



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, 2013 (Unaudited)

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Commercial registration number 1010164391

Directors	Engr. Abdallah Bin Saif Al-Saif H.E. Soliman Bin Saad Al-Hamyyd H.E. Mohammed Bin Abdullah Al-Kharashi Dr. Ziad Bin Abdulrahman Al-Sudairy Mr. Sultan Bin Jamal Shawli Engr. Khalid Al Mudaifer Mr. Mansour Bin Saleh Al-Maiman Engr. Khalid Bin Hamad Al-Senani Engr. Abdulaziz Bin Abdullah Al Sugair	Chairman
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Banker The Saudi British Bank (SABB)

Auditors Ernst & Young
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Kingdom of Saudi Arabia

Statement of Directors' responsibilities for the preparation and approval of the consolidated interim financial statements for the quarter and six months ended June 30, 2013 (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 or the "Company") and its subsidiaries (the "Group")

Management is responsible for the preparation of the consolidated interim financial statements that present fairly the consolidated financial position of the Group as at June 30, 2013, the results of its operations, changes in shareholders' equity and cash flows for the quarter and six months then ended, in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

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 SOCPA standards 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 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 accounting standards 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, 2013 set out on pages 5 to 58, were approved and authorized for issue by the Board of Directors on July 10, 2013 and signed on its behalf by:

Engr. Khalid H. Al-Senani
Authorized by the Board

Engr. Khalid Al Mudaifer
President and
Chief Executive Officer

Mr. Khalid Al-Rowais
Chief Financial Officer

July 10, 2013
Riyadh
Kingdom of Saudi Arabia

Independent auditor's review report

**To the shareholders of Saudi Arabian Mining Company (Ma'aden)
(A Saudi Arabian Joint Stock Company)**

Scope of review

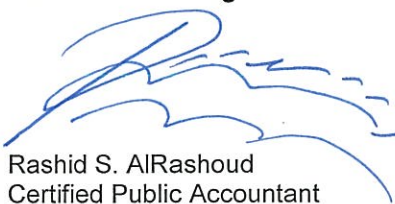
We have reviewed the accompanying consolidated interim statement of financial position of Saudi Arabian Mining Company ("Ma'aden" or the "Company") and its subsidiaries (collectively referred to as the "Group") as at June 30, 2013 and the related consolidated interim statements of income, changes in equity and cash flows for the quarter and six months then ended and the notes 1 to 45 which form an integral part of the consolidated interim financial statements. These consolidated interim financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us with all the information and explanations which we required.

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

Conclusion

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

For Ernst & Young



Rashid S. AlRashoud
Certified Public Accountant
Registration No. 366



Riyadh: 1 Ramadan 1434H
(10 July 2013)

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated interim statement of financial position as at June 30, 2013 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)


