,481**	**5,219,127,601**	**81,047,523**	**2,452,219,283**	**66,537,425**	**53,392,440,505**

(All amounts in Saudi Riyals unless otherwise stated)

18 Property, plant and equipment (continued)

		Non – mining assets									
	Notes	**Land**	**Motor vehicles**	**Heavy equipment**	**Fixed plant**	**Buildings**	**Civil works**	**Office equipment**	**Other equipment**	**Furniture and fittings**	**Total**
Accumulated depreciation											
January 1, 2016		-	21,012,496	45,186,418	3,953,085,799	479,565,379	312,790,428	34,706,039	415,844,148	47,110,449	5,309,301,156
Charge for the period	18.1	-	4,049,822	4,036,638	733,830,776	110,199,592	75,785,627	4,640,544	111,600,186	5,919,139	1,050,062,324
Adjustment		-	(166,836)	-	-	-	-	(1,731,409)	(68,000)	(26,687)	(1,992,932)
June 30, 2016		-	24,895,482	49,223,056	4,686,916,575	589,764,971	388,576,055	37,615,174	527,376,334	53,002,901	6,357,370,548
Charge for the remainder of the year	18.1	-	4,400,860	5,663,688	701,333,428	151,126,547	78,759,354	4,224,869	147,865,622	4,499,889	1,097,874,257
Write-off during the remainder of the year		-	-	-	-	-	-	-	(20,576,243)	-	(20,576,243)
Adjustment		-	134,000	(2,572,467)	-	-	(3,579,578)	(1,171,231)	-	(3,679,332)	(10,868,608)
December 31, 2016		-	29,430,342	52,314,277	5,388,250,003	740,891,518	463,755,831	40,668,812	654,665,713	53,823,458	7,423,799,954
Charge for the period	18.1	-	4,443,957	3,999,735	733,561,299	190,599,843	84,416,092	5,327,321	149,055,726	2,326,628	1,173,730,601
Write-off during the period		-	-	-	-	-	-	-	(9,566,714)	-	(9,566,714)
Adjustment		-	(505,340)	-	-	-	-	-	-	-	(505,340)
June 30, 2017		**-**	**33,368,959**	**56,314,012**	**6,121,811,302**	**931,491,361**	**548,171,923**	**45,996,133**	**794,154,725**	**56,150,086**	**8,587,458,501**
Net book value											
January 1, 2016		61,550,000	21,276,992	118,390,004	19,925,258,479	7,279,389,201	4,219,074,641	38,030,185	1,614,890,111	21,689,348	33,299,548,961
June 30, 2016		61,550,000	17,227,170	114,353,366	19,476,777,163	7,188,318,728	4,174,863,992	36,937,474	1,506,200,992	16,682,837	32,592,911,722
December 31, 2016		61,550,000	16,325,590	108,603,445	23,387,771,063	12,269,151,792	4,754,124,632	34,715,921	1,814,187,730	12,623,428	42,459,053,601
June 30, 2017		**61,550,000**	**12,078,962**	**104,603,710**	**26,069,764,247**	**12,182,526,120**	**4,670,955,678**	**35,051,390**	**1,658,064,558**	**10,387,339**	**44,804,982,004**

(All amounts in Saudi Riyals unless otherwise stated)

18. Property, plant and equipment (continued)

18.1 Allocation of depreciation charge for the quarter / period / year to:

	Notes	Quarter ended		Six months ended		Year ended
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	December 31, 2016
Expenses through profit or loss						
Cost of sales	9	**564,008,289**	490,665,427	**1,139,221,053**	1,002,584,462	2,060,404,913
General and administrative expenses	11	**6,319,551**	6,987,675	**12,466,662**	14,568,742	28,796,708
Exploration and technical services expenses	12	**506,366**	785,602	**1,174,399**	1,163,914	1,889,427
Sub-total		**570,834,206**	498,438,704	**1,152,862,114**	1,018,317,118	2,091,091,048
Capital work-in-progress	19	**10,329,255**	14,047,076	**20,868,487**	31,745,206	56,845,533
Total		**581,163,461**	512,485,780	**1,173,730,601**	1,050,062,324	2,147,936,581

18.2 Property, plant and equipment pledged as security

Property, plant and equipment with a net book value at June 30, 2017 of SAR 32,191,923,557 (June 30, 2016: SAR 19,187,143,092, December 31, 2016: SAR 29,557,638,028 and January 1, 2016: SAR 32,659,970,932) are pledged as security to lenders under the Common Term Agreement (Note 35.10).

(All amounts in Saudi Riyals unless otherwise stated)

19 Capital work-in-progress

	Notes	Property, plant and equipment			
		Non-mining assets			
		Property, plant and equipment	Autosheet project	Mutrafiah housing	Total
January 1, 2016		31,703,253,256	793,185,851	1,009,031,897	33,505,471,004
Additions during the period		4,594,764,649	42,199,141	33,711,251	4,670,675,041
Transfer to property, plant and equipment	18	(91,759,495)	-	-	(91,759,495)
Transfer from property, plant and equipment	18	10,003,123	-	-	10,003,123
Transfer to intangible assets	20	(26,784,093)	-	-	(26,784,093)
Adjustments		(738,005)	-	-	(738,005)
June 30, 2016		36,188,739,435	835,384,992	1,042,743,148	38,066,867,575
Additions during the remainder of the year		2,619,030,877	77,633,806	38,536,268	2,735,200,951
Transfer to property, plant and equipment	18	(11,010,541,577)	-	-	(11,010,541,577)
Transfer from property, plant and equipment	18	5,972,346	-	-	5,972,346
Transfer to intangible assets	20	(13,931,137)	-	-	(13,931,137)
Write-off during the remainder of the year		(34,091,444)	-	-	(34,091,444)
Impairment at the end of the year*		(566,250,000)	-	-	(566,250,000)
Adjustments		1,407,172	-	-	1,407,172
December 31, 2016		27,190,335,672	913,018,798	1,081,279,416	29,184,633,886
Additions during the period		1,026,925,595	49,298,671	7,965,291	1,084,189,557
Transfer to mine properties	17	(107,211,514)	-	-	(107,211,514)
Transfer to property, plant and equipment	18	(3,421,934,713)	-	-	(3,421,934,713)
Transfer to intangible assets	20	(1,687,486)	-	-	(1,687,486)
June 30, 2017		**24,686,427,554**	**962,317,469**	**1,089,244,707**	**26,737,989,730**

*An impairment test was performed at December 31, 2016 and a value-in-use (VIU) discounted future cashflow model was used which included an appropriate market related discount rate. The result of the test was that the carrying value of that asset was higher than the recoverable amount. Consequently, an amount of SAR 566,250,000 was recognised as an impairment (Note 5.7.3).

(All amounts in Saudi Riyals unless otherwise stated)

19 Capital work-in-progress (continued)

	Notes	Quarter ended June 30, 2017	Quarter ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016	Year ended December 31, 2016
Borrowing cost capitalised as part of capital work-in-progress	14.1	**55,031,008**	187,054,755	**154,741,223**	358,471,293	695,720,611
Depreciation of mine properties capitalised as part of capital work-in-progress	17.1	**-**	-	**-**	6,385,789	6,766,444
Depreciation of property, plant and equipment capitalised as part of capital work-in-progress	18.1	**10,329,255**	14,047,076	**20,868,487**	31,745,206	56,845,533
Amortisation of intangible assets capitalised as part of capital work-in-progress	20.1	**847,348**	1,449,504	**1,781,321**	5,337,527	9,576,144
Amortization of transaction cost capitalised as part of capital work-in-progress	35.9	**9,985,014**	21,553,887	**20,095,531**	45,848,296	86,846,987
Interest cost on employees' end of service termination benefits capitalised as part of capital work-in-progress	38.1	**-**	289,606	**-**	579,212	974,740
Re-measurements of employees' end of service termination benefits capitalized as part of capital work-in-progress	38.1	**-**	-	**-**	-	4,425,464

At June 30, 2017, the net book value of SAR 23,867,440,245 (June 30, 2016: SAR 35,499,366,378, December 31, 2016: SAR 26,446,280,850 and January 1, 2016: SAR 31,595,660,537) are pledged as security to the lenders (Note 35.10).

(All amounts in Saudi Riyals unless otherwise stated)

20 Intangible assets

	Notes	Infrastructure	Internally developed software	Software and licenses	Technical development	Total
Cost						
January 1, 2016		297,876,390	24,369,462	166,025,822	17,705,112	505,976,786
Transfer from capital work-in-progress during the period	19	-	-	26,784,093	-	26,784,093
June 30, 2016		297,876,390	24,369,462	192,809,915	17,705,112	532,760,879
Additions during the remainder of the year		-	-	1,285,986	-	1,285,986
Transfer from capital work-in-progress during the remainder of the year	19	-	-	13,931,137	-	13,931,137
December 31, 2016		297,876,390	24,369,462	208,027,038	17,705,112	547,978,002
Additions during the period		-	-	880,991	-	880,991
Transfer from capital work-in-progress during the period	19	-	-	1,687,486	-	1,687,486
June 30, 2017		**297,876,390**	**24,369,462**	**210,595,515**	**17,705,112**	**550,546,479**
Accumulated amortisation						
January 1, 2016		69,884,175	11,327,055	47,413,174	2,402,836	131,027,240
Charge for the period	20.1	4,104,146	2,424,144	14,953,856	1,201,418	22,683,564
June 30, 2016		73,988,321	13,751,199	62,367,030	3,604,254	153,710,804
Charge for the remainder of the year	20.1	4,104,147	1,394,447	13,118,608	1,201,419	19,818,621
December 31, 2016		78,092,468	15,145,646	75,485,638	4,805,673	173,529,425
Charge for the period	20.1	4,437,853	1,394,450	10,527,330	1,201,417	17,561,050
June 30, 2017		**82,530,321**	**16,540,096**	**86,012,968**	**6,007,090**	**191,090,475**
Net book value						
January 1, 2016		227,992,215	13,042,407	118,612,648	15,302,276	374,949,546
June 30, 2016		223,888,069	10,618,263	130,442,885	14,100,858	379,050,075
December 31, 2016		219,783,922	9,223,816	132,541,400	12,899,439	374,448,577
June 30, 2017		**215,346,069**	**7,829,366**	**124,582,547**	**11,698,022**	**359,456,004**

(All amounts in Saudi Riyals unless otherwise stated)

20 Intangible assets (continued)

Intangible assets of with a net book value at June 30, 2017 of SAR 97,591,057 (June 30, 2016: SAR 101,092,597, December 31, 2016: SAR 103,105,996 and January 1, 2016: SAR 85,374,130) are pledged as security to lenders under the Common Term Financing Agreement (Note 35.10).

Intangible assets for infrastructure comprises the infrastructure and support services assets at Ras Al-Khair that are transferred to Royal Commission of Jubail and Yanbu ("RCJY") as stated in the Implementation Agreement signed between Ma'aden and RCJY. The cost of the intangible assets comprises its purchase price and any costs directly attributable to bringing such assets to working condition for their intended use. Such intangible assets are carried at historical cost less accumulated amortization. Amortization is provided over the remaining period of LUSA (Land Usage and Service Agreement) term.

20.1 Allocation of amortisation charge for the quarter / period / year to:

	Notes	Quarter ended		Six months ended		Year ended
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	December 31, 2016
Expensed through profit or loss						
Cost of sales	9	**6,935,130**	6,313,628	**13,843,673**	15,930,390	29,927,970
General and administrative expenses	11	**1,148,702**	685,597	**1,936,056**	1,415,647	2,998,071
Sub-total		**8,083,832**	6,999,225	**15,779,729**	17,346,037	32,926,041
Capital work-in-progress	19	**847,348**	1,449,504	**1,781,321**	5,337,527	9,576,144
Total		**8,931,180**	8,448,729	**17,561,050**	22,683,564	42,502,185

(All amounts in Saudi Riyals unless otherwise stated)

21 Investment in joint venture

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
MBCC	21.1.3	**865,402,586**	828,680,585	832,406,115	828,680,585
SAMAPCO	21.2	**-**	-	-	-
Total		**865,402,586**	828,680,585	832,406,115	828,680,585

The Group's 50% interest in the issued and paid-up share capital of these two joint ventures are accounted for using the equity method of accounting, see Note 4.1.

Summarised financial information related to joint venture

The financial statements of these two joint ventures are prepared in accordance with IFRS. The accounting policies used, in the preparation of these IFRS financial statements, as well as their reporting dates are consistent with that of the Group.

Summarized financial information (100% share) of MBCC, based on their reviewed or audited IFRS financial statements and a reconciliation with the carrying amount of the respective investments, as shown in the consolidated financial statements of the Group, are set out below:

21.1 MBCC

21.1.1 Summarised statement of profit or loss

	Quarter ended		Six months ended		Year ended
	June 30, 2017	June 30, 2016	June 30, 2017	June30, 2016	December 31, 2016
Sales and other operating revenues	**210,070,167**	-	**357,711,922**	-	270,468,071
Finance cost	**(4,229,005)**	-	**(5,840,417)**	-	(3,999,009)
Depreciation and amortisation	**(33,180,960)**	-	**(62,663,964)**	-	(53,102,842)
Other expense	**(109,116,754)**	-	**(204,658,245)**	-	(201,619,806)
Profit before zakat and income tax	**63,543,448**	-	**84,549,296**	-	11,746,414
Zakat and income tax	**-**	-	**-**	-	(56,721)
Profit for the year from continuing operations	**63,543,448**	-	**84,549,296**	-	11,689,693
Other comprehensive income	**-**	-	**-**	-	-
Total comprehensive income	**63,543,448**	-	**84,549,296**	-	11,689,693
Group's share of profit for the quarter / period / year *	**22,054,986**	-	**32,996,471**	-	3,725,530

*Share in net income is calculated based on available draft of MBCC financial statements at the time of issuance of Ma'aden financial statements. This sometimes may lead to minor variation.

(All amounts in Saudi Riyals unless otherwise stated)

21. Investment in joint ventures (continued)

21.1.2 Summarised statement of financial position

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Assets				
Non-current assets	**1,817,181,725**	1,758,922,976	1,766,089,471	1,694,949,673
Current assets				
Other current assets	**263,334,308**	213,352,507	210,315,217	250,241,329
Cash and cash equivalents	**57,759,924**	10,410,937	51,243,426	22,288,497
Total assets	**2,138,275,957**	1,982,686,420	2,027,648,114	1,967,479,499
Liabilities				
Non-current liabilities				
Long-term borrowings	**626,197,939**	626,197,939	626,197,939	851,197,935
Long-term advance extended by Ma'aden Group	**626,197,939**	626,197,939	626,197,939	626,197,939
Other non-current liabilities	**41,087,630**	48,420,563	39,417,475	44,528,269
Current liabilities				
Murabaha loan	**225,000,000**	225,000,000	225,000,000	-
Other current liabilities	**139,819,426**	52,545,360	95,686,780	42,097,068
Total liabilities	**1,658,302,934**	1,578,361,801	1,612,500,133	1,564,021,211
Net assets	**479,973,023**	404,324,619	415,147,981	403,458,288
Group's proportionate ownership %	**50%**	50%	50%	50%
Group's proportionate ownership share in net assets	**239,204,647**	202,482,646	206,208,176	202,482,646

21.1.3 Reconciliation to carrying amounts

The investment of 50% in the issued and paid up share capital in MBCC is as follows:

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Shares at cost	51	**202,482,646**	202,482,646	202,482,646	202,482,646
Share of the accumulated profit		**36,722,001**	-	3,725,530	-
Carrying value of investment		**239,204,647**	202,482,646	206,208,176	202,482,646
Long-term loan	43.2	**626,197,939**	626,197,939	626,197,939	626,197,939
Total	21	**865,402,586**	828,680,585	832,406,115	828,680,585

During 2014, the Company entered into loan agreements with MBCC. The purpose of the loan facility is to provide funding to MBCC for business. The loan is non-interest bearing with no fixed repayment date.

Share of the accumulated profit in MBCC:

	Quarter ended		Six months ended		Year ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June30, 2016	December 31, 2016	January 1, 2016
April 1 / January 1	**14,667,015**	-	**3,725,530**	-	-	-
Share in net profit for the quarter / period / year	**22,054,986**	-	**32,996,471**	-	3,725,530	-
June 30 / December 31 / January 1	**36,722,001**	-	**36,722,001**	-	3,725,530	-

(All amounts in Saudi Riyals unless otherwise stated)

21. Investment in joint ventures (continued)

21.2 SAMAPCO

Reconciliation to carrying amounts

The investment of 50% in the issued and paid up share capital in SAMAPCO together with the Group's share of SAMAPCO's accumulated loss has been impaired on the date of transition to IFRS, is as follows:

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Shares at cost	51	-	-	-	450,000,000
Additional contribution		-	-	-	47,998,419
Sub-total		-	-	-	497,998,419
Share of the accumulated loss		-	-	-	(125,224,180)
Carrying value of investment		-	-	-	372,774,239
Less: Impairment on date of transition	5.2.4	-	-	-	(372,774,239)
Total		-	-	-	-

The impairment test was done using an equity valuation model, which included an appropriate market related discount rate (Note 5.8.5).

The Group has issued a guarantee in favor of SIDF and certain commercial banks as is fully disclosed in Note 45.2.

Fair value of the investment in joint venture cannot be determined, as no quoted market price is available for the investment in joint venture.

22 Deferred tax

22.1 Income tax

	Quarter ended		Six months ended		Year ended
	June 30, 2017	June 30, 2016	June 30, 2017	June30, 2016	December 31, 2016
Deferred income tax	**2,018,673**	(1,228,583)	**(820,913)**	(10,227,022)	19,882,715
Deferred tax assets credited to the consolidated statement of profit or loss (Note 22.2)	**44,562,088**	6,740,315	**86,200,051**	32,464,901	130,056,102
Deferred tax liabilities charged to the consolidated statement of profit or loss (Note 22.3)	**(42,543,415)**	(7,968,898)	**(87,020,964)**	(42,691,923)	(110,173,387)
Current income tax (Note 39.5)	**(18,987,607)**	-	**(18,987,607)**	-	-
Total income tax (Note 5.5, 5.6 and 5.7)	**(16,968,934)**	(1,228,583)	**(19,808,520)**	(10,227,022)	19,882,715

The deferred income tax has arisen because of the temporary differences between the carrying value of certain items and their tax base. Following are the details of the deferred tax assets, liabilities and profit or loss charges and credits.

(All amounts in Saudi Riyals unless otherwise stated)

22 Deferred tax (continued)

22.2 Deferred tax assets

The balance comprises temporary differences attributable to:

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Tax losses	**361,576,432**	203,863,371	275,006,217	172,984,640
Property, plant and equipment, capital work-in-progress and intangible assets	**92,500,164**	69,113,853	94,171,723	68,247,856
Provision for decommissioning, site rehabilitation and dismantling obligations	**1,712,517**	1,625,791	1,668,027	1,583,554
Employees' benefits	**8,849,984**	6,244,830	7,593,079	5,566,894
Total deferred tax assets (Note 5.8.6)	**464,639,097**	280,847,845	378,439,046	248,382,944

The movement in net deferred tax assets during the period / year is as follows:

	Notes	Total
January 1, 2016		248,382,944
Credited to the consolidated statement of profit or loss during the period	22.1	32,464,901
June 30, 2016		280,847,845
Credited to the consolidated statement of profit or loss during the remainder of the year	22.1	97,591,201
December 31, 2016		378,439,046
Credited to the consolidated statement of profit or loss during the period	22.1	86,200,051
June 30, 2017		**464,639,097**

22.3 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Property, plant and equipment, capital work-in-progress and intangible assets	**361,349,431**	206,847,003	274,328,467	164,155,080

The movement in net deferred tax liabilities during the period / year is as follows:

	Notes	Total
January 1, 2016		164,155,080
Charged to the consolidated statement of profit or loss during the period	22.1	42,691,923
June 30, 2016		206,847,003
Charged to the consolidated statement of profit or loss during the remainder of the year	22.1	67,481,464
December 31, 2016		274,328,467
Charged to the consolidated statement of profit or loss during the period	22.1	87,020,964
June 30, 2017		**361,349,431**

(All amounts in Saudi Riyals unless otherwise stated)

23 Other investments

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Debt securities with original maturities of more than a year at the date of acquisition	**50,000,000**	50,000,000	50,000,000	50,000,000

These held-to-maturity investments are non-derivative financial assets with a fixed maturity that the Group has the intention and the ability to hold to maturity and which do not qualify as loans or receivables. They are classified as non-current assets based on their maturity. These are initially recognised at fair value. At subsequent reporting dates, financial assets held-to-maturity are measured at amortised cost less any impairment losses.

24 Due from joint venture partners

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Due from Mosaic*	43.2	**-**	450,000,000	-	450,000,000
Due from SABIC*	43.2	**-**	-	-	270,000,000
Due from Alcoa Corporation**	43.2	**51,734,426**	-	-	-
Total	43.2	**51,734,426**	450,000,000	-	720,000,000

*On August 5, 2013, the Company entered into an agreement with Mosaic and SABIC to jointly develop a fully integrated phosphate production facility known as the Umm Wu'al phosphate project (Note 2.8).

As per the agreement Mosaic and SABIC are liable to pay contractual dues to Ma'aden of SAR 1.44 billion in two installments for the historical cost incurred by Ma'aden on the project. First installment, 50% of SAR 1.44 billion, was received by Ma'aden during the year ended December 31, 2013 and the remaining 50% of SAR 1.44 billion due on June 30, 2016 was received in full.

**This represents contribution receivable from Alcoa Corporation to maintain their share of 25.1 % in the joint venture project cost to extend the product mix of the aluminium complex (Note 1), at Ras Al-Khair, to include:

- automotive heat treated and non-heat treated sheet,
- building and construction sheet and
- foil stock sheet.

25 Advances and prepayments

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Current portion:				
Advances to contractors	**83,994,534**	122,638,264	105,228,220	152,701,627
Advances to employees	**35,471,761**	38,748,295	14,012,651	12,889,197
Prepaid rent	**22,159,477**	25,501,995	9,335,197	14,396,416
Prepaid insurance	**37,736,453**	32,701,338	8,060,774	44,442,651
Other prepayments	**11,175,351**	9,464,155	3,922,170	4,874,582
Sub-total	**190,537,576**	229,054,047	140,559,012	229,304,473
Non-current portion:				
Other prepayments	**32,194,278**	17,386,312	29,730,480	21,645,868
Total	**222,731,854**	246,440,359	170,289,492	250,950,341

(All amounts in Saudi Riyals unless otherwise stated)

26 Inventories

	Note	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Finished goods – ready for sale		**398,408,282**	292,578,714	293,875,243	243,049,951
Work-in-process		**555,612,273**	515,120,665	496,309,809	583,756,631
Stockpile of mined ore		**317,950,744**	174,647,011	189,409,046	173,176,988
By-products		**8,470,210**	4,312,952	3,124,158	710,227
Sub-total		**1,280,441,509**	986,659,342	982,718,256	1,000,693,797
Spare parts and consumables materials		**1,477,064,004**	1,167,523,523	1,293,172,895	1,289,436,609
Allowance for obsolete and slow-moving spare parts and consumable materials	26.1	**(15,853,329)**	(15,984,849)	(15,853,329)	(15,984,849)
		1,461,210,675	1,151,538,674	1,277,319,566	1,273,451,760
Raw materials		**741,661,462**	712,121,384	832,956,069	644,322,504
Sub-total		**2,202,872,137**	1,863,660,058	2,110,275,635	1,917,774,264
Total		**3,483,313,646**	2,850,319,400	3,092,993,891	2,918,468,061

26.1 Movement in the allowance for obsolete and slow moving spare parts and consumable materials is as follows:

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
January 1	**15,853,329**	15,984,849	15,984,849	15,984,849
Reversal of allowance for obsolescence (Note 9)	**-**	-	(131,520)	-
June 30 / December 31 / January 1	**15,853,329**	15,984,849	15,853,329	15,984,849

27 Trade and other receivables

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Trade receivables					
Other third party receivables		**1,494,121,414**	760,261,860	885,371,900	656,441,349
Due from Alcoa Inespal, S.A.	43.2	**96,698,538**	116,230,467	88,987,620	87,897,065
Due from SABIC	43.2	**146,221,139**	279,652,904	195,110,098	407,155,456
Sub-total		**1,737,041,091**	1,156,145,231	1,169,469,618	1,151,493,870
Due from Saudi Ports Authority		**8,074,220**	6,523,980	7,439,820	5,896,500
Allowance for doubtful debts	27.1	**(3,512,475)**	(3,512,475)	(3,512,475)	(3,200,000)
Sub-total		**4,561,745**	3,011,505	3,927,345	2,696,500
Due from Saudi Mining Polytechnic (“SMP”)	43.2	**4,225,888**	2,458,372	3,951,089	2,166,504
Insurance claims	27.2	**-**	6,347,465	-	13,304,480
Withholding tax receivable		**-**	31,618,814	446,724	31,850,982
Investment income receivable		**18,332,590**	57,740,376	15,914,150	8,936,151
Due from SABIC	43.2	**28,807,037**	-	28,807,037	-
Other		**40,414,974**	56,151,424	50,700,940	40,698,300
Total		**1,833,383,325**	1,313,473,187	1,273,216,903	1,251,146,787

(All amounts in Saudi Riyals unless otherwise stated)

27 Trade and other receivables (continued)

27.1 Movement in the allowance for doubtful debts:

	Note	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
January 1		**3,512,475**	3,200,000	3,200,000	3,200,000
Increase in allowance for doubtful debts	11	**-**	312,475	312,475	-
June 30 / December 31 / January 1		**3,512,475**	3,512,475	3,512,475	3,200,000

27.2 Insurance claims:

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Related to:				
• one of the aluminium pot lines on which the production was halted in October 2013. The temporary shutdown was undertaken after a period of pot instability. The potline was restored during the second quarter of 2014.	**-**	-	-	9,892,253
• an ammonia reformer and conveyor belt claim	**-**	6,347,465	-	3,412,227
Total	**-**	6,347,465	-	13,304,480

28 Time deposits

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Time deposits with original maturities of more than three months and less than a year at the date of acquisition	**2,837,962,190**	4,993,750,000	2,711,000,000	899,052,989

Time deposits yield financial income at prevailing market prices.

29 Cash and cash equivalents

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Time deposits with original maturities equal to or less than three months at the date of acquisition				
- unrestricted	**2,533,126,453**	2,423,603,812	3,953,142,872	3,397,121,398
- restricted	**-**	-	-	544,554,663
Sub-total	**2,533,126,453**	2,423,603,812	3,953,142,872	3,941,676,061
Cash and bank balances				
- unrestricted	**468,410,294**	742,336,526	357,230,436	317,824,870
- restricted	**58,121,117**	55,429,062	59,341,221	48,808,593
Sub-total	**526,531,411**	797,765,588	416,571,657	366,633,463
Total	**3,059,657,864**	3,221,369,400	4,369,714,529	4,308,309,524

(All amounts in Saudi Riyals unless otherwise stated)

29 Cash and cash equivalents (continued)

Restricted cash and cash equivalents are related to the following:

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Cash accumulated in the debt service reserve account for the next scheduled repayment of long-term borrowings, six months prior to the due date, as per the financing agreement (Note 35.7)	**-**	-	-	1,539
Employees' savings plan obligation (Note 4.14, 4.20 and 38.2)	**58,121,117**	55,429,062	59,341,221	48,807,054
Sub-total	**58,121,117**	55,429,062	59,341,221	48,808,593
Balance portion accumulated for the scheduled repayment of long-term borrowings, six months prior to due date, invested and included in time deposits with original maturities equal to or less than three months at the date of acquisition (Note 35.2)	**-**	-	-	544,554,663
Total restricted cash	**58,121,117**	55,429,062	59,341,221	593,363,256
Total unrestricted cash	**3,001,536,747**	3,165,940,338	4,310,373,308	3,714,946,268

30 Share capital

		June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Authorized, issued and fully paid					
1,168,478,261	Ordinary shares with a nominal value of SAR 10 per share (Note 1)	**11,684,782,610**	11,684,782,610	11,684,782,610	11,684,782,610

31 Share premium

		June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
525,000,000	Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 10 per share	**5,250,000,000**	5,250,000,000	5,250,000,000	5,250,000,000
243,478,261	Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 13 per share, net of transaction cost	**3,141,351,697**	3,141,351,697	3,141,351,697	3,141,351,697
768,478,261	**Total**	**8,391,351,697**	8,391,351,697	8,391,351,697	8,391,351,697

(All amounts in Saudi Riyals unless otherwise stated)

32 Transfer of net income

	June 30, 2017	**June 30, 2016**	**December 31, 2016**	**January 1, 2016**
January 1	**797,975,542**	757,911,634	757,911,634	757,911,634
Transfer of 10% of net income for the period / year*	**-**	-	40,063,908	-
June 30 / December 31 / January 1	**797,975,542**	757,911,634	797,975,542	757,911,634

In accordance with, the Company's Articles of Association, which is in compliance with the applicable Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of its annual net profit until such reserve equals 30% of the share capital.

*Calculation of the transfer of net income for the year ended December 31, 2016 was based on SOCPA net income for the year as this is not an IFRS transition adjustment requirement.

(All amounts in Saudi Riyals unless otherwise stated)

33 Non-controlling interest

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

33.1 Summarized statement of financial position

	Notes	MAC	MRC	MBAC	MPC	MWSPC	Total
Non-controlling interest in %		**25.1 %**	**25.1 %**	**25.1 %**	**30 %**	**40 %**	
June 30, 2017							
Non-current assets		17,999,945,945	5,274,415,256	12,794,802,021	15,668,829,326	25,008,856,222	76,746,848,770
Current assets		2,172,807,250	1,322,700,850	1,050,713,042	2,241,233,677	1,287,897,141	8,075,351,960
Total assets		**20,172,753,195**	**6,597,116,106**	**13,845,515,063**	**17,910,063,003**	**26,296,753,363**	**84,822,200,730**
Non-current liabilities		10,192,299,249	4,240,393,005	8,070,142,813	9,866,246,388	17,491,308,525	49,860,389,980
Current liabilities		3,277,280,351	1,249,691,387	996,607,896	1,744,891,411	1,404,739,993	8,673,211,038
Total liabilities		**13,469,579,600**	**5,490,084,392**	**9,066,750,709**	**11,611,137,799**	**18,896,048,518**	**58,533,601,018**
Net assets		**6,703,173,595**	**1,107,031,714**	**4,778,764,354**	**6,298,925,204**	**7,400,704,845**	**26,288,599,712**
Share of net assets		1,682,496,572	277,864,960	1,199,469,853	1,889,677,561	2,960,281,938	8,009,790,884
Zakat and tax impact		(19,436,268)	83,913,132	11,912,856	-	(9,162,422)	67,227,298
Payment to increase share capital impact		-	(3,594,249)	-	-	-	(3,594,249)
Net assets attributable to non-controlling interest	33.3	**1,663,060,304**	**358,183,843**	**1,211,382,709**	**1,889,677,561**	**2,951,119,516**	**8,073,423,933**
June 30, 2016							
Non-current assets		18,539,596,912	5,825,863,261	12,881,729,605	16,396,670,738	21,719,593,017	73,643,873,307
Current assets		1,873,906,641	1,254,314,863	948,564,694	1,958,050,035	1,921,845,335	10,706,238,803
Total assets		**20,413,503,553**	**7,080,178,124**	**13,830,294,299**	**18,354,720,773**	**23,641,438,352**	**84,350,112,110**
Non-current liabilities		11,061,985,203	4,817,693,952	8,084,801,313	10,967,617,319	14,097,748,059	49,080,423,736
Current liabilities		2,997,764,530	1,037,990,672	688,037,833	1,033,142,648	2,497,364,515	9,553,437,257
Total liabilities		**14,059,749,733**	**5,855,684,624**	**8,772,839,146**	**12,000,759,967**	**16,595,112,574**	**58,633,860,993**
Net assets		**6,353,753,820**	**1,224,493,500**	**5,057,455,153**	**6,353,960,806**	**7,046,325,778**	**25,716,251,117**
Share of net assets		1,594,792,209	307,347,868	1,269,421,243	1,906,188,241	2,818,530,310	7,896,279,871
Zakat and tax impact		(5,136,380)	59,576,128	422,897	-	451,791	55,314,436
Payment to increase share capital impact		-	(7,119,230)	-	-	-	(7,119,230)
Net assets attributable to non-controlling interest	33.3	**1,589,655,829**	**359,804,766**	**1,269,844,140**	**1,906,188,241**	**2,818,982,101**	**7,944,475,077**

(All amounts in Saudi Riyals unless otherwise stated)