MA'ADEN

	Notes	June 30, 2013	June 30, 2012	December 31, 2012
Assets				
Current assets				
Cash and cash equivalents	7	4,759,408,114	4,316,108,015	6,175,213,800
Short-term investments	8	2,979,731,590	4,080,619,058	3,071,348,447
Trade and other receivables	9	746,934,185	523,053,501	563,040,896
Inventories	10	1,682,966,729	815,398,925	1,089,934,377
Advances and prepayments	11	274,542,375	199,462,349	94,110,375
		<u>10,443,582,993</u>	<u>9,934,641,848</u>	<u>10,993,647,895</u>
Non-current assets				
Property, plant and equipment	12	18,224,851,309	19,091,216,068	18,541,120,048
Pre-operating expenses and deferred charges	13	1,202,802,154	570,929,176	812,580,660
Capital work-in-progress	14	28,998,670,430	15,836,298,568	23,016,535,365
Exploration and evaluation assets	15	585,611,366	158,436,808	347,290,326
Intangible assets	16	254,793,437	15,184,790	263,676,732
Investment in jointly controlled entity	17	443,564,104	448,338,932	444,851,735
Advances and prepayments	11	484,814,922	800,463,850	722,246,220
		<u>50,195,107,722</u>	<u>36,920,868,192</u>	<u>44,148,301,086</u>
Total assets		<u>60,638,690,715</u>	<u>46,855,510,040</u>	<u>55,141,948,981</u>
Liabilities				
Current liabilities				
Projects and other payables	18	2,299,490,661	1,567,971,907	2,011,450,745
Accrued expenses	19	2,794,458,581	1,797,396,833	2,905,811,921
Zakat payable	20.2	22,018,860	62,239,105	63,600,191
Severance fees payable	21	18,081,728	49,262,864	91,516,753
Current portion of long-term borrowings	24.4	1,263,060,354	794,258,304	861,409,329
		<u>6,397,110,184</u>	<u>4,271,129,013</u>	<u>5,933,788,939</u>
Non-current liabilities				
Provision for mine closure and reclamation	22	88,857,060	89,304,828	90,743,156
Employee benefits	23	181,658,775	146,716,819	170,955,102
Long-term borrowings	24.4	30,005,510,572	20,544,416,730	25,809,386,783
Due to joint venture partners	25	218,792,448	-	52,411,992
		<u>30,494,818,855</u>	<u>20,780,438,377</u>	<u>26,123,497,033</u>
Total liabilities		<u>36,891,929,039</u>	<u>25,051,567,390</u>	<u>32,057,285,972</u>
Shareholders' equity				
Share capital	26	9,250,000,000	9,250,000,000	9,250,000,000
Statutory reserve				
Share premium	27	5,250,000,000	5,250,000,000	5,250,000,000
Transfer of net income	28	393,422,274	284,327,877	393,422,274
Retained earnings		<u>3,464,131,793</u>	<u>2,576,424,337</u>	<u>3,183,958,193</u>
Equity attributable to shareholders' of the parent company		18,357,554,067	17,360,752,214	18,077,380,467
Non-controlling interest	29	5,389,207,609	4,443,190,436	5,007,282,542
Total equity		<u>23,746,761,676</u>	<u>21,803,942,650</u>	<u>23,084,663,009</u>
Total liabilities and equity		<u>60,638,690,715</u>	<u>46,855,510,040</u>	<u>55,141,948,981</u>
Commitments and contingent liabilities	40			

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated interim statement of income for the quarter and six months ended
June 30, 2013 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)



	Notes	Quarter ended June 30, 2013	June 30, 2012	Six months ended June 30, 2013	June 30, 2012	Year ended December 31 2012
Sales	30	1,236,928,351	1,225,344,325	2,587,329,184	2,232,043,081	5,576,655,383
Cost of sales	31	(1,011,170,647)	(787,450,040)	(1,817,899,124)	(1,302,579,188)	(2,982,429,073)
Gross profit		225,757,704	437,894,285	769,430,060	929,463,893	2,594,226,310
Operating expenses						
Selling, marketing and logistic expenses	32	(48,518,998)	(106,452,287)	(114,094,144)	(165,588,612)	(384,810,033)
General and administrative expenses	33	(76,810,478)	(71,343,154)	(161,106,794)	(141,280,503)	(324,668,780)
Exploration expenses	34	(49,605,461)	(18,748,991)	(76,103,477)	(41,519,344)	(114,293,922)
Technical services expenses		(703,804)	(2,929,397)	(2,716,374)	(6,809,195)	(9,419,645)
Operating income		50,118,963	238,420,456	415,409,271	574,266,239	1,761,033,930
Other (expenses) / income						
Share in net income / (loss) of jointly controlled entity	17.2	(805,915)	104,332	(1,287,631)	184,832	(3,302,365)
Income from short-term investments	35	6,161,810	15,863,553	16,890,691	35,773,417	65,025,678
Finance charges	36	(45,803,962)	(49,921,336)	(87,032,611)	(89,971,594)	(285,776,406)
Other income / (expenses)		30,793,930	293,671	47,150,406	(1,041,285)	(5,440,429)
Income before zakat		40,464,826	204,760,676	391,130,126	519,211,609	1,531,540,408
Provision for zakat	20.2	(104,448)	(29,693,173)	(23,172,083)	(50,352,208)	(51,713,294)
Net income for the quarter / period / year		40,360,378	175,067,503	367,958,043	468,859,401	1,479,827,114
Net income for the quarter / period / year attributable to:						
Shareholders' of the parent company	6.1	40,980,045	128,264,253	280,173,600	374,315,717	1,090,943,970
Non-controlling interest	29	(619,667)	46,803,250	87,784,443	94,543,684	388,883,144
		40,360,378	175,067,503	367,958,043	468,859,401	1,479,827,114
Earnings per ordinary share (Saudi Riyals)						
Operating income per share inclusive of non-controlling interest's share		0.05	0.26	0.45	0.62	1.90
Basic and diluted earnings per share from continuing operations	37	0.04	0.14	0.30	0.40	1.18