33 Non-controlling interest (continued)

	Notes	MAC	MRC	MBAC	MPC	MWSPC	Total
Non-controlling interest in %		**25.1 %**	**25.1 %**	**25.1 %**	**30 %**	**40 %**	
December 31, 2016							
Non-current assets		18,280,872,888	5,177,950,824	12,971,944,699	15,920,579,038	24,320,185,347	76,671,532,796
Current assets		2,272,572,079	1,079,399,188	927,486,699	2,402,548,499	2,424,348,463	9,106,354,928
Total assets		**20,553,444,967**	**6,257,350,012**	**13,899,431,398**	**18,323,127,537**	**26,744,533,810**	**85,777,887,724**
Non-current liabilities		10,835,661,631	4,369,080,573	7,942,552,690	10,418,024,121	17,409,775,500	50,975,094,515
Current liabilities		3,233,465,083	1,213,213,858	998,954,599	1,680,222,125	2,297,997,580	9,423,853,245
Total liabilities		**14,069,126,714**	**5,582,294,431**	**8,941,507,289**	**12,098,246,246**	**19,707,773,080**	**60,398,947,760**
Net assets		**6,484,318,253**	**675,055,581**	**4,957,924,109**	**6,224,881,291**	**7,036,760,730**	**25,378,939,964**
Share of net assets		1,627,563,881	169,438,950	1,244,438,951	1,867,464,387	2,814,704,291	7,723,610,460
Zakat and tax impact		(9,852,156)	80,098,532	6,882,877	-	680,563	77,809,816
Payment to increase share capital impact		-	(7,119,230)	-	-	-	(7,119,230)
Net assets attributable to non-controlling interest	33.3	**1,617,711,725**	**242,418,252**	**1,251,321,828**	**1,867,464,387**	**2,815,384,854**	**7,794,301,046**
January 1, 2016							
Non-current assets		18,904,104,180	5,563,432,568	12,507,524,411	16,674,743,068	17,047,853,832	70,697,658,059
Current assets		1,759,298,523	1,460,318,889	1,143,028,245	2,850,903,658	2,082,160,654	9,295,709,969
Total assets		**20,663,402,703**	**7,023,751,457**	**13,650,552,656**	**19,525,646,726**	**19,130,014,486**	**79,993,368,028**
Non-current liabilities		10,893,624,471	4,840,183,680	8,128,329,751	10,009,616,488	10,095,581,100	43,967,335,490
Current liabilities		3,409,521,710	953,095,844	458,415,216	1,734,573,327	3,492,734,648	10,048,340,745
Total liabilities		**14,303,146,181**	**5,793,279,524**	**8,586,744,967**	**11,744,189,815**	**13,588,315,748**	**54,015,676,235**
Net assets		**6,360,256,522**	**1,230,471,933**	**5,063,807,689**	**7,781,456,911**	**5,541,698,738**	**25,977,691,793**
Share of net assets		1,596,424,387	308,848,455	1,271,015,730	2,334,437,073	2,216,679,494	7,727,405,139
Income tax impact		3,149,117	57,319,184	2,217,602	-	321,040	63,006,943
Payment to increase share capital impact		-	(7,119,230)	-	-	-	(7,119,230)
Net assets attributable to non-controlling interest	33.3	**1,599,573,504**	**359,048,409**	**1,273,233,332**	**2,334,437,073**	**2,217,000,534**	**7,783,292,852**

(All amounts in Saudi Riyals unless otherwise stated)

33 Non-controlling interest (continued)

33.2 Summarized statement of profit or loss and other comprehensive income

	Notes	MAC	MRC	MBAC	MPC	MWSPC	Total
Non-controlling interest in %		**25.1 %**	**25.1 %**	**25.1 %**	**30 %**	**40 %**	
June 30, 2017							
Sales		3,184,975,001	-	892,582,190	2,039,435,588	652,247,181	6,769,239,960
Profit / (loss) before zakat and income tax for the period		231,651,219	(102,823,040)	(185,875,348)	76,231,277	390,013,828	409,197,936
Other comprehensive income / (loss) for the period		-	-	-	-	-	-
Total comprehensive income / (loss) for the period		**231,651,219**	**(102,823,040)**	**(185,875,348)**	**76,231,277**	**390,013,828**	**409,197,936**
Total comprehensive income / (loss) attributable to non-controlling interest:							
Share of profit / (loss) before zakat and income tax for the period		58,144,456	(25,808,582)	(46,654,712)	22,869,383	156,005,531	164,556,076
Share of zakat and income tax for the period		(12,795,877)	5,092,923	6,715,593	(656,209)	(20,270,869)	(21,914,439)
Share of profit / (loss) for the period		45,348,579	(20,715,659)	(39,939,119)	22,213,174	135,734,662	142,641,637
Share of other comprehensive income / (loss) for the period		-	-	-	-	-	-
Total	33.3	**45,348,579**	**(20,715,659)**	**(39,939,119)**	**22,213,174**	**135,734,662**	**142,641,637**
June 30, 2016							
Sales		2,559,213,837	-	-	2,121,494,122	-	4,680,707,959
Profit / (loss) before zakat and income tax for the period		4,559,377	(8,991,708)	(3,956,401)	65,435,961	4,409,123	61,456,352
Other comprehensive income / (loss) for the period		-	-	-	-	-	-
Total comprehensive income / (loss) for the period		**4,559,377**	**(8,991,708)**	**(3,956,401)**	**65,435,961**	**4,409,123**	**61,456,352**
Total comprehensive income / (loss) attributable to non-controlling interest:							
Share of profit / (loss) before zakat and income tax for the period		1,144,404	(2,256,918)	(993,057)	19,630,788	1,763,650	19,288,867
Share of zakat and income tax for the period		(11,062,079)	3,013,275	(2,396,135)	2,120,380	217,917	(8,106,642)
Share of profit / (loss) for the period		(9,917,675)	756,357	(3,389,192)	21,751,168	1,981,567	11,182,225
Share of other comprehensive income / (loss) for the period		-	-	-	-	-	-
Total	33.3	**(9,917,675)**	**756,357**	**(3,389,192)**	**21,751,168**	**1,981,567**	**11,182,225**

(All amounts in Saudi Riyals unless otherwise stated)

33 Non-controlling interest (continued)

	Notes	MAC	MRC	MBAC	MPC	MWSPC	Total
Non-controlling interest in %		**25.1 %**	**25.1 %**	**25.1 %**	**30 %**	**40 %**	
December 31, 2016							
Sales		5,287,098,947	-	382,797,084	4,056,326,243	-	9,726,222,274
Profit / (loss) before zakat and income tax for the year		139,600,447	(585,829,366)	(110,778,172)	(61,107,809)	(2,235,370)	(620,350,270)
Other comprehensive income / (loss)		1,819,460	-	(1,334,079)	1,777,621	(3,301,843)	(1,038,841)
Total comprehensive income / (loss) for the year		**141,419,907**	**(585,829,366)**	**(112,112,251)**	**(59,330,188)**	**(5,537,213)**	**(621,389,111)**
Total comprehensive income / (loss) attributable to non-controlling interest:							
Share of profit / (loss) before zakat and income tax for the year		35,039,712	(147,043,171)	(27,805,321)	(18,332,342)	(894,148)	(159,035,270)
Share of zakat and income tax for the year		(17,358,176)	30,413,014	6,228,671	2,019,333	599,205	21,902,047
Share of profit / (loss) for the year		17,681,536	(116,630,157)	(21,576,650)	(16,313,009)	(294,943)	(137,133,223)
Share of other comprehensive income / (loss) for the year	33.3	456,685	-	(334,854)	533,286	(1,320,737)	(665,620)
Total	33.3	**18,138,221**	**(116,630,157)**	**(21,911,504)**	**(15,779,723)**	**(1,615,680)**	**(137,798,843)**

(All amounts in Saudi Riyals unless otherwise stated)

33 Non-controlling interest (continued)

33.3 Movement of non-controlling interest

	Notes	MAC	MRC	MBAC	MPC	MWSPC	Total
January 1, 2016	33.1	1,599,573,504	359,048,409	1,273,233,332	2,334,437,073	2,217,000,534	7,783,292,852
Dividend paid during the period	43.1	-	-	-	(450,000,000)	-	(450,000,000)
Share of net profit / (loss) for the period	33.2	(9,917,675)	756,357	(3,389,192)	21,751,168	1,981,567	11,182,225
Increase in non-controlling interest during the period		-	7,119,228	5,441,593	-	600,000,000	612,560,821
Payment to increase share capital during the period		-	(7,119,228)	(5,441,593)	-	-	(12,560,821)
June 30, 2016	33.1	1,589,655,829	359,804,766	1,269,844,140	1,906,188,241	2,818,982,101	7,944,475,077
Dividend paid during the remainder of the year	43.1	-	-	-	(1,192,963)	-	(1,192,963)
Share of net profit / (loss) for the remainder of the year	33.2	27,599,211	(117,386,514)	(18,187,458)	(38,064,177)	(2,276,510)	(148,315,448)
Share of other comprehensive income / (loss) for the remainder of the year	33.2	456,685	-	(334,854)	533,286	(1,320,737)	(665,620)
December 31, 2016	33.1	1,617,711,725	242,418,252	1,251,321,828	1,867,464,387	2,815,384,854	7,794,301,046
Share of net profit / (loss) for the period	33.2	45,348,579	(20,715,659)	(39,939,119)	22,213,174	135,734,662	142,641,637
Payment to increase share capital during the period	43.1	-	136,481,250	-	-	-	136,481,250
June 30, 2017	33.1	**1,663,060,304**	**358,183,843**	**1,211,382,709**	**1,889,677,561**	**2,951,119,516**	**8,073,423,933**

(All amounts in Saudi Riyals unless otherwise stated)

34 Due to a joint venture partner

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Due to Alcoa Corporation	43.2	**241,541,684**	191,016,363	191,016,363	300,703,363
Impairment	5.2.4, 5.8.3	**-**	-	-	(115,773,750)
Total	43.2	**241,541,684**	191,016,363	191,016,363	184,929,613

Due to Alcoa Corporation represents their share of 25.1% in the joint venture project cost to extend the product mix of the aluminium complex (Note 1), at Ras Al-Khair, to include:

- automotive heat treated and non-heat treated sheet,
- building and construction sheet and
- foil stock sheet.

(All amounts in Saudi Riyals unless otherwise stated)

35 Long-term borrowings

35.1 Facilities approved

- MAC, MRC, MBAC and MWSPC entered into Common Terms Agreements (“CTA”) with the Public Investment Fund (PIF), Saudi Industrial Development Fund (SIDF) and consortiums of local financial institutions;
- the Company (Ma’aden) entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement;
- MGBM entered into two secured loan arrangements with Saudi Industrial Development Fund (SIDF) and
- MIC and MPC entered into Murabaha Facility Agreement (“MFA”) with Murabaha facility participants.

The Group has not defaulted on the repayment of principal or interest on any borrowing during 2017. The facilities granted to the Group comprise of the following as at June 30, 2017:

	MAC agreement signed on Nov. 30, 2010	MRC agreement signed on Nov. 30, 2010	MBAC agreement signed on Nov. 27, 2011	Ma’aden agreement signed on Dec. 18, 2012	MWSPC agreement signed on Jun. 30, 2014	MGBM agreements signed on Mar. 24, 2015 and Apr. 26, 2015	MIC agreement signed on Dec. 30, 2015	MPC agreement signed on Feb. 26, 2016	Total
Public Investment Fund (“PIF”)	4,875,000,000	3,078,750,000	3,750,000,000	-	7,500,000,000	-	-	-	19,203,750,000
Islamic and commercial banks									
Procurement*	5,047,500,000	1,041,000,000	2,690,712,844	-	4,299,854,655	-	-	-	13,079,067,499
Commercial*	900,000,000	-	258,750,000	-	5,450,145,345	-	-	-	6,608,895,345
Wakala	787,500,000	-	768,750,000	-	1,650,000,000	-	-	-	3,206,250,000
Sub-total	**6,735,000,000**	**1,041,000,000**	**3,718,212,844**	**-**	**11,400,000,000**	**-**	**-**	**-**	**22,894,212,844**
Saudi Industrial Development Fund (“SIDF”)	600,000,000	600,000,000	900,000,000	-	-	1,379,000,000	-	-	3,479,000,000
Riyal Murabaha facility	-	-	-	-	-	-	1,000,000,000	11,493,750,000	12,493,750,000
Riyal Murabaha facility (a working capital facility)	375,000,000	375,000,000	340,000,000	-	-	-	-	-	1,090,000,000
Sub-total	**12,585,000,000**	**5,094,750,000**	**8,708,212,844**	**-**	**18,900,000,000**	**1,379,000,000**	**1,000,000,000**	**11,493,750,000**	**59,160,712,844**
Syndicated Revolving Credit Facility Agreement	-	-	-	9,000,000,000	-	-	-	-	9,000,000,000
Total facilities granted	**12,585,000,000**	**5,094,750,000**	**8,708,212,844**	**9,000,000,000**	**18,900,000,000**	**1,379,000,000**	**1,000,000,000**	**11,493,750,000**	**68,160,712,844**

(All amounts in Saudi Riyals unless otherwise stated)

35.1 Facilities approved (continued)

The facilities granted to the Group comprise of the following as at January 1, 2016:

	MPC agreement signed on June 15, 2008	MAC agreement signed on Nov. 30, 2010	MRC agreement signed on Nov. 30, 2010	MBAC agreement signed on Nov. 27, 2011	Ma'aden agreement signed on Dec. 18, 2012	MWSPC agreement signed on June 30, 2014 and	MGBM agreements signed on Mar. 24, 2015 Apr. 26, 2015	MIC agreement signed on Dec. 30, 2015	Total
Public Investment Fund ("PIF")	4,000,001,250	4,875,000,000	3,078,750,000	3,750,000,000	-	7,500,000,000	-	-	23,203,751,250
Islamic and commercial banks									
Procurement*	4,269,892,500	5,047,500,000	1,041,000,000	2,690,712,844	-	4,299,854,655	-	-	17,348,959,999
Commercial*	1,491,562,500	900,000,000	-	258,750,000	-	5,450,145,345	-	-	8,100,457,845
Al-Rajhi Bank	2,343,750,000	-	-	-	-	-	-	-	2,343,750,000
The Export Import Bank of Korea	1,500,000,000	-	-	-	-	-	-	-	1,500,000,000
Korea Export Insurance corporation	750,000,000	-	-	-	-	-	-	-	750,000,000
Wakala	-	787,500,000	-	768,750,000	-	1,650,000,000	-	-	3,206,250,000
Sub-total	**10,355,205,000**	**6,735,000,000**	**1,041,000,000**	**3,718,212,844**	**-**	**11,400,000,000**	**-**	**-**	**33,249,417,844**
Saudi Industrial Development Fund ("SIDF")	600,000,000	600,000,000	600,000,000	900,000,000	-	-	1,379,000,000	-	4,079,000,000
Riyal Murabaha facility	-	-	-	-	-	-	-	1,000,000,000	1,000,000,000
Riyal Murabaha facility (a working capital facility)	-	375,000,000	375,000,000	-	-	-	-	-	750,000,000
Sub-total	**14,955,206,250**	**12,585,000,000**	**5,094,750,000**	**8,368,212,844**	**-**	**18,900,000,000**	**1,379,000,000**	**1,000,000,000**	**62,282,169,094**
Syndicated Revolving Credit Facility Agreement	-	-	-	-	9,000,000,000	-	-	-	9,000,000,000
Total facilities granted	**14,955,206,250**	**12,585,000,000**	**5,094,750,000**	**8,368,212,844**	**9,000,000,000**	**18,900,000,000**	**1,379,000,000**	**1,000,000,000**	**71,282,169,094**

35.1 Facilities approved (continued)

The CTAs impose the following conditions and financial covenants on each of the borrowing legal entities of the Group and if the conditions are met, the financial institutions will provide the long-term borrowing:

- the limitation on the creation of additional liens and/or financing obligations by MAC, MRC, MBAC and MWSPC, unless specifically allowed under the CTA;
- financial ratio maintenance;
- maximum capital expenditures allowed;
- restriction on dividend distribution to shareholders and
- restriction on the term of the short-term investment with maturities of not more than six (6) months from the date of acquisition, of any Saudi Arabian commercial bank or any other international commercial bank of recognized standing.

The MFAs imposed certain conditions and special covenants which include:

- safeguarding the entities' existence as a limited liability company validly existing under the laws of the Kingdom of Saudi Arabia;
- restriction to substantial change in the general nature of company's business, unless specifically allowed under the MFA;
- restriction to enter into a single transaction or a series of transactions and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset, unless specifically allowed under the MFA;
- payment obligations under MFA at all times rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies;
- financial ratio maintenance and
- restriction on dividend distribution to shareholders.

MAC facility

On November 26, 2012, the contracts for US Dollar procurement and Saudi Riyal procurement were revised to increase the respective facility amounts. Accordingly, the CTA was also revised to reflect the new facility arrangement.

*Facility Agents:

- Standard Chartered Bank acts as inter-creditor agent and as commercial facility agent,
- Bank Al Jazira acts as US Dollar procurement facility agent, as Saudi Riyal procurement facility agent, as US Dollar Wakala facility agent and as Saudi Riyal Wakala facility agent,
- SABB Securities Limited acts as onshore security agent and
- Riyad Bank, London Branch acts as offshore security trustee and agent.

MRC facility

*Facility Agents:

- Riyad Bank acts as Inter-creditor Agent
- Bank Al Jazira acts as Riyal Procurement Facility Agent
- Banque Saudi Fransi acts as Onshore Security Agent
- Riyad Bank, London Branch acts as Offshore Security Trustee and Agent

MBAC facility

*Facility Agents:

- HSBC Saudi Arabia Limited acts as Inter-creditor Agent and as Commercial Facility Agent,
- National Commercial bank acts as Dollar Procurement Facility Agent and Riyal Procurement Facility Agent,
- Bank Al Jazira acts as Wakala Facility Agent,
- HSBC Saudi Arabia Limited acts as Onshore Security Agent and
- Riyad Bank, London Branch acts as Offshore Security Trustee and Agent.

(All amounts in Saudi Riyals unless otherwise stated)

35.1 Facilities approved (continued)

MWSPC facility

*Facility Agents:

- Islamic Development Bank and HSBC Saudi Arabia act as agents for procurement facility and
- Mizuho Corporate Bank Limited and Sumitomo Mitsui Banking Corporation act as agents for commercial facility.

Saudi Arabian Mining Company ("Ma'aden")

On December 18, 2012, the Company entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement ("Murabaha Facility Agreement") and other agreements (together referred to as "financing agreements") totaling to SAR 9 billion. Final maturity for repayment of the loan is five years from the date of signing of the agreement. The facility is with a syndicate of local and international financial institutions, comprising of the following financial institutions:

- Al-Rajhi Bank
- Arab National Bank
- Bank Al-Bilad
- Bank AlJazira
- Banque Saudi Fransi
- J.P.Morgan Chase Bank, N.A., Riyadh Branch
- Riyad Bank
- Samba Financial Group
- The National Commercial Bank
- The Saudi British Bank
- The Saudi Investment Bank

The financial covenants and conditions include the following with respect to standalone parent company only:

- EBITDA to Interest ratio shall not be less than three times otherwise dividend block will be triggered; and
- the total net debt to tangible net worth (parent company only) shall be less than or equal to three times otherwise an event of default will be triggered which is subject to a cure period of six months, or nine months if the Company has acted expeditiously to cure such breach by initiating the process for a rights issue.

MGBM Facility

The company entered into two secured loan arrangements with Saudi Industrial Development Fund ("SIDF). The facilities granted to the Company comprise of the following:

Date approved	Purpose	Facility SAR
March 24, 2015	To provide funding for the production of a semi alloy of gold at As Suq Mine	179,000,000
April 26, 2015	To provide funding for the capital expenditure of the new gold mine at Ad-Duwayhi and water pipeline	1,200,000,000
Total facilities granted		**1,379,000,000**

The financing arrangements impose certain conditions and special covenants which include:

- the limitation of the creation of additional liens and/or financing obligations by the Company, unless specifically allowed under the loan agreement,
- financial ratio maintenance,
- maximum capital expenditures allowed,
- restriction on dividend distribution to shareholders, and
- restriction on the term of the short-term investment with maturities of not more than six (6) months from the date of acquisition, of any Saudi Arabian commercial bank or any other international commercial bank of recognized standing.

(All amounts in Saudi Riyals unless otherwise stated)

35.1 Facilities approved (continued)

MIC facility

On December 30, 2015 the company entered into a Murabaha Facility Agreement ("MFA") with HSBC Saudi Arabia Limited, comprising of:

Murabaha facility	**Facility granted**
HSBC Saudi Arabia Limited – as agent for the Murabaha facility participants	1,000,000,000

The facility was drawn down on February 17, 2016.

MPC facility

On June 15, 2008 the company had entered into a CTA with a consortium of financial institutions, however, the facility had been repaid in full from a drawing on March 30, 2016 under a new MFA signed by the company on February 25, 2016 with a Murabaha facility participants comprising of:

Murabaha facility	**Facility granted**
Riyad Bank – as agent for the Murabaha facility participants	11,493,750,000

The details of the CTA signed on June 15, 2008 which has been repaid in full on February 25, 2016 were as follows:

Public Investment Fund ("PIF")	4,000,001,250
Islamic and commercial banks	
Banque Saudi Fransi – as agent for the procurement facility participants	4,269,892,500
Mizuho Corporate Bank Limited – as agent for the commercial facility participants	1,491,562,500
Al-Rajhi Bank	2,343,750,000
The Export Import Bank of Korea	1,500,000,000
Korea Export Insurance corporation	750,000,000
Sub-total	10,355,205,000
Saudi Industrial Development Fund ("SIDF")	600,000,000
Total facilities granted	**14,955,206,250**

(All amounts in Saudi Riyals unless otherwise stated)

35.2 Facilities utilized under the different CTAs

MPC facility

This loan was repaid in full on February 25, 2016.

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Public Investment Fund	-	2,668,800,835	2,668,800,835	3,001,600,938
Less: Repaid during the period / year	-	(2,668,800,835)	(2,668,800,835)	(332,800,103)
Sub-total (Note 43.2)	-	-	-	2,668,800,835
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period was LIBOR plus 0.5% per annum.				
Loan repayment started on June 30, 2012, on a six monthly basis, in equal principal repayments of SAR 166.4 million over the term of the loan (Note 35.7).				
Islamic and commercial banks				
Saudi Riyal procurement	-	3,458,612,925	3,458,612,925	3,693,457,013
Al-Rajhi Bank	-	1,898,437,500	1,898,437,500	2,027,343,750
The Export Import Bank of Korea	-	1,096,500,000	1,096,500,000	1,230,000,000
Commercial	-	904,415,625	904,415,625	965,826,563
Korea Export Insurance Corporation	-	548,250,000	548,250,000	615,000,000
	-	7,906,216,050	7,906,216,050	8,531,627,326
Less: Repaid during the period / year	-	(7,906,216,050)	(7,906,216,050)	(625,411,276)
Sub-total	-	-	-	7,906,216,050
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period was LIBOR plus 0.5% to 1.15% per annum.				
The repayment of this loan started on June 30, 2012, on a six monthly basis, starting at SAR 255.1 million and increasing over the term of the loan (Note 35.7).				
Saudi Industrial Development Fund	-	370,000,000	370,000,000	460,000,000
Less: Repaid during the period / year	-	(370,000,000)	(370,000,000)	(90,000,000)
Sub-total	-	-	-	370,000,000
The project follow-up cost paid during the drawdown amounted to SAR 6.3 million.				
Repayment of this loan started on February 26, 2013, on a six monthly basis, starting at SAR 40 million and increasing over the term of the loan (Note 35.7).				
Total MPC borrowings (Note 35.6)	**-**	**-**	**-**	10,945,016,885

(All amounts in Saudi Riyals unless otherwise stated)

35.2 Facilities utilized under the different CTA's (continued)

MAC facility

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Public Investment Fund	**4,375,312,500**	4,575,187,500	4,575,187,500	4,575,187,500
Less: Repaid during the period / year	**(99,937,500)**	(99,937,500)	(199,875,000)	-
Sub-total (Note 43.2)	**4,275,375,000**	4,475,250,000	4,375,312,500	4,575,187,500
Less: Transaction cost balance at the period / year end	**(72,822,364)**	(84,344,370)	(78,459,966)	(90,228,773)
Sub-total	**4,202,552,636**	4,390,905,630	4,296,852,534	4,484,958,727

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is LIBOR plus 1.5%.

The repayment of the loan started on December 31, 2014, on a six monthly basis, starting at SAR 99.9 million and increasing over the term of the loan with the final repayment of SAR 1,218 million on June 30, 2026 (Note 35.7).

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Islamic and commercial banks				
Dollar procurement	**834,675,000**	872,805,000	872,805,000	872,805,000
Saudi Riyal procurement	**3,695,456,250**	3,864,273,750	3,864,273,750	3,864,273,750
Commercial	**807,750,000**	844,650,000	844,650,000	844,650,000
Wakala	**706,781,250**	739,068,750	739,068,750	739,068,750
	6,044,662,500	6,320,797,500	6,320,797,500	6,320,797,500
Less: Repaid during the period / year	**(138,067,500)**	(138,067,500)	(276,135,000)	-
Sub-total	**5,906,595,000**	6,182,730,000	6,044,662,500	6,320,797,500
Less: Transaction cost balance at the period / year end	**(77,390,750)**	(89,819,335)	(83,472,594)	(96,166,076)
Sub-total	**5,829,204,250**	6,092,910,665	5,961,189,906	6,224,631,424

The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the US Dollar facilities is LIBOR plus a margin (mark-up in case of Wakala facilities) that varies over the term of the loan. The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin (mark-up in case of Wakala facilities) that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.75% per annum.

The repayment of the loans started from December 31, 2014, starting at SAR 138 million and increasing over the term of the loan with the final repayment of SAR 1,684 million on June 30, 2026 (Note 35.7).

Sub-total carried forward	**10,031,756,886**	10,483,816,295	10,258,042,440	10,709,590,151

(All amounts in Saudi Riyals unless otherwise stated)

35.2 Facilities utilized under the different CTA's (continued)

MAC facility

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Balance brought forward	**10,031,756,886**	10,483,816,295	10,258,042,440	10,709,590,151
Saudi Industrial Development Fund	**450,000,000**	550,000,000	550,000,000	519,999,800
Less: Repaid during the period / year	**(50,000,000)**	(50,000,000)	(100,000,000)	-
Sub-total	**400,000,000**	500,000,000	450,000,000	519,999,800
Less: Transaction cost balance at the period / year end	**(14,719,405)**	(23,494,888)	(18,690,882)	(28,298,494)
Sub-total	**385,280,595**	476,505,112	431,309,118	491,701,306
Repayment of the SIDF facility started from February 4, 2015. The repayments are starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on June 7, 2020 (Note 35.7).				
Riyal Murabaha facility (a working capital facility)	**375,000,000**	375,000,000	375,000,000	375,000,000
During the quarter ended March 31, 2016, the rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is revised to SIBOR plus 1.25% from SIBOR plus 1.75%.				
The repayment of the Murabaha facility is due on March 31, 2018 (Note 35.7).				
Total MAC borrowings (Note 35.6)	**10,792,037,481**	11,335,321,407	11,064,351,558	11,576,291,457

MRC facility

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Public Investment Fund	**3,047,962,500**	3,078,750,000	3,078,750,000	3,078,750,000
Less: Repaid during the period / year	**(30,787,500)**	-	(30,787,500)	-
Sub-total (Note 43.2)	**3,017,175,000**	3,078,750,000	3,047,962,500	3,078,750,000
Less: Transaction cost balance at the period / year end	**(68,991,255)**	(80,404,141)	(74,679,201)	(86,129,080)
Sub-total	**2,948,183,745**	2,998,345,859	2,973,283,299	2,992,620,920
The rate of commission on the principal amount of the loan drawn for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%.				
The repayment of the loan started on December 31, 2016, on a six monthly basis, starting at SAR 30.8 million and increasing over the term of the loan with the final repayment of SAR 153.9 million on June 30, 2026 (Note 35.7).				
Sub-total carried forward	**2,948,183,745**	2,998,345,859	2,973,283,299	2,992,620,920

(All amounts in Saudi Riyals unless otherwise stated)

35.2 Facilities utilized under the different CTA's (continued)

MRC facility

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Balance brought forward	**2,948,183,745**	2,998,345,859	2,973,283,299	2,992,620,920
Islamic and commercial banks				
Riyal procurement	**1,030,590,000**	1,041,000,000	1,041,000,000	1,041,000,000
Less: Repaid during the period / year	**(10,410,000)**	-	(10,410,000)	-
Sub-total	**1,020,180,000**	1,041,000,000	1,030,590,000	1,041,000,000
Less: Transaction cost balance at the period / year end	**(17,698,183)**	(20,839,777)	(19,263,364)	(22,416,189)
Sub-total	**1,002,481,817**	1,020,160,223	1,011,326,636	1,018,583,811

The rate of commission on the principal amount of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.45% per annum.

The repayment of the loan started on December 31, 2016, starting at SAR 10.4 million and increasing over the term of the loan with the final repayment of SAR 13.5 million on June 30, 2026 (Note 35.7).

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Saudi Industrial Development Fund	**550,000,000**	600,000,000	600,000,000	570,000,000
Less: Repaid during the period / year	**(25,000,000)**	(25,000,000)	(50,000,000)	-
Sub-total	**525,000,000**	575,000,000	550,000,000	570,000,000
Less: Transaction cost balance at the period / year end	**(24,012,323)**	(32,269,693)	(27,983,434)	(36,555,954)
Sub-total	**500,987,677**	542,730,307	522,016,566	533,444,046

Repayment of the SIDF facility started from January 25, 2016, starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on July 19, 2021 (Note 35.7).

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Riyal Murabaha facility (a working capital facility)	**375,000,000**	375,000,000	375,000,000	375,000,000

The rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is Saudi Interbank Offered Rate ("SIBOR") plus 0.95%.

The repayment of Murabaha facility is due on August 31, 2017 (Note 35.7).

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Total MRC borrowings (Note 35.6)	**4,826,653,239**	4,936,236,389	4,881,626,501	4,919,648,777

(All amounts in Saudi Riyals unless otherwise stated)

35.2 Facilities utilized under the different CTA's (continued)

MBAC facility

	June 30, 2017	**June 30, 2016**	**December 31, 2016**	**January 1, 2016**
Public Investment Fund	**3,750,000,000**	3,750,000,000	3,750,000,000	3,750,000,000
Less: Repaid during the period / year	**(75,000,000)**	-	-	-
Sub-total (Note 43.2)	**3,675,000,000**	3,750,000,000	3,750,000,000	3,750,000,000
Less: Transaction cost balance at the period / year end	**(81,939,194)**	(94,344,549)	(88,152,378)	(100,536,720)
Sub-total	**3,593,060,806**	3,655,655,451	3,661,847,622	3,649,463,280

The rate of commission on the principal amount of the loan drawn for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%.

The repayment of the principal amount of PIF facility will be in 21 installments on a six monthly basis starting from June 30, 2017. The repayments are starting at SAR 75 million and increasing over the term of the loan with the final repayment of SAR 435 million on June 30, 2027 (Note 35.7).

	June 30, 2017	**June 30, 2016**	**December 31, 2016**	**January 1, 2016**
Islamic and commercial banks				
Dollar procurement	**799,500,000**	799,500,000	799,500,000	799,500,000
Riyal procurement	**1,891,212,844**	1,891,212,844	1,891,212,844	1,891,212,844
Commercial	**258,750,000**	258,750,000	258,750,000	258,750,000
Wakala	**768,750,000**	768,750,000	768,750,000	768,750,000
	3,718,212,844	3,718,212,844	3,718,212,844	3,718,212,844
Less: Repaid during the period / year	**(74,364,259)**	-	-	-
Sub-total	**3,643,848,585**	3,718,212,844	3,718,212,844	3,718,212,844
Less: Transaction cost balance at the period / year end	**(49,127,602)**	(56,596,616)	(52,865,914)	(60,327,318)
Sub-total	**3,594,720,983**	3,661,616,228	3,665,346,930	3,657,885,526

The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on the all the dollar facilities is LIBOR plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.45% to 2.4% per annum.

The repayment of the principal amounts of Islamic and commercial total approved facilities will start from June 30, 2017. The repayments are starting at SAR 74 million and increasing over the term of the loan with the final repayment of SAR 431 million on June 30, 2027 (Note 35.7).