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

Consolidated interim statement of changes in equity for the six months ended June 30, 2013 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)



	Equity attributable to shareholders of the parent company					Non-controlling interest						
	Notes	Statutory reserve				Share capital	Share premium	Transfer of net income	Retained earnings	Sub-total	Sub-total	Total equity
		Share capital	Share premium	Transfer of net income	Retained earnings							
January 1, 2012		9,250,000,000	5,250,000,000	284,327,877	2,202,108,620	16,986,436,497	2,783,950,191	821,488,065	113,126,199	3,718,564,455	20,705,000,952	
Net income for the period		-	-	-	374,315,717	374,315,717	-	-	94,543,684	94,543,684	468,859,401	
Increase in non-controlling interest / share capital contributed during the period	29	-	-	-	-	-	848,244,051	(848,244,051)	-	-	-	
Payments to increase share capital during the period *	29	-	-	-	-	-	-	630,082,297	-	630,082,297	630,082,297	
June 30, 2012		9,250,000,000	5,250,000,000	284,327,877	2,576,424,337	17,360,752,214	3,632,194,242	603,326,311	207,669,883	4,443,190,436	21,803,942,650	
Net income for the remainder of the year		-	-	-	716,628,253	716,628,253	-	-	294,339,460	294,339,460	1,010,967,713	
Net income transferred to statutory reserve	28	-	-	109,094,397	(109,094,397)	-	-	-	-	-	-	
Increase in non-controlling interest / share capital contributed during the remainder of the year	29	-	-	-	-	-	141,187,500	(141,187,500)	-	-	-	
Payments to increase share capital during the remainder of the year*	29	-	-	-	-	-	-	269,752,646	-	269,752,646	269,752,646	
December 31, 2012		9,250,000,000	5,250,000,000	393,422,274	3,183,958,193	18,077,380,467	3,773,381,742	731,891,457	502,009,343	5,007,282,542	23,084,663,009	

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated interim statement of changes in equity for the six months ended June 30, 2013 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)



Continued

	Equity attributable to shareholders of the parent company					Non-controlling interest					
	Votes	Statutory reserve				Share capital	Share capital	Sub-total			
		Share capital	Share premium	Transfer of net income	Retained earnings				Payments to increase share capital*	Net income attributable to non-controlling interest	
December 31, 2012		9,250,000,000	5,250,000,000	393,422,274	3,183,958,193	18,077,380,467	3,773,381,742	731,891,457	502,009,343	5,007,282,542	23,084,663,009
Net income for the period		-	-	-	280,173,600	280,173,600	-	-	87,784,443	87,784,443	367,958,043
Increase in non-controlling interest / share capital contributed during the period	29	-	-	-	-	-	798,650,611	(798,650,611)	-	-	-
Payments to increase share capital during the period *	29	-	-	-	-	-	-	294,140,624	-	294,140,624	294,140,624
June 30, 2013		9,250,000,000	5,250,000,000	393,422,274	3,464,131,793	18,357,554,067	4,572,032,353	227,381,470	589,793,786	5,389,207,609	23,746,761,676

*These payments, to ultimately increase share capital of the applicable subsidiaries over a period of time, are treated as part of the total equity in these subsidiaries in accordance with the SOCPA clarification number 14/1 issued on March 14, 2012, although no shares have been issued yet and the Commercial Registration certificate has not yet been amended, but will be once these prepayments have been converted to share capital. This accounting treatment resulted in the reclassification of a non-current liability to shareholders' equity in these subsidiaries and therefore the increase in the applicable subsidiaries net worth during the year ended December 31, 2012.