Sub-total carried forward	**7,187,781,789**	7,317,271,679	7,327,194,552	7,307,348,806

(All amounts in Saudi Riyals unless otherwise stated)

35.2 Facilities utilized under the different CTA's (continued)

MBAC facility

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Balance brought forward	**7,187,781,789**	7,317,271,679	7,327,194,552	7,307,348,806
Saudi Industrial Development Fund	**900,000,000**	900,000,000	900,000,000	810,000,000
Less: Transaction cost balance at the period / year end	**(54,334,803)**	(64,970,355)	(59,989,012)	(69,951,705)
Sub-total	**845,665,197**	835,029,645	840,010,988	740,048,295
Repayment of the SIDF facility will start from July 2017. The repayments are starting at SAR 40 million and increasing over the term of the loan with the final repayment of SAR 80 million in April 2024 (Note 35.7).				
SIDF has withheld loan processing and evaluation fee of SR 75 million. The fee will be amortized over the term of the loan and the unamortized fee is SR 59 million as of December 31, 2016.				
Riyal Murabaha facility (a working capital facility)	**340,000,000**	**-**	-	-
The rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is Saudi Interbank Offered Rate ("SIBOR") plus 0.95%.				
The repayment of Murabaha facility is due on January 24, 2019 (Note 35.7).				
Total MBAC borrowings (Note 35.6)	**8,373,446,986**	8,152,301,324	8,167,205,540	8,047,397,101

MWSPC facility

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Public Investment Fund (Note 43.2)	**6,839,278,174**	5,236,763,111	6,839,278,174	3,954,229,920
Less: Transaction cost balance at the period / year end	**(61,142,066)**	(68,433,065)	(64,842,843)	(71,307,385)
Sub-total	**6,778,136,108**	5,168,330,046	6,774,435,331	3,882,922,535
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is LIBOR plus 1.5% per annum.				
The repayment of the principal amount of loan will be in 24 installments on a six monthly basis starting from June 30, 2019. The repayments are starting at SAR 112.5 million and increasing over the term of the loan with the final repayment of SAR 606 million on December 31, 2030 (Note 35.7).				
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 3,700,777 (June 30, 2016: SAR 2,874,320, December 31, 2016: SAR 6,464,542) (Note 35.9).				
Sub-total carried forward	**6,778,136,108**	5,168,330,046	6,774,435,331	3,882,922,535

(All amounts in Saudi Riyals unless otherwise stated)

35.2 Facilities utilized under the different CTA's (continued)

MWSPC facility

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Balance brought forward	**6,778,136,108**	5,168,330,046	6,774,435,331	3,882,922,535
Islamic and commercial banks				
Dollar procurement facility	**304,392,518**	232,279,339	304,392,518	174,565,346
Saudi Riyal procurement facility	**2,620,254,420**	1,999,493,851	2,620,254,420	1,502,683,523
Wakala	**1,488,141,198**	1,135,587,885	1,488,141,198	853,430,583
Commercial	**5,099,154,158**	4,221,167,676	5,061,772,152	2,847,314,693
Sub-total	**9,511,942,294**	7,588,528,751	9,474,560,288	5,377,994,145
Less: Transaction cost balance at the period / year end	**(62,588,863)**	(95,343,439)	(78,983,617)	(109,070,785)
Sub-total	**9,449,353,431**	7,493,185,312	9,395,576,671	5,268,923,360

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is LIBOR plus 1.25% to 2.10% per annum.

The repayment of the principal amounts of loans will start from June 30, 2019. The repayments are starting at SAR 171 million and increasing over the term of the loan with the final repayment of SAR 809 million on December 31, 2030 (Note 35.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 16,394,754 (June 30, 2016: SAR 13,727,346, December 31, 2016: SAR 30,087,168) (Note 35.9).

Total MWSPC borrowings (Note 35.6)	**16,227,489,539**	12,661,515,358	16,170,012,002	9,151,845,895

35.3 Syndicated revolving credit facility

Ma'aden facility

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Syndicated revolving credit facility (Note 35.6)	**-**	2,400,000,000	-	-

The rate of commission on the principal amount of the borrowing drawdown is SIBOR plus 0.85% per annum.

(All amounts in Saudi Riyals unless otherwise stated)

35.4 Facility utilized under the different CTA's

MGBM facility

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
As Suq mine				
Saudi Industrial Development Fund	**171,000,000**	143,200,000	179,000,000	143,200,000
Less: Repaid during the period / year	**(8,000,000)**	-	(8,000,000)	-
Sub-total	**163,000,000**	143,200,000	171,000,000	143,200,000
Less: Transaction cost balance at the period / year end	**(7,980,603)**	(10,622,518)	(9,258,917)	(12,008,103)
Sub-total	**155,019,397**	132,577,482	161,741,083	131,191,897

The repayment of this loan started on July 20, 2016, on a six monthly basis, starting at SAR 8 million and increasing over the term of the loan with the final repayment of SAR 18 million on November 9, 2022 (Note 35.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 1,278,314 (June 30, 2016: SAR 1,385,585 and December 31, 2016: SAR 2,749,186) (Note 35.9).

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Ad-Duwayhi mine and water pipeline				
Saudi Industrial Development Fund	**1,200,000,000**	600,000,000	804,507,000	120,000,000
Less: Transaction cost balance at the period / year end	**(57,267,127)**	(73,258,352)	(65,197,022)	(16,000,000)
Sub-total	**1,142,732,873**	526,741,648	739,309,978	104,000,000

The repayment of this loan will start on July 9, 2017, on a six monthly basis, starting at SAR 60 million and increasing over the term of the loan with the final repayment of SAR 100 million on October 30, 2023 (Note 35.7).

Transaction incurred and is amortized over the term of the loan amounted to SAR 7,929,895 (June 30, 2016: SAR 6,741,648 and December 31, 2016: SAR 14,802,978) (Note 35.9).

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Total MGBM borrowings (Note 35.6)	**1,297,752,270**	659,319,130	901,051,061	235,191,897

(All amounts in Saudi Riyals unless otherwise stated)

35.5 Facilities utilized under the different MFAs

MIC facility

	June 30, 2017	**June 30, 2016**	**December 31, 2016**	**January 1, 2016**
HSBC Saudi Arabia Limited – as agent for the Murabaha facility participants	**961,000,000**	1,000,000,000	1,000,000,000	-
Less: Repaid during the period / year	**(39,000,000)**	-	(39,000,000)	-
Sub-total	**922,000,000**	1,000,000,000	961,000,000	-
Less: Transaction cost balance at the period / year end	**(8,500,000)**	(9,635,455)	(9,000,000)	-
Total MIC borrowings (Note 35.6)	**913,500,000**	990,364,545	952,000,000	-

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of SIBOR plus 1 % per annum.

The repayment of the principal amount of the loan started from December 30, 2016, in equal principal repayments of SAR 39 million, on a semi-annual over a 10 year period with the final principal repayment of SAR 298 million on December 30, 2025 (Note 35.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 500,000 (June 30, 2016: SAR 549,545 and December 31, 2016: 1,185,000) (Note 35.9).

MPC facility

	June 30, 2017	**June 30, 2016**	**December 31, 2016**	**January 1, 2016**
Riyad Bank – as agent for the Murabaha facility participants	**11,493,750,000**	11,493,750,000	11,493,750,000	**-**
Less: Repaid during the period / year	**(574,687,500)**	-	-	**-**
Sub-total	**10,919,062,500**	11,493,750,000	11,493,750,000	**-**
Less: Transaction cost balance at the period / year end	**(88,358,864)**	(111,800,785)	(98,953,754)	**-**
Total MPC borrowings (Note 35.6)	**10,830,703,636**	11,381,949,215	11,394,796,246	**-**

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of LIBOR plus 1% per annum for SAR Murabaha facility and LIBOR plus 1.1% per annum for US Dollar Murabaha facility.

The repayment of this loan started from February 25, 2017, starting at SAR 575 million and increasing over the term of the loan with the final repayment of SAR 3,448 million on February 25, 2023.

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 10,594,890 (June 30, 2016: SAR 3,136,715 and December 31, 2016: 15,983,746) (Note 35.9).

(All amounts in Saudi Riyals unless otherwise stated)

35.6 Total borrowings

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Facilities utilized under:					
CTAs:					
MPC	35.2	**-**	-	**-**	10,945,016,885
MAC	35.2	**10,792,037,481**	11,335,321,407	11,064,351,558	11,576,291,457
MRC	35.2	**4,826,653,239**	4,936,236,389	4,881,626,501	4,919,648,777
MBAC	35.2	**8,373,446,986**	8,152,301,324	8,167,205,540	8,047,397,101
MWSPC	35.2	**16,227,489,539**	12,661,515,358	16,170,012,002	9,151,845,895
Syndicated Revolving Credit Facility:					
Ma'aden	35.3	**-**	2,400,000,000	-	-
MGBM facility	35.4	**1,297,752,270**	659,319,130	901,051,061	235,191,897
MFAs:					
MIC	35.5	**913,500,000**	990,364,545	952,000,000	-
MPC	35.5	**10,830,703,636**	11,381,949,215	11,394,796,246	-
Sub-total		**53,261,583,151**	52,517,007,368	53,531,042,908	44,875,392,012
Less: Current portion of borrowings shown under current liabilities					
MPC		**1,149,375,000**	574,687,500	1,149,375,000	1,089,112,404
MAC		**1,001,010,000**	576,010,000	576,010,000	951,010,000
MRC		**607,395,000**	132,395,000	532,395,000	91,197,500
MBAC		**466,069,582**	149,364,262	338,728,517	-
MGBM		**231,000,000**	16,000,000	78,000,000	-
MIC		**78,000,000**	39,000,000	78,000,000	-
Sub-total		**3,532,849,582**	1,487,456,762	2,752,508,517	2,131,319,904
Long-term portion of borrowings		**49,728,733,569**	51,029,550,606	50,778,534,391	42,744,072,108

35.7 Maturity profile of long-term borrowings

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
2016	**-**	450,567,045	-	2,131,319,904
2017	**1,906,956,759**	5,152,508,518	2,752,508,517	2,554,245,922
2018	**3,291,859,642**	3,191,859,645	3,211,859,643	2,910,503,196
2019	**3,981,183,655**	3,460,264,467	3,639,171,941	3,360,766,711
2020	**3,910,627,250**	3,639,106,252	3,898,420,401	3,478,132,098
2021	**4,652,890,607**	3,910,962,368	4,639,062,509	3,963,267,137
2022	**4,967,336,950**	4,384,819,601	5,951,149,010	4,239,283,356
2023 through 2030	**30,550,728,288**	28,326,919,472	29,438,870,887	22,237,873,688
Total	**53,261,583,151**	52,517,007,368	53,531,042,908	44,875,392,012

As of January 1, 2016, current portion of MPC's long-term borrowings of SAR 1,089,112,404 is included in the maturity profile due in the next 12 months. Out of this amount, SAR 544,556,202 is restricted in the debt service reserve account for the next schedule repayment, six months prior to the due date, as per the facility agreement (Note 29), however, the facility had been repaid in full from a drawing on March 30, 2016 under a new MFA signed by the company on February 25, 2016 with a Murabaha facility participants.

35.8 Facilities' currency denomination

Essentially all of the Group's facilities have been contracted in United States Dollar (US$) and Saudi Riyals (SAR) and the drawdown balances in US$ are shown below:

	June 30, 2017 (US$)	**June 30, 2016 (US$)**	**December 31, 2016 (US$)**	**January 1, 2016 (US$)**
Public Investment Fund	**4,672,515,545**	4,323,529,864	4,721,711,675	4,714,337,678
Islamic and commercial banks				
Procurement	**2,381,881,438**	2,266,866,911	2,412,219,160	3,074,409,602
Al-Rajhi Bank	**-**	-	-	506,250,000
The Export Import Bank of Korea	**-**	-	-	292,400,000
Korea Export Insurance Corporation	**-**	-	-	146,200,000
Commercial	**1,632,962,313**	1,407,481,924	1,628,007,077	1,286,141,272
US Dollar procurement	**506,717,705**	501,456,046	515,833,718	490,955,406
Wakala	**778,641,340**	695,627,766	786,190,750	623,974,433
Sub-total	**5,300,202,796**	4,871,432,647	5,342,250,705	6,420,330,713
Saudi Industrial Development Fund	**807,916,196**	670,289,119	718,503,396	632,102,812
Riyal Murabaha facility	**3,131,787,636**	3,299,283,669	3,292,478,999	-
Riyal Murabaha facility (a working capital facility)	**290,666,667**	200,000,000	200,000,000	200,000,000
Syndicated Revolving Credit Facility	**-**	640,000,000	-	-
Total	**14,203,088,840**	14,004,535,299	14,274,944,775	11,966,771,203

35.9 Amortization of transaction cost

	Quarter ended		**Six months ended**		**Year ended**
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Facilities utilized under:					
CTAs:					
MAC (Note 35.2)	**7,845,462**	8,517,475	**15,690,923**	17,034,750	34,069,901
MRC (Note 35.2)	**5,612,119**	5,793,806	**11,224,238**	11,587,612	23,175,224
MBAC (Note 35.2)	**7,802,853**	7,452,113	**15,605,705**	14,904,223	29,808,439
MWSPC (Note 35.2)	**9,985,014**	8,307,968	**20,095,531**	16,601,666	36,551,710
MGBM facility (Note 35.4)	**4,629,541**	4,687,259	**9,208,209**	8,127,233	17,552,164
MFAs:					
MIC (Note 35.5)	**250,000**	549,545	**500,000**	549,545	1,185,000
MPC (Note 35.5)	**5,221,307**	3,136,715	**10,594,890**	3,136,715	15,983,746
Sub-total	**41,346,296**	38,444,881	**82,919,496**	71,941,744	158,326,184
Less: capitalised as part of capital work-in-progress					
MRC	**-**	5,793,806	**-**	11,587,612	23,175,224
MBAC	**-**	7,452,113	**-**	14,904,223	24,365,258
MGBM	**-**	-	**-**	2,754,795	2,754,795
MWSPC	**9,985,014**	8,307,968	**20,095,531**	16,601,666	36,551,710
Sub-total (Note 14.1 and 19)	**9,985,014**	21,553,887	**20,095,531**	45,848,296	86,846,987
Total charged to finance cost (Note 14)	**31,361,282**	16,890,994	**62,823,965**	26,093,448	71,479,197

(All amounts in Saudi Riyals unless otherwise stated)

35.10 Security

The following assets were pledged as security for these long-term borrowings in accordance with the applicable CTAs:

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Mine properties	17.2	**5,884,954,976**	5,561,859,930	6,503,040,267	7,859,883,447
Property, plant and equipment	18.2	**32,191,923,557**	19,187,143,092	29,557,638,028	32,659,970,932
Capital work-in-progress	19	**23,867,440,245**	35,499,366,378	26,446,280,850	31,595,660,537
Intangible assets	20	**97,591,057**	101,092,597	103,105,996	85,374,130
Total		**62,041,909,835**	60,349,461,997	62,610,065,141	72,200,889,046

(All amounts in Saudi Riyals unless otherwise stated)

36 Provision for decommissioning, rehabilitation and dismantling obligation

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Gold mines	36.1	**91,997,922**	84,621,088	87,652,321	82,391,854
Al-Baitha bauxite mine	36.2	**34,113,885**	32,386,269	33,227,636	31,544,902
Phosphate mines	36.3	**147,064,229**	139,823,889	143,379,004	136,320,974
Low grade bauxite, kaolin and magnesite mines	36.4	**5,441,725**	5,098,045	5,263,603	4,932,489
Total		**278,617,761**	261,929,291	269,522,564	255,190,219

Decommissioning provisions are made for the mine closure, reclamation and dismantling obligation of the mine and the related plants and infrastructure. These obligations are expected to be occur in the year in which the mine is expected to be closed. Management estimates the provision based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, terms of the license agreements and engineering estimates.

The provision for mine decommissioning obligation represents the present value of full amount of the estimated future closure and reclamation costs for the various operational mining properties, based on information currently available including closure plans and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognised when determined.

The movement in the provision for mine decommissioning obligation for each of the mines along with the year in which they commenced commercial production and expected date of closure is as follows:

36.1 Gold mines

	Notes	Bulghah mine	Mahad mine	As Suq mine	Al Amar mine	Ad Duwayhi mine	Sukhaybarat mine	Total
January 1, 2016		19,920,780	20,865,878	12,589,451	6,952,612	11,248,741	10,814,392	82,391,854
Increase arising from passage of time during the period	14	906,707	949,724	573,018	347,630	562,437	540,719	3,880,235
Utilization during the period		-	(1,651,001)	-	-	-	-	(1,651,001)
June 30, 2016	36	20,827,487	20,164,601	13,162,469	7,300,242	11,811,178	11,355,111	84,621,088
Increase arising from passage of time during the remainder of the year	14	906,707	949,724	573,017	347,630	562,436	540,719	3,880,233
Utilization during the remainder of the year		-	(849,000)	-	-	-	-	(849,000)
December 31, 2016	36	21,734,194	20,265,325	13,735,486	7,647,872	12,373,614	11,895,830	87,652,321

(All amounts in Saudi Riyals unless otherwise stated)

36.1 Gold mines (continued)

	Notes	Bulghah mine	Mahad mine	As Suq mine	Al Amar mine	Ad Duwayhi mine	Sukhaybarat mine	Total
December 31, 2016	36	21,734,194	20,265,325	13,735,486	7,647,872	12,373,614	11,895,830	87,652,321
Increase arising from passage of time during the period	14	989,246	1,036,179	625,180	382,393	618,680	693,923	4,345,601
June 30, 2017	36	**22,723,440**	**21,301,504**	**14,360,666**	**8,030,265**	**12,992,294**	**12,589,753**	**91,997,922**
Commenced commercial production in		2001	1988	2014	2008	2016	1991	
Expected closure date in		2018	2019	2021	2026	2027	2039	

(All amounts in Saudi Riyals unless otherwise stated)

36.2 Al Ba'itha bauxite mine

	Notes	Total
January 1, 2016		31,544,902
Increase arising from passage of time during the period	14	841,367
June 30, 2016	36	32,386,269
Increase arising from passage of time during the remainder of the year	14	841,367
December 31, 2016	36	33,227,636
Increase arising from passage of time during the period	14	886,249
June 30, 2017	36	**34,113,885**
Commenced commercial production in		2014
Expected closure date in		2059

36.3 Phosphate mines

	Notes	Al Jalamid mine	Al Khabra mine	Total
January 1, 2016		54,393,546	81,927,428	136,320,974
Increase arising from passage of time during the period	14	1,443,142	2,059,773	3,502,915
June 30, 2016	36	55,836,688	83,987,201	139,823,889
Increase arising from passage of time during the remainder of the year	14	1,443,143	2,111,972	3,555,115
December 31, 2016	36	57,279,831	86,099,173	143,379,004
Increase arising from passage of time during the period	14	1,519,719	2,165,506	3,685,225
June 30, 2017		**58,799,550**	**88,264,679**	**147,064,229**
Commenced commercial production in		2008	2017	
Expected closure date in		2032	2045	

36.4 Low grade bauxite, kaolin and magnesite mines

	Notes	Az Zabirah mine	Al-Ghazallah mine	Madinah plant	Total
January 1, 2016		1,851,087	191,478	2,889,924	4,932,489
Increase arising from passage of time during the period	14	88,794	9,260	67,502	165,556
June 30, 2016	36	1,939,881	200,738	2,957,426	5,098,045
Increase arising from passage of time during the remainder of the year	14	88,794	9,259	67,505	165,558
December 31, 2016	36	2,028,675	209,997	3,024,931	5,263,603
Increase arising from passage of time during the period	14	97,310	10,155	70,657	178,122
June 30, 2017	36	**2,125,985**	**220,152**	**3,095,588**	**5,441,725**
Commenced commercial production in		2008	2011	2011	
Expected closure date in		2026	2031	2031	

(All amounts in Saudi Riyals unless otherwise stated)

37 Obligation under finance lease

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Net present value of minimum lease payment					
MGBM	37.1	**58,441,024**	78,080,736	68,380,653	87,547,050
MBAC	37.2	**20,484,905**	33,254,230	26,783,121	39,164,377
Sub-total		**78,925,929**	111,334,966	95,163,774	126,711,427
Less: Current portion shown under current liabilities					
MGBM	37.1	**(20,621,698)**	(19,639,713)	(20,124,717)	(19,166,397)
MBAC	37.2	**(14,148,086)**	(12,769,325)	(13,441,040)	(12,131,184)
Sub-total		**(34,769,784)**	(32,409,038)	(33,565,757)	(31,297,581)
Long-term portion of obligation under finance lease		**44,156,145**	78,925,928	61,598,017	95,413,846

37.1 MGBM

The company has entered into certain agreements which entitled the company to residential rights and obligations relating to certain assets related to these agreements. These assets have been classified as assets under finance lease in accordance with IFRIC – 4.

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Future minimum lease payments		**62,589,469**	85,610,304	74,099,887	97,120,723
Less: Future finance cost not yet due		**(4,148,445)**	(7,529,568)	(5,719,234)	(9,573,673)
Net present value of minimum lease payment	37	**58,441,024**	78,080,736	68,380,653	87,547,050
Less: Current portion shown under current liabilities	37	**(20,621,698)**	(19,639,713)	(20,124,717)	(19,166,397)
Long-term portion of obligation under finance lease		**37,819,326**	58,441,023	48,255,936	68,380,653

Maturity profile

Minimum lease payments falling due during the following years:

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
2016	**-**	11,510,418	-	23,020,836
2017	**11,510,418**	23,020,836	23,020,836	23,020,836
2018	**22,962,039**	22,962,039	22,962,039	22,962,039
2019	**22,315,272**	22,315,271	22,315,272	22,315,272
2020	**5,801,740**	5,801,740	5,801,740	5,801,740
Total	**62,589,469**	85,610,304	74,099,887	97,120,723

The leased assets as at June 30, 2017 of SAR 66,676,596 (June 30, 2016: SAR 92,482,044, December 31, 2016: SAR 79,363,636 and January 1, 2016: SAR 105,600,452) have been pledged as security to the lessor (Note 17.3).

(All amounts in Saudi Riyals unless otherwise stated)

37.2 MBAC

During 2013, MAC on behalf of MBAC entered in a finance lease agreement with a financial institution. The lease payments under such agreements are due in monthly installments. The amounts of future payments under the leases are as follows:

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Future minimum lease payments		**22,102,975**	37,705,075	29,904,027	45,506,127
Less: Future finance cost not yet due		**(1,618,070)**	(4,450,845)	(3,120,906)	(6,341,750)
Net present value of minimum lease payment	37	**20,484,905**	33,254,230	26,783,121	39,164,377
Less: Current portion shown under current liabilities	37	**(14,148,086)**	(12,769,325)	(13,441,040)	(12,131,184)
Long-term portion of obligation under finance lease		**6,336,819**	20,484,905	13,342,081	27,033,193
Maturity profile					
Minimum lease payments falling due during the following years:					
2016		**-**	7,801,050	-	15,602,100
2017		**7,801,050**	15,602,100	15,602,100	15,602,100
2018		**14,301,925**	14,301,925	14,301,927	14,301,927
Total		**22,102,975**	37,705,075	29,904,027	45,506,127

The future minimum lease payments have been discounted, using an effective interest rate of approximately 0.858% per month, to its present value. The leased assets as at June 30, 2017 of SAR 42,426,492 (June 30, 2016: SAR 45,737,915, December 31, 2016: SAR 45,365,593 and January 1, 2016: SAR 47,637,104) have been pledged as security to the lessor (Note 17.3).

38 Employees' benefits

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Employees' end of service termination benefits – Defined benefit plan	38.1	**474,409,626**	389,807,574	430,415,008	356,913,499
Employees' savings plan	38.2	**58,121,117**	55,429,062	59,341,221	48,807,054
Total		**532,530,743**	445,236,636	489,756,229	405,720,553

38.1 Employees' end of service termination benefits – Defined benefit plan

The Group operates a termination benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia for each of the respective subsidiary entities. The end of service termination benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Laws of the Kingdom of Saudi Arabia.

Employees' end of service termination benefit plans are unfunded plans and the benefit payment obligation are met when they due.

(All amounts in Saudi Riyals unless otherwise stated)

38.1 Employees' end of service benefits – Defined benefit plan (continued)

Amounts recognized in the consolidated statement of financial position

The amounts recognised in the consolidated statement of financial position and the movements in the net defined benefit obligation over the year are as follows:

	Quarter ended		Six months ended		Year ended	
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**	**January 1, 2016**
April 1 / January 1	**455,661,704**	374,923,889	**430,415,008**	356,913,499	356,913,499	356,913,499
Total amount recognised in profit or loss	**23,318,429**	19,001,216	**55,339,604**	40,938,624	86,171,488	-
Current service cost	**19,424,856**	14,985,939	**47,526,412**	32,908,069	70,455,189	-
Interest cost*	**3,893,573**	4,015,277	**7,813,192**	8,030,555	15,716,299	-
Re-measurements recognised in other comprehensive income**	**-**	-	**-**	-	2,654,879	-
(Gain) / loss from change in financial assumptions	**-**	-	**-**	-	27,510,443	-
Experience (gains) / losses	**-**	-	**-**	-	(24,855,564)	-
Settlements	**(4,570,507)**	(4,117,531)	**(11,344,986)**	(8,044,549)	(15,324,858)	-
June 30 / December 31 / January 1 (Note 38)	**474,409,626**	389,807,574	**474,409,626**	389,807,574	430,415,008	356,913,499

***Summary of Interest cost:**

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Expensed to consolidated statement of profit or loss during the quarter / period / year (Note 14)	**3,893,573**	3,725,671	**7,813,192**	7,451,343	14,741,559
Capitalised as part of qualifying assets in capital work-in-progress during the quarter / period / year (Note 19)	**-**	289,606	**-**	579,212	974,740
Total	**3,893,573**	4,015,277	**7,813,192**	8,030,555	15,716,299

****Summary of re-measurements recognised in other comprehensive income:**

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Re-measurement gain charged to consolidated statement of profit or loss during the quarter / period / year	**-**	-	**-**	-	(1,770,585)
Re-measurement loss capitalised as part of qualifying assets in capital work-in-progress during the quarter / period / year (Note 19)	**-**	-	**-**	-	4,425,464
Total	**-**	-	**-**	-	2,654,879

(All amounts in Saudi Riyals unless otherwise stated)

38.1 Employees' end of service termination benefits – Defined benefit plan (continued)

Significant actuarial assumptions

The significant actuarial assumptions used in determining employees' end of service benefits obligation were as follows:

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Discount rate	**4.5%**	4.5%	4.5%	4.5%
Salary growth rate	**4.5%**	4.5%	4.5%	4.5%
Mortality rate	**A90 table**	A90 table	A90 table	A90 table
Withdrawal rate	**5%**	5%	5%	5%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Sensitivity level % Increase	Impact on define benefit obligation	Sensitivity level % Decrease	Impact on define benefit obligation
June 30, 2017				
Discount rate	**1%**	**(47,679,120)**	**1%**	**57,667,803**
Salary increase rate	**1%**	**57,066,633**	**1%**	**(48,098,121)**
Mortality rate	**10%**	**(103,457)**	**10%**	**103,640**
Withdrawal rate	**10%**	**(1,669,938)**	**10%**	**1,738,685**
June 30, 2016				
Discount rate	1%	(41,167,256)	1%	49,608,504
Salary increase rate	1%	49,352,022	1%	(41,713,313)
Mortality rate	10%	(47,437)	10%	47,498
Withdrawal rate	10%	(970,738)	10%	996,791
December 31, 2016				
Discount rate	1%	(39,508,807)	1%	49,262,260
Salary increase rate	1%	59,850,463	1%	(39,854,758)
Mortality rate	10%	(100,234)	10%	100,507
Withdrawal rate	10%	(1,632,561)	10%	1,699,469
January 1, 2016				
Discount rate	1%	(26,995,455)	1%	32,311,038
Salary increase rate	1%	32,142,602	1%	(27,354,801)
Mortality rate	10%	(23,122)	10%	23,145
Withdrawal rate	10%	(443,190)	10%	453,596

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(All amounts in Saudi Riyals unless otherwise stated)

38.1 Employees' end of service termination benefits – Defined benefit plan (continued)

Effect of defined benefit plan on entity's future cash flows

The weighted average duration of the defined benefit obligation is 12.74 years. The expected maturity analysis of undiscounted defined benefit obligation is as follows:

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
2016	**-**	16,932,533	-	31,008,198
2017	**25,916,974**	16,642,124	34,001,816	16,642,124
2018	**16,846,574**	15,724,809	16,733,338	15,724,809
2019	**16,224,402**	17,048,928	18,021,545	17,048,928
2020	**25,203,921**	22,935,630	27,394,538	22,935,630
2021	**22,068,140**	22,935,630	24,139,404	22,935,630
2022and thereafter	**685,714,714**	534,321,775	697,110,168	534,321,816
Total	**791,974,725**	646,541,429	817,400,809	660,617,135

38.2 Employees' savings plan

	Quarter ended		Six months ended		Year ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June30, 2016	December 31, 2016	January 1, 2016
April 1 / January 1	**61,265,344**	54,221,167	**59,341,221**	48,807,054	48,807,054	48,807,054
Contribution for the quarter / period / year	**6,294,097**	6,171,245	**11,635,954**	12,770,908	26,408,207	-
Withdrawals during the quarter / period / year	**(9,438,324)**	(4,963,350)	**(12,856,058)**	(6,148,900)	(15,874,040)	-
June 30 / December 31 / January 1 (Note 4.20, 29 and 38)	**58,121,117**	55,429,062	**58,121,117**	55,429,062	59,341,221	48,807,054

39 Zakat and income tax payable

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Zakat payable	39.2	**60,662,487**	25,809,787	85,308,278	50,962,237
Income tax payable	39.5	**18,987,607**	-	-	-
Total		**79,650,094**	25,809,787	85,308,278	50,962,237

(All amounts in Saudi Riyals unless otherwise stated)

39.1 Components of zakat base

The significant components of the zakat base of each company under the zakat and income tax regulation are as follows:

- shareholders' equity at the beginning of the quarter / period / year;
- provisions at the beginning of the quarter / period / year;
- long term borrowings;
- adjusted net income;
- spare parts and consumable materials:
- net book value of mine properties,
- net book value of property, plant and equipment;
- net book value of capital work-in-progress;
- net book value of exploration and evaluation assets;
- net book value of intangible assets;
- carrying value of investment in joint ventures and
- other items.

Zakat is calculated at 2.5% of the higher of the zakat base or adjusted net income.

39.2 Zakat payable

	Quarter ended		Six months ended		Year ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June30, 2016	December 31, 2016	January 1, 2016
April 1 / January 1	**108,116,066**	53,135,805	**85,308,278**	50,962,237	50,962,237	50,962,237
Provision for zakat	**14,092,078**	16,756,345	**36,899,866**	18,929,913	78,428,404	-
Current quarter / period / year (Note 39.3)	**35,065,215**	14,156,956	**57,914,334**	25,809,787	85,308,278	-
Prior quarter / period / year over provision	**(20,973,137)**	2,599,389	**(21,014,468)**	(6,879,874)	(6,879,874)	-
Paid during quarter / period / year to the authorities	**(61,545,657)**	(44,082,363)	**(61,545,657)**	(44,082,363)	(44,082,363)	-
June 30 / December 31 / January 1	**60,662,487**	25,809,787	**60,662,487**	25,809,787	85,308,278	50,962,237

39.3 Provision for zakat consist of:

	Quarter ended		Six months ended		Year ended
	June 30, 2017	June 30, 2016	June 30, 2017	June30, 2016	December 31, 2016
Saudi Arabian Mining Company	**22,775,600**	10,000,000	**42,775,600**	18,750,000	79,345,905
Ma'aden Gold and Base Metals Company (Note 40.2)	**1,003,448**	1,420,741	**2,827,125**	2,240,274	-
Industrial Minerals Company	**1,363,262**	491,401	**1,499,124**	810,697	1,798,962
Ma'aden Infrastructure Company	**682,550**	785,267	**1,376,567**	1,597,487	1,415,258
Ma'aden Phosphate Company	**1,991,801**	1,459,547	**2,187,364**	2,411,329	2,748,153
Ma'aden Wa'ad Al-Shamal Phosphate Company	**7,248,554**	-	**7,248,554**	-	-
Total (Note 39.2)	**35,065,215**	14,156,956	**57,914,334**	25,809,787	85,308,278

(All amounts in Saudi Riyals unless otherwise stated)

39.4 Status of final assessments

The Company and its subsidiaries received provisional zakat certificates from the years ended December 31, 2008 to December 31, 2016.