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated interim statement of cash flows for the quarter and six months ended
June 30, 2013 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Quarter ended June 30, 2013	June 30, 2012	Six months ended June 30, 2013	June 30, 2012	Year ended December 31, 2012
Operating activities						
Income before zakat		40,464,826	204,760,676	391,130,126	519,211,609	1,531,540,408
Adjustments for non-cash flow items:						
Reversal of allowance for inventory obsolescence	10	-	(151,305)	-	(151,305)	(151,305)
Depreciation	12	260,330,580	243,446,291	516,226,003	487,906,681	983,646,894
Adjustment / written-off property, plant and equipment	12	(58,538)	190,368	(58,538)	264,322	(36,503)
Amortization of pre-operating expenses and deferred charges (mine closure)	13	8,835,378	4,104,814	15,005,336	8,566,752	22,754,407
Deferred stripping expense	13,31	20,659,189	8,110,321	37,366,743	15,848,476	41,616,258
Amortization of intangible assets	16	4,441,648	-	8,883,295	-	16,078,504
Share in net (income) / loss of jointly controlled entity	17.2	805,915	(104,332)	1,287,631	(184,832)	3,302,365
Provision for severance fees	21	12,554,499	15,024,872	19,479,703	50,349,179	92,603,068
Provision for employee termination benefits	23.1	9,636,429	7,459,996	19,463,034	15,421,315	41,252,535
Contribution for the employees' savings plan	23.2	4,447,468	4,207,001	11,426,234	6,501,449	13,100,119
Income from short term investments	35	(6,161,810)	(5,945,835)	(16,890,691)	(25,855,699)	(65,025,678)
Changes in working capital:						
Trade and other receivables	9	(52,334,202)	(74,515,504)	(183,893,289)	(41,539,291)	(81,526,686)
Inventories	10	(87,584,185)	(104,800,947)	(593,032,352)	(253,450,948)	(527,986,400)
Advances and prepayments	11	37,532,429	(213,167,605)	56,999,298	(333,928,675)	(150,359,071)
Projects and other payables – Trade	18	(95,646,323)	202,277,103	(69,562,599)	127,396,795	188,594
Accrued expenses – Trade	19	17,310,571	(27,498,323)	198,695,572	161,194,341	424,519,378
Zakat paid	20.2	(64,753,414)	(129,221,227)	(64,753,414)	(129,221,227)	(129,221,227)
Severance fees paid	21	(92,914,728)	(83,850,649)	(92,914,728)	(84,520,304)	(84,520,304)
Provision for mine closure and reclamation paid	22.1	(1,762,760)	(163,224)	(1,886,096)	(1,579,971)	(1,691,643)
Employee termination benefits paid	23.1	(5,507,665)	(2,814,308)	(11,391,592)	(10,543,166)	(15,114,502)
Employees' savings plan withdrawal	23.2	(7,330,765)	(1,662,418)	(8,794,003)	(4,177,803)	(7,798,074)
Net cash generated from operating activities		2,964,542	45,685,765	232,785,673	507,507,698	2,107,171,137
Investing activities						
Income received from short-term investments		11,956,205	6,622,743	31,869,298	22,254,933	66,584,245
Short-term investments	8	(47,307,665)	893,882,599	76,638,250	2,104,067,215	3,108,178,493
Additions to property, plant and equipment	12	-	-	-	-	(39,000,000)
Additions to pre-operating expenses and deferred charges	13	(234,927,185)	(133,084,766)	(442,593,573)	(261,079,741)	(528,914,374)
Additions to capital work-in-progress	14	(3,327,172,985)	(3,424,915,430)	(6,182,033,791)	(5,640,747,350)	(12,708,678,791)
Additions to exploration and evaluation assets	15	(171,780,870)	(67,789,489)	(238,321,040)	(89,275,377)	(570,909,241)
Additions to intangible assets	16	-	-	-	(2,849,967)	(5,511,079)
Projects and other payables – Projects	18	483,313,022	(23,185,075)	357,602,515	108,080,067	678,767,106
Accrued expenses – Projects	19	46,251,001	496,509,645	(310,048,912)	132,776,563	977,866,614
Net cash utilized in investing activities		(3,239,668,477)	(2,251,959,773)	(6,706,887,253)	(3,626,773,657)	(9,021,617,027)

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated interim statement of cash flows for the quarter and six months ended
June 30, 2013 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	Quarter ended		Six months ended		Year ended
		June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
Financing activities						
Net proceeds from long-term borrowings received	24.4	798,242,647	1,726,657,967	4,597,774,814	1,760,813,496	7,092,934,574
Due to joint venture partners	25	76,380,456	-	166,380,456	-	52,411,992
Payments to increase share capital by non-controlling interest, net	29	-	281,819,855	294,140,624	630,082,297	899,834,943
Net cash generated from financing activities		874,623,103	2,008,477,822	5,058,295,894	2,390,895,793	8,045,181,509
Net change in cash and cash equivalents		(2,362,080,832)	(197,796,186)	(1,415,805,686)	(728,370,166)	1,130,735,619
Cash and cash equivalents at beginning of the quarter / period / year		7,121,488,946	4,513,904,201	6,175,213,800	5,044,478,181	5,044,478,181
Cash and cash equivalents at end of the quarter / period / year	7	4,759,408,114	4,316,108,015	4,759,408,114	4,316,108,015	6,175,213,800
Non-cash flow transactions						
Transfer from property, plant and equipment to intangible assets	12,16	-	-	-	-	190,787,575
Provision for mine closure charged to property, plant and equipment	12, 22	-	-	-	-	1,550,000
Transfer from pre-operating expenses and deferred charges to capital work-in-progress	13,14	-	-	-	22,530,253	8,757,965
Transfer from capital work-in-progress to property, plant and equipment	14,12	101,074,245	82,844,377	199,898,726	12,128,697,257	12,224,278,200
Transfer from capital work-in-progress to intangible assets	14,16	-	-	-	-	71,121,759
Transfer from exploration and evaluation assets to capital work-in-progress	15,14	-	71,840,922	-	74,168,877	366,949,223
Transfer from payments to increase share capital to non-controlling interest	29	181,190,625	11,094,278	798,650,611	848,244,051	989,431,551

1. General information

Saudi Arabian Mining Company ("Ma'aden" or the "Company") was formed as a Saudi joint stock company pursuant to Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to March 23, 1997) and the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to March 17, 1997), with Commercial Registration No. 1010164391 dated 10 Zul Qaida 1421H (corresponding to February 4, 2001). The Company has an authorized share capital of SR 9,250,000,000 (Nine billion and two hundred fifty million Saudi Riyals) divided into 925,000,000 (Nine hundred and twenty five million) ordinary shares with a nominal value of SR 10 each.

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, Al-Hajar, Bulghah, Al-Amar, Sukhaybarat, Al Jalamid, Az Zabirah and Al-Ghazallah mines. Currently the Group mainly mines gold, phosphate rock, low-grade bauxite, kaolin and magnesite.

The Group's major projects are the aluminum projects and the phosphate production facility at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City and these are principally in the development stage.

The Group's objective with the aluminum project is to develop the bauxite mine, the alumina refinery, smelter and rolling mill as well as a power plant for the production of aluminum and related products in the Kingdom of Saudi Arabia. In December 2009, the Company entered into a joint venture agreement with Alcoa Incorporated, ("Alcoa Inc.") for the development of the aluminum project. The Company has a 74.9% interest in the aluminum project and Alcoa Inc. has a 25.1% interest. The capital cost of the project is estimated to be SR 40.5 billion. Alcoa Inc. has reimbursed the Company for 25.1% of the aluminum project's costs incurred by the Company before Alcoa Inc.'s participation.

On February 14, 2012 the Board of Directors approved a plan developed by Ma'aden in collaboration with their joint venture partner Alcoa Inc. (Note 25) to extend the product mix of their aluminum complex, currently under construction at Ras Al Khair, to include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet.

On March 19, 2013, Ma'aden signed Heads of Agreement with The Mosaic Company ("Mosaic") and SABIC to jointly develop a fully integrated phosphate production facility located at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City, in the Northern Region, near the city of Turayf in the Kingdom of Saudi Arabia. Ma'aden, Mosaic and SABIC will own 60%, 25% and 15% of the joint venture respectively. This project is based on the exploitation of the Al-Khabra phosphate deposit for which Ma'aden owns the mining license and includes the utilization of captive national resources such as groundwater and sulfur, and taking advantage of the existing railway infrastructure, linking the Northern Borders Province to Ras Al Khair in the Eastern Province to have access to the port facilities at the Arabian Gulf. Ma'aden has completed the pre-feasibility study of the project and it is proceeding to the feasibility and basic engineering stage. The estimated capital cost of the project is SR 26 billion.

2. Group structure

The Company has the following subsidiaries and jointly controlled entity, all incorporated in the Kingdom of Saudi Arabia:

Subsidiaries	Type of company	Effective ownership as at June 30,	
		2013	2012
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	100%	100%
Ma'aden Industrial Minerals Company ("MIMC")	Limited liability company	100%	100%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	100%	100%
Ma'aden Phosphate Company ("MPC")	Limited liability company	70%	70%
Ma'aden Aluminum Company ("MAC")	Limited liability company	74.9%	74.9%
Ma'aden Rolling Company ("MRC")	Limited liability company	74.9%	74.9%
Ma'aden Bauxite and Alumina Company ("MBAC")	Limited liability company	74.9%	74.9%
Jointly controlled entity			
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Limited liability company	50%	50%

The financial year end of all the subsidiaries and jointly controlled entity coincide with that of the parent company.

MGBM

The company was incorporated in the Kingdom of Saudi Arabia, on August 9, 1989. 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, smelting and refining;
- extract, refine, export and sell such minerals in their original or refined form; and
- construct, operate and maintain all mines, buildings, railroads, highways, pipelines, refineries, treatment plants, communication systems, power plants and other facilities necessary or suitable for the purposes of the lease.

MIMC

The company was incorporated in the Kingdom of Saudi Arabia on March 31, 2009. 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;
- extract, refine, export and sell such minerals in their original or refined form; and
- construct, operate and maintain all mines, buildings, railroads, highways, pipelines, refineries, treatment plants, communication systems, power plants and other facilities necessary or suitable for the purposes of the lease.

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

MIC

The company was incorporated in the Kingdom of Saudi Arabia on August 17, 2008. 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.

MPC

The company was incorporated in the Kingdom of Saudi Arabia on January 1, 2008 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.

The objectives of the company are to:

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

MAC

The company was incorporated in the Kingdom of Saudi Arabia on October 10, 2010 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 Incorporated ("Alcoa Inc."), which is accounted for as a non-controlling interest in these consolidated interim financial statements.

The objectives of the company are the production of:

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

The company is currently in its project development phase.

MRC

The company was incorporated in the Kingdom of Saudi Arabia on October 10, 2010 and is owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Rolling Inversiones S.L. ("ASRI") a company wholly owned by Alcoa Incorporated ("Alcoa Inc."), which is accounted for as a non-controlling interest in these consolidated interim financial statements.

The objectives of the company are the production of:

- can body stock; and
- can ends stock.

The company is currently in its project development phase.

MBAC

The company was incorporated in the Kingdom of Saudi Arabia on January 22, 2011 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 Inc. and 40% by Alumina Limited, an unrelated third party, which is accounted for as a non-controlling interest in these consolidated interim financial statements.

The objectives of the company are to:

- produce and refine bauxite; and
- produce alumina.

The company is currently in its project development phase.

SAMAPCO

(a) The company was incorporated in the Kingdom of Saudi Arabia on August 14, 2011 and is owned:

- 50% by Saudi Arabian Mining Company ("Ma'aden") and
- 50% by Sahara Petrochemicals.

(b) SAMAPCO is a joint venture project and is accounted for as an investment in a jointly controlled entity 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.

(c) The operations of the company includes the production and supply of concentrated caustic soda feed stock to the alumina refinery at MBAC and to sell the excess production in the local wholesale and retail market. SAMAPCO is currently in its project development phase.

3. Basis of preparation

(d) The accompanying consolidated interim financial statements have been prepared under the historic cost convention on the accrual basis of accounting and in compliance with the accounting standards promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA").

(e) The consolidated interim financial statements have been prepared in accordance with SOCPA's standard of interim financial reports, on the basis of integrated periods, which views each interim period as an integral part of the financial year. Accordingly, revenues, gains, expenses, and losses of the period are recognized during the relevant period.

(f) The results of the operations for an interim period may not be indicative of the annual results of the operations.

(g) These consolidated interim financial statements are presented in Saudi Riyals which is both the functional and reporting currency of the Group.

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated interim financial statements are set out below. These policies have been consistently applied to all periods presented, except for the change in accounting policies mentioned in notes 4.8, 4.9, 4.11, 4.19 and 4.23.

Change in accounting policies

(a) The Group implemented a new accounting policy relating to "Exploration and evaluation assets" (see note 4.11) consistent with the Group's expanding operational activities and disclosure enhancement objectives. These amounts were previously shown under "Pre-operating expenses and deferred charges" in the consolidated interim statement of financial position and have now been transferred to "Exploration and evaluation assets". This change in accounting policy had no impact on net assets or net income previously reported. The effect of the reclassification due to the change in accounting policy amounted to a net book value of SR 158,436,808 for the quarter ended June 30, 2012 and SR 415,261,216 for the year ended December 31, 2012 (Note 4.11 and 15).

(b) During the period ended September 30, 2012, the Group decided to reflect zinc revenue for the Al Amar mine under by-products, by considering MGBM's operations as a single gold producing unit instead of evaluating each mine's operations individually, resulting in a reduction in revenue and cost of sales correspondingly, with no change in the gross profit in the consolidated interim statement of income. The effect of the above mentioned reclassification due to change in accounting policy amounted to SR 10,230,414 for the six months period ended June 30, 2012 and SR 8,114,135 for the year ended December 31, 2012 (Note 4.23).

4.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported under "intangible assets" in the accompanying consolidated interim statement of financial position. Goodwill is tested annually for impairment and carried at cost, net of any accumulated amortization and impairment losses, if any.

Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Jointly controlled entity

A joint venture exists where the Group has a contractual arrangement with one or more parties to undertake activities typically, however not necessarily, through entities that are subject to joint control.

The Group recognises its interests in a jointly controlled entity using the equity method of accounting. The Group's share of the results of joint ventures is based on the financial statements prepared up to a date not earlier than three months before the consolidated statement of financial position date, adjusted to conform with the accounting policies of the Group, if any. Intragroup gains on transactions are eliminated to the extent of the Group's interest in the investee. Intragroup losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

4.2 Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated interim statement of financial position date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated interim statement of income.

4.3 Cash and cash equivalents

Cash and cash equivalents balance includes cash on hand, cash in banks and time deposits with an original maturity of three months or less at the date of acquisition.

4.4 Short-term investments

Short-term investments 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.

4.5 Trade receivables

Trade receivables are carried at the original sales invoice amount less an allowance for doubtful debts (if any). An allowance for doubtful debts is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivables. Such allowances are charged to the consolidated interim statement of income and reported under "General and administrative expenses". When a trade receivable is uncollectible, it is written-off against the allowance for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the consolidated interim statement of income.

4.6 Inventories

Refined metals

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

Production costs include:

- 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;
- production overheads; and
- revenue from sale of by-products is credited against production costs.

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 weighted average basis.

Ore stockpiles

Ore stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it 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 due to economic viability, it is valued at the lower of net cost of production or net realizable value. Quantities of stockpiles and work-in-process are assessed primarily through surveys and assays.

Stores and materials

Stores and spares are valued at the weighted average cost basis less an allowance for obsolete and slow moving items.

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

4.7 Financial assets and liabilities

Financial assets and liabilities carried on the consolidated interim statement of financial position principally include cash and cash equivalents, short-term investments, trade and other receivables, projects and other payables, accrued expenses and borrowings.

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

4.8 Property, plant and equipment

Property, plant and equipment are stated at the historical cost less accumulated depreciation. Depreciation is provided over the shorter of estimated economic useful lives of the applicable assets or the estimated life-of-mine using the straight-line method. The estimated useful lives of the principal classes of assets are as follows:

	Number of years
• Buildings	9 – 33
• Heavy equipment	5 – 20
• Fixed plant and heap leaching facilities	4 – 20
• Other equipment	4 – 20
• Office equipment	4 – 10
• Furniture and fittings	4 – 10
• Mobile and workshop equipment	10
• Computer equipment	4 – 5
• Mining assets	2 – 8
• Laboratory and safety equipment	5
• Motor vehicles	4
• Civil works	4

Maintenance and normal repairs which do not materially extend the estimated economic useful life of an asset are charged to the consolidated interim statement of income as and when incurred. Major renewals and improvements, if any, are capitalized.

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

Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualified assets.

4.9 Pre-operating expenses and deferred charges

Mining

Pre-operating expenses and deferred