During April 2017, the GAZT has issued final zakat assessment for the Company and its wholly owned subsidiaries for the years 2008 until 2013. The Company has filed an appeal against the assessed amount with the preliminary appeal committee. Differences, if any, at the finalization of final assessments and subject to decision under appeals will be accounted for when such amounts are determined.

39.5 Income tax payable

	Quarter ended		Six months ended		Year ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June30, 2016	December 31, 2016	January 1, 2016
April 1 / January 1	**-**	-	**-**	-	-	-
Provision for income tax during the quarter / period / year (Note 22.1)	**18,987,607**	-	**18,987,607**	-	-	-
June 30 / December 31 / January 1	**18,987,607**	-	**18,987,607**	-	-	-

39.6 Provision for income tax consist of:

	Quarter ended		Six months ended		Year ended
	June 30, 2017	June 30, 2016	June 30, 2017	June30, 2016	December 31, 2016
Ma'aden Wa'ad Al-Shamal Phosphate Company	18,987,607	-	18,987,607	-	-
Total (Note 39.5)	18,987,607	-	18,987,607	-	-

40 Severance fees payable

	Quarter ended		Six months ended		Year ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June30, 2016	December 31, 2016	January 1, 2016
April 1 / January 1	**8,456,449**	20,604,660	**8,270,636**	16,096,147	16,096,147	16,096,147
Provision for severance fee made during the quarter / period / year (Note 9)	**5,111,865**	287,209	**13,582,674**	6,568,848	8,278,039	-
Current quarter / period / year charge (Note 40.1)	**5,112,130**	279,806	**13,568,314**	6,561,445	8,270,636	-
Prior quarter / period / year adjustment	**(265)**	7,403	**14,360**	7,403	7,403	-
Paid during quarter / period / year to the authorities	**-**	(14,330,424)	**(8,284,996)**	(16,103,550)	(16,103,550)	-
June 30 / December 31 / January 1	**13,568,314**	6,561,445	**13,568,314**	6,561,445	8,270,636	16,096,147

(All amounts in Saudi Riyals unless otherwise stated)

In accordance with the Saudi Mining Code based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fees, representing 25% of the annual net income per mining license, as defined, or the equivalent of a hypothetical income tax, based on the annual net income, whichever is lower. The zakat due shall be deducted from this amount. Therefore the net income for each mining license registered in the name of MGBM, MPC and MBAC is subject to severance fees.

Severance fees are paid by IMC, the registered holder of a small mining license, at a fixed tariff per tonnes sold of low grade bauxite, kaolin and magnesia.

Severance fees are shown as part of cost of sales in the consolidated statement of profit or loss.

40.1 Provision for severance fees consists of:

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Gold mines (Note 40.2)	**4,883,809**	(47,160)	**13,123,049**	5,822,971	6,949,653
Low grade bauxite	**113,970**	245,266	**227,356**	569,322	952,382
Kaolin	**44,291**	52,437	**104,166**	112,602	246,268
Magnesia	**70,060**	29,263	**113,743**	56,550	122,333
Total (Note 40)	**5,112,130**	279,806	**13,568,314**	6,561,445	8,270,636

40.2 The provision for severance fees payable by gold mines is calculated as follows:

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Net income from operating mines before severance fee for the year	**72,987,414**	45,023,424	**162,164,900**	74,803,194	125,745,830
25% of the year's net income as defined	**18,246,853**	11,255,856	**40,541,225**	18,700,799	31,436,457
Hypothetical income tax based on year's taxable net income	**5,887,257**	1,373,581	**15,950,174**	8,063,245	6,949,653
Provision based on the lower of the above two computations	**5,887,257**	1,373,581	**15,950,174**	8,063,245	6,949,653
Provision for zakat (Note 39.3)	**(1,003,448)**	(1,420,741)	**(2,827,125)**	(2,240,274)	-
Net severance fee provision for the quarter / period / year (Note 40.1)	**4,883,809**	(47,160)	**13,123,049**	5,822,971	6,949,653

(All amounts in Saudi Riyals unless otherwise stated)

41 Projects, trade and other payables

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Current portion:				
Projects	**311,238,054**	568,871,578	209,652,421	780,749,784
Trade	**710,534,762**	423,570,292	812,591,665	649,763,200
Retentions	**786,839,460**	449,197,247	895,523,190	405,754,301
Advances from customers	**205,246,975**	288,158,556	245,066,728	232,969,329
Other	**90,980,822**	29,448,855	38,992,663	19,938,546
Sub-total	**2,104,840,073**	1,759,246,528	2,201,826,667	2,089,175,160
Non-current portion:				
Net retentions and other payables	**1,057,631,082**	1,356,067,765	1,104,677,043	897,997,200
Non-refundable contributions*	**130,679,909**	107,201,049	126,080,875	83,305,964
Sub-total	**1,188,310,991**	1,463,268,814	1,230,757,918	981,303,164
Total	**3,293,151,064**	3,222,515,342	3,432,584,585	3,070,478,324

Project payables mainly represents the liability in respect of contracts cost arising from MRC, MBAC and MWSPC.

*Contributed by one of the MAC's and MWSPC's contractors to support the companies' objective to establish a social responsibility fund for the development of a community project.

Non-current retentions and other payables are stated at their discounted value as these are due to be settled more than 12 months after the statement of financial position date.

42 Accrued expenses

	Note	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Projects		**534,884,602**	2,579,443,031	1,643,252,732	3,542,581,483
Trade		**1,069,435,639**	566,300,213	637,160,076	635,989,401
Employees		**157,598,132**	160,291,929	291,501,970	246,454,809
Accrued expenses – Alcoa Corporation	43.2	**33,813,957**	69,032,678	32,190,363	67,026,655
Accrued expenses – Mosaic	43.2	**15,011,667**	4,940,178	4,475,402	14,983,460
Finance cost		**149,559,574**	216,626,168	20,857,795	13,889,780
Total		**1,960,303,571**	3,596,634,197	2,629,438,338	4,520,925,588

Accrued expenses for projects mainly represents the contract cost accruals in relation to MRC and MWSPC.

Accrued expenses for Alcoa Corporation mainly represents the personnel and other cost accruals related to the Alcoa Corporation employees seconded to MAC, MRC and MBAC.

Accrued expenses for Mosaic mainly represents the personnel and other cost accruals related to the Mosaic employees seconded to MWSPC.

(All amounts in Saudi Riyals unless otherwise stated)

43 Related party transactions and balances

43.1 Related party transactions

Transactions with related parties carried out during the year under review, in the normal course of business, are summarised below:

Transactions with different non-controlling shareholders in subsidiaries

	Notes	June 30, 2017	June 30, 2016	December 31, 2016
Sales through SABIC during the period / year		**609,174,580**	1,000,263,416	1,805,740,941
Sales to Alcoa Inespal, S.A. during the period / year		**543,303,492**	523,566,777	1,012,405,329
Cost of seconded employees, technology fee and other cost paid to Alcoa Corporation during the period / year		**73,298,493**	162,856,171	194,440,171
Raw material feedstock purchased from Alcoa Australia during the period / year		**-**	34,810,059	34,810,059
Dividend paid to SABIC during the period / year	33.3	**-**	450,000,000	451,192,963
Payments to increase share capital received from Alcoa Corporation	33.3	**136,481,250**	-	-

43.2 Related party balances

Amount due from / (to) related parties arising from transaction with related parties are as follows:

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Long-term loans due from joint venture companies					
Due from MBCC	21.1.3	**626,197,939**	626,197,939	626,197,939	626,197,939
Due from joint venture partners					
Due from Mosaic being a non-controlling shareholders in MWSPC	24	**-**	450,000,000	-	450,000,000
Due from SABIC being a non-controlling shareholders in MWSPC	24	**-**	-	-	270,000,000
Due from Alcoa Corporation being a parent company of a non-controlling shareholder in MAC, MRC and MBAC	24	**51,734,426**	-	-	-
Total	24	**51,734,426**	450,000,000	-	720,000,000

(All amounts in Saudi Riyals unless otherwise stated)

43.2 Related party balances (continued)

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Receivables from related parties					
Trade receivables from Alcoa Inespal, S.A. (a subsidiary of a non-controlling shareholder)	27	**96,698,538**	116,230,467	88,987,620	87,897,065
Trade receivables from SABIC (a non-controlling shareholder in MPC)	27	**146,221,139**	279,652,904	195,110,098	407,155,456
Sub-total		**242,919,677**	395,883,371	284,097,718	495,052,521
Other receivables from SABIC (a non-controlling shareholder in MPC)	27	**28,807,037**	-	28,807,037	-
Due from Saudi Mining Polytechnic (a special purpose training vehicle)	27	**4,225,888**	2,458,372	3,951,089	2,166,504
Sub-total		**33,032,925**	2,458,372	32,758,126	2,166,504
Total		**275,952,602**	398,341,743	316,855,844	497,219,025
Payable to a related party					
Payments to increase share capital received from Alcoa Corporation (a parent company of a non-controlling shareholder in MRC and MBAC)		**246,774,107**	122,853,678	110,292,857	122,853,678
Accrued expenses – Alcoa Corporation (a parent company of a non-controlling shareholder in MAC)	42	**33,813,957**	69,032,678	32,190,363	67,026,655
Sub-total		**280,588,064**	191,886,356	142,483,220	189,880,333
Due to joint venture partners					
Due to Alcoa Corporation (a parent company of a non-controlling shareholder in MAC, MRC and MBAC)	34	**241,541,684**	191,016,363	191,016,363	184,929,613
Accrued expenses – Mosaic (a non-controlling shareholder in MWSPC)	42	**15,011,667**	4,940,178	4,475,402	14,983,460
Sub-total		**256,553,351**	195,956,541	195,491,765	199,913,073
Total		**537,141,415**	387,842,897	337,974,985	389,793,406
Long-term borrowings from PIF a 50% shareholder in Ma'aden					
Due to PIF for the financing of the :					
MPC facility	35.2	**-**	-	-	2,668,800,835
MAC facility	35.2	**4,275,375,000**	4,475,250,000	4,375,312,500	4,575,187,500
MRC facility	35.2	**3,017,175,000**	3,078,750,000	3,047,962,500	3,078,750,000
MBAC facility	35.2	**3,675,000,000**	3,750,000,000	3,750,000,000	3,750,000,000
MWSPC facility	35.2	**6,839,278,174**	5,236,763,111	6,839,278,174	3,954,229,920
Total		**17,806,828,174**	16,540,763,111	18,012,553,174	18,026,968,255

(All amounts in Saudi Riyals unless otherwise stated)

43.3 Key management personnel compensation

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Short-term employee benefits	**6,296,103**	5,665,275	**13,507,829**	13,765,535	26,697,726
Post-employment benefits	**880,929**	2,179,069	**1,450,560**	5,786,022	8,254,153
Total	**7,177,032**	7,844,344	**14,958,389**	19,551,557	34,951,879

44 Operating lease agreements

Payments under operating leases, recognized as an expense during the year.

	Quarter ended		Six months ended		Year ended
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Minimum lease payments	**690,972**	1,638,214	**1,381,944**	3,304,451	7,128,448

Commitments for future minimum lease payments in relation to non-cancellable operating leases are payable as follows***:***

2016	**-**	2,995,950	-
2017	**1,381,944**	2,504,400	2,763,888
2018	**2,634,096**	2,504,400	2,634,096
2019	**1,781,760**	2,504,400	2,171,760
2020	**1,637,200**	2,394,400	2,027,200
2021	**1,637,200**	2,504,400	2,137,200
2022	**1,637,200**	2,504,400	2,137,200
2023 through 2041	**16,289,111**	13,386,400	11,799,111
Total	**26,998,511**	31,298,750	25,670,455

Operating lease payments represent mainly rentals payable by the Group for mining lease areas. Leases are negotiated for an average term of 15 to 30 years and the rentals are fixed for an average of Saudi Riyals 2,504,400 annually.

45 Commitments and contingent liabilities

45.1 Capital commitments

	June 30, 2017	**June 30, 2016**	**December 31, 2016**	**January 1, 2016**
Capital expenditure contracted for:				
Property, plant and equipment	**6,044,240,955**	5,999,764,449	3,744,749,215	11,742,963,519

(All amounts in Saudi Riyals unless otherwise stated)

45.2 Guarantees

	June 30, 2017	**June 30, 2016**	**December 31, 2016**	**January 1, 2016**
Guarantee in favor of Saudi Aramco, for future diesel and gas feedstock supplies	**310,887,605**	302,492,405	310,887,605	302,492,405
Guarantees in favor of Ministry of Energy, Industry and Mineral Resources, for future purified phosphoric acid, fuel and feed stocks supplies	**262,500,000**	262,500,000	262,500,000	262,500,000
Guarantees in favor of SIDF and other financial institutions for financing facilities available to:*				
SAMAPCO (Note 21.2)	**450,000,000**	450,000,000	450,000,000	450,000,000
MBCC	**375,000,000**	375,000,000	375,000,000	375,000,000
Sub-total	**825,000,000**	825,000,000	825,000,000	825,000,000
Guarantee in favor of Saudi Ports Authority	**18,512,402**	18,162,608	18,512,402	18,162,608
Others	**17,512,447**	43,283,082	39,617,412	41,106,162
Total	**1,434,412,454**	1,451,438,095	1,456,517,419	1,449,261,175

*Ma'aden guarantees to SIDF and other financial institutions for granting financing facilities to SAMAPCO and MBCC to the extent of its shareholding of 50% in the jointly controlled entities.

45.3 Contingent liabilities

During April 2017, the GAZT has issued final zakat assessment for the Company and its wholly owned subsidiaries for the years 2008 until 2013. The Company has filed an appeal against the assessed amount with the preliminary appeal committee as the Company and the zakat advisor believes that it has a strong case and therefore it is not anticipated that any material liabilities will be incurred as a result of this contingent liability.

Other than the abovementioned , the Group has contingent liabilities from time to time with respect to certain disputed matters, including claims by and against contractors and lawsuits and arbitrations involving a variety of issues. These contingent liabilities arise out of the ordinary course of business. It is not anticipated that any material liabilities will be incurred as a result of these contingent liabilities. There are no material environmental obligations or decommissioning liabilities

46 Financial risk management

The Group's activities expose it to a variety of financial risks such as:

- market risk
- credit risk and
- liquidity risk

46.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk:

- foreign currency exchange risk,
- commission (interest) rate risk and
- commodity price risk

Financial instruments affected by market risk includes loans and borrowings, time deposits, trade receivables, trade payables, accrued liabilities and derivative financial instruments.

The sensitivity analysis in the following sections relate to the positions as at December 31, 2016 and January 1, 2016.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates on the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The Group's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Group's financial performance.

46.1.1 Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's functional and reporting currency is the Saudi Riyal. The Group's transactions are principally in Saudi Riyals, US Dollars and Euros. Management monitor the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Riyal is pegged at SAR 3.75 : USD 1 therefore, the Group is not exposed to any risk from USD denominated financial instruments.

All commodity sales contracts are USD price and so is the bulk of the procurement and capital expenditure contracts.

Foreign currency exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in SAR, was as follows:

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Trade receivables	**30,305,338**	-	15,329,406	-
Project, trade and other payables and accrued expenses	**61,607,425**	32,129,001	90,097,738	39,726,928
Total	**91,912,763**	32,129,001	105,427,144	39,726,928

Amount recognised in consolidated interim financial statements

During the quarter / period / year, the following foreign-exchange related amounts were recognised in profit or loss:

	Quarter ended		Six months ended		Year ended
	June 30, 2017	June 30, 2016	June 30, 2017	June30, 2016	December 31, 2016
Foreign exchange gain / loss included in other income / expense	**(1,132,770)**	(1,842,049)	**(1,921,300)**	(18,000)	(4,006,317)

Foreign currency sensitivity analysis

As shown in the table above, the Group is primarily exposed to changes in SAR / EURO exchange rates. The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from Euro denominated receivable balance.

Impact on post-tax profit / equity of increase / (decrease) in foreign exchange rate:

	Quarter ended		Six months ended		Year ended
	June 30, 2017	June 30, 2016	June 30, 2017	June30, 2016	December 31, 2016
SAR/ EURO exchange rate					
- Increase (10%)	**963,028**	1,567,896	**7,651,653**	2,599,224	4,629,460
- decrease (10%)	**(963,028)**	(1,567,896)	**(7,651,653)**	(2,599,224)	(4,629,460)

The Group's exposure to other foreign exchange movements is not material.

(All amounts in Saudi Riyals unless otherwise stated)

46 Financial risk management (continued)

46.1.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term borrowing which expose the Group to cash flow interest rate risk.

The Group's receivables and fixed rate borrowings carried at amortised cost are not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Hence, the Group is not exposed to fair value interest rate risk.

Interest rate exposure

The exposure of the Group's borrowing to interest rate changes and the contractual re-pricing dates of the variable interest rate borrowings at the end of the reporting period are as follows:

	June 30, 2017	**June 30, 2016**	**December 31, 2016**	**January 1, 2016**
Fixed interest rate borrowings	**3,188,000,000**	2,718,200,000	2,875,507,000	2,533,199,800
Variable interest rate borrowings	**50,988,524,053**	50,853,052,206	51,476,328,806	43,141,188,794
Total	**54,176,524,053**	53,571,252,206	54,351,835,806	45,674,388,594
Variable interest rate borrowings – repricing dates				
6 months or less	**50,988,524,053**	50,853,052,206	51,476,328,806	43,141,188,794

Interest rate sensitivity analysis

Profit or loss and equity is sensitive to higher / lower interest expense from long-term borrowings as a result of changes in interest rates. The Group's profit before tax is affected as follows:

	Quarter ended		**Six months ended**		**Year ended**
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June30, 2016**	**December 31, 2016**
Interest rate					
- increase by 100 basis points	**(126,771,157)**	(126,939,483)	**(254,942,620)**	(254,265,261)	(431,411,888)
- decrease by 100 basis points	**126,771,157**	126,939,483	**254,942,620**	254,265,261	431,411,888

46.1.3 Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of the mineral products it produces.

The Group makes sale of certain phosphate, and aluminium products on a provisional pricing basis. Revenue and a corresponding receivable from the sale of provisionally priced commodities is recognised when risks and rewards of ownership are transferred to the customer (which would generally be the date of delivery) and revenue can be measured reliably. At this date, the amount of revenue and receivable to be recognised will be estimated based on the forward market price of the commodity being sold. However, the Group faces a risk that future adverse change in price of gold and phosphate products would result in the reduction of receivable balance. Except for gold and phosphate, the Group's normal policy is to sell its products at prevailing market prices. The Group does not generally believe commodity price hedging would provide long-term benefit to the shareholders.

(All amounts in Saudi Riyals unless otherwise stated)

46 Financial risk management (continued)

Commodity price exposure

The exposure of the Group's receivable balance to changes in commodity prices are as follows:

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Accounts receivable pertaining to:				
Phosphate	**882,746,389**	583,986,663	608,022,165	676,936,808
Aluminium	**696,327,812**	453,653,221	448,913,721	413,603,556
Gold	**157,966,890**	118,505,347	112,533,732	60,953,506
Total	**1,737,041,091**	1,156,145,231	1,169,469,618	1,151,493,870

Policies and procedure to manage commodity price risk

The Group policy is to manage these risks through the use of contract-base prices with customers.

Commodity price sensitivity analysis

The table below shows the impact on profit before tax and equity for changes in commodity prices. The analysis is based on the assumption that phosphate, aluminium and gold prices move 10% with all other variables held constant.

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Increase / (decrease) in phosphate prices				
Increase of 10% in USD per tonne	**88,274,639**	58,398,666	60,802,217	67,693,681
Decrease of 10% in USD per tonne	**(88,274,639)**	(58,398,666)	(60,802,217)	(67,693,681)
Increase / (decrease) in aluminium LME prices				
Increase of 10% in USD per tonne	**69,632,781**	45,365,322	44,891,372	41,360,356
Decrease of 10% in USD per tonne	**(69,632,781)**	(45,365,322)	(44,891,372)	(41,360,356)
Increase / (decrease) in gold prices				
Increase of 10% in USD per oz	**15,796,689**	11,850,535	11,253,373	6,095,351
Decrease of 10% in USD per oz	**(15,796,689)**	(11,850,535)	(11,253,373)	(6,095,351)

Physical commodity contracts

The Group enters into physical commodity contracts in the normal course of business. These contracts are not derivatives and are treated as executory contracts, which are recognized and measured at cost when the transaction occur.

(All amounts in Saudi Riyals unless otherwise stated)

46 Financial risk management (continued)

46.2 Credit risk

Is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss.

The company is exposed to credit risk if counterparties fail to make payments as they fall due.

Credit risk exposure

The Group ensures that the cash collection is made at time of sales delivery and from its financing activities, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management. Cash and short-term investments are substantially placed with commercial banks with sound credit ratings.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating
- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the counterparty
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written-off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade receivables

As at the balance sheet date, the analysis of trade receivables that were past due but not impaired are as follows:

	Neither past due nor impaired	Past Due not impaired				
		< 30 days	30-60 days	61-90 days	> 90 days	Total
June 30, 2017	**1,302,918,606**	**382,664,317**	**40,346,339**	**6,674,114**	**4,437,715**	**1,737,041,091**
June 30, 2016	708,726,890	413,449,247	11,149,943	6,221,614	16,597,537	1,156,145,231
December 31, 2016	835,154,462	259,461,166	20,123,484	4,049,651	50,680,855	1,169,469,618
January 1, 2016	624,555,972	494,102,901	22,223,111	6,899,745	3,712,141	1,151,493,870

(All amounts in Saudi Riyals unless otherwise stated)

46 Financial risk management (continued)

46.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Group held the following deposits and cash and cash equivalents that are expected to readily generate cash inflows for managing liquidity risk. Further, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Time deposits	28	**2,837,962,190**	4,993,750,000	2,711,000,000	899,052,989
Cash and cash equivalents	29	**3,059,657,864**	3,221,369,000	4,369,714,529	4,308,309,524
Total		**5,897,620,054**	8,215,119,000	7,080,714,529	5,207,362,513

Liquidity risk exposure

The Group had access to the following undrawn borrowing facilities at the end of the period / year:

	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Floating rate				
- Expiring within 1 year (Syndicated Revolving Credit Facility)	**9,000,000,000**	6,600,000,000	9,000,000,000	-
- Expiring beyond 1 year	**2,548,779,532**	6,022,208,138	2,586,161,538	18,567,775,935
Fixed rate				
- Expiring within 1 year	**-**	-	-	-
- Expiring beyond 1 year	**-**	635,800,000	395,493,000	1,115,800,000
Total	**11,548,779,532**	13,258,008,138	11,981,654,538	19,683,575,935

Maturities of financial liabilities

The tables below analyze the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount of liabilities**
Non-derivatives as at:						
June 30, 2017						
Project and trade payables	1,021,772,816	-	-	-	1,021,772,816	1,021,772,816
Long-term Borrowings	2,681,144,259	6,082,668,297	16,396,312,255	28,101,458,340	53,261,583,151	53,261,583,151
Finance lease liabilities	19,311,468	37,263,964	28,117,012	-	84,692,444	84,692,444
Total	**3,722,228,543**	**6,119,932,261**	**16,424,429,267**	**28,101,458,340**	**54,368,048,411**	**54,368,048,411**

(All amounts in Saudi Riyals unless otherwise stated)

46 Financial risk management (continued)

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Non-derivatives as at:						
June 30, 2016						
Project and trade payables	992,441,870	-	-	-	992,441,870	992,441,870
Long-term Borrowings	3,189,295,563	4,729,357,413	10,910,449,912	33,687,904,480	52,517,007,368	52,517,007,368
Finance lease liabilities	27,440,763	67,757,605	28,117,011	-	123,315,379	123,315,379
Total	**4,209,178,196**	**4,797,115,018**	**10,938,566,923**	**33,687,904,480**	**53,632,764,617**	**53,632,764,617**
December 31, 2016						
Project and trade payables	1,022,244,086	-	-	-	1,022,244,086	1,022,244,086
Long-term Borrowings	2,752,508,518	3,211,859,642	12,176,654,851	35,390,019,897	53,531,042,908	53,531,042,908
Finance lease liabilities	38,622,936	37,263,966	28,117,012	-	104,003,914	104,003,914
Total	**3,813,375,540**	**3,249,123,608**	**12,204,771,863**	**35,390,019,897**	**54,657,290,908**	**54,657,290,908**
January 1, 2016						
Project and trade payables	1,430,512,984	-	-	-	1,430,512,984	1,430,512,984
Long-term Borrowings	2,131,319,904	2,554,245,922	9,749,402,005	30,440,424,181	44,875,392,012	44,875,392,012
Finance lease liabilities	38,622,936	38,622,936	65,380,978	-	142,626,850	142,626,850
Total	**3,600,455,824**	**2,592,868,858**	**9,814,782,983**	**30,440,424,181**	**46,448,531,846**	**46,448,531,846**

47 Capital management

47.1 Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

"Net debt divided by total equity and net debt (as shown in the consolidated statement of financial position, including non-controlling interests)."

The gearing ratios as at the end of the period / year were as follows:

	Note	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Net debt – Long term borrowings	35.6	**53,261,583,151**	52,517,007,368	53,531,042,908	44,875,392,012
Total equity		**34,047,516,401**	33,660,314,403	33,136,314,850	33,133,609,672
Total equity and net debt		**87,309,099,552**	86,177,321,771	86,667,357,758	78,009,001,684
Net debt to equity ratio		**0.61**	0.61	0.62	0.58

(All amounts in Saudi Riyals unless otherwise stated)

47.2 Loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the reported periods, see Note 35 for details.

48 Financial assets and financial liabilities

The Group holds the following classes of financial instruments:

	Notes	June 30, 2017	June 30, 2016	December 31, 2016	January 1, 2016
Financial assets measured at amortised cost					
Other investments	23	**50,000,000**	50,000,000	50,000,000	50,000,000
Due from joint venture partners	24	**51,734,426**	450,000,000	-	720,000,000
Trade and other receivable (less withholding tax receivable)	27	**1,833,383,325**	1,281,854,373	1,272,770,179	1,219,295,805
Time deposits	28	**2,837,962,190**	4,993,750,000	2,711,000,000	899,052,989
Cash and cash equivalents	29	**3,059,657,864**	3,221,369,400	4,369,714,529	4,308,309,524
Total		**7,832,737,805**	9,996,973,773	8,403,484,708	7,196,658,318
Financial liabilities measured at amortised cost					
Due to a joint venture partner	34	**241,541,684**	191,016,363	191,016,363	184,929,613
Long-term borrowings	35.6	**53,261,583,151**	52,517,007,368	53,531,042,908	44,875,392,012
Obligation under finance lease	37	**78,925,929**	111,334,966	95,163,774	126,711,427
Trade, projects and other payables	41	**3,293,151,064**	3,222,515,342	3,432,584,585	3,070,478,324
Accrued expenses	42	**1,960,303,571**	3,596,634,197	2,629,438,338	4,520,925,588
Total		**58,835,505,399**	59,638,508,236	59,879,245,968	52,778,436,964

49 Events after the reporting date

On July 8, 2017, the Company announced the commencement of initial production of Diammonium Phosphate (DAP) at its subsidiary MWSPC as part of its commissioning activities. During initial production, MWSPC will gradually ramp-up until it reaches 3 million tonnes production capacity. The financial impact of this event will be reflected following the declaration of commercial production.

No other events have arisen subsequent to June 30, 2017 and before the date of signing the review report, that could have a significant effect on the consolidated interim financial statements as at June 30, 2017.

50 Comparative figures

Certain comparative figures of the previous quarter / period / year have been reclassified, wherever necessary, to conform with the current quarter's / period's presentation. Such reclassifications did not affect either the net worth or the net income of the Group for the previous quarter / period / year.

51 Approval of the consolidated interim financial statements

The consolidated interim financial statements for the quarter and six months ended June 30, 2017 set out on pages 5 to 136, were approved on 8 Dhual-Qa'dah 1438H (corresponding to July 31, 2017).

52 Contingent assets held and liabilities incurred under fiduciary administration

On January 6, 2013 MIC, a wholly owned subsidiary of Ma'aden, received an amount of USD 140 million (in a fiduciary capacity) from the Ministry of Finance of the Kingdom of Saudi Arabia, in accordance with the Council of Ministers' Resolution No 87, dated 28 Rabi ul Awal 1433H (corresponding to February 20, 2012), for the purpose of establishing an industrial city in the Northern Borders Province, by the name of "Waad Al-Shamal City for Mining Industries". The aggregate amount represents part payment of the following two amounts approved by the Council of Ministers:

- USD 500 million for the design and construction of the basic infrastructure and required utilities of the industrial city, and

- USD 200 million for the design and construction of the housing and required social facilities for the proposed industrial city.

An additional amount of USD 250 million has been received during the year ended December 31, 2014 and these amounts have been deposited in a separate bank account and does not form part of MIC's available cash resources and has been accounted for in its own standalone accounting records and has not been integrated with MIC's accounting records. The remaining amount of USD 310 million out of the total amount of USD 700 million as approved by the Council of Ministers has been received during the year ended December 31, 2016 and the amounts can only be utilised for the designated purpose in accordance with the Council of Ministers Resolution. The drawdowns have been replenished based on the presentation of supporting documents for the expenditures incurred, in accordance with the applicable Governments Regulations. Total net assets of the project as of June 30, 2017 amounted to SAR 2,625,000,000 (June 30, 2016: SAR 1,462,500,000, December 31, 2016: SAR 2,625,000,000 and January 1, 2016: SAR 1,462,500,000).

(All amounts in Saudi Riyals unless otherwise stated)

53 Detailed information about the subsidiaries and joint ventures

		Issued and paid-up share capital				Effective group interest %				Cost of investment by parent company			
Subsidiaries	**Nature of business**	**Jun 30, 2017**	**Jun 30, 2016**	**Dec 31, 2016**	**Jan 1, 2016**	**Jun 30, 2017**	**Jun 30, 2016**	**Dec 31, 2016**	**Jan 1, 2016**	**Jun 30, 2017**	**Jun 30, 2016**	**Dec 31, 2016**	**Jan 1, 2016**
MGBM	Gold mining	**867,000,000**	867,000,000	867,000,000	867,000,000	**100**	100	100	100	**867,000,000**	867,000,000	867,000,000	867,000,000
MIC	Manage and develop infrastructure projects	**500,000**	500,000	500,000	500,000	**100**	100	100	100	**500,000**	500,000	500,000	500,000
IMC	Kaolin, low grade bauxite and magnesite mining	**344,855,200**	344,855,200	344,855,200	344,855,200	**100**	100	100	100	**344,855,200**	344,855,200	344,855,200	344,855,200
MAC	Aluminium ingots, T-shape ingots, slabs and billets	**6,573,750,000**	6,573,750,000	6,573,750,000	6,573,750,000	**74.9**	74.9	74.9	74.9	**4,923,738,750**	4,923,738,750	4,923,738,750	4,923,738,750
MRC	Aluminium sheets for can body and lids	**2,477,371,807**	2,477,371,807	2,477,371,807	2,449,008,348	**74.9**	74.9	74.9	74.9	**1,855,551,484**	1,855,551,483	1,855,551,484	1,834,307,253
MBAC	Bauxite mining and refining	**4,828,464,412**	4,828,464,412	4,828,464,412	4,806,784,758	**74.9**	74.9	74.9	74.9	**3,616,519,845**	3,616,519,845	3,616,519,845	3,600,281,784
MPC	Phosphate mining and fertilizer producer	**6,208,480,000**	6,208,480,000	6,208,480,000	6,208,480,000	**70**	70	70	70	**4,345,936,000**	4,345,936,000	4,345,936,000	4,345,936,000
MWSPC	Phosphate mining and fertilizer producer	**7,005,001,875**	5,505,001,875	7,005,001,875	5,505,001,875	**60**	60	60	60	**4,203,001,125**	3,303,001,125	4,203,001,125	3,303,001,125
										20,157,102,404	19,257,102,403	20,157,102,404	19,219,620,112
Joint ventures													
SAMAPCO*	Production of concentrated caustic soda and ethylene dichloride	**900,000,000**	900,000,000	900,000,000	900,000,000	**50**	50	50	50	**-**	-	-	-
MBCC	Production of copper and associated minerals	**404,965,291**	404,965,291	404,965,291	404,965,291	**50**	50	50	50	**202,482,646**	202,482,646	202,482,646	202,482,646
Total										**202,482,646**	202,482,646	202,482,646	202,482,646

All the subsidiaries and joint ventures listed above are incorporated in the Kingdom of Saudi Arabia.

*Equity investment in SAMAPCO has been impaired on January 1, 2016, following the transition from SOCPA to IFRS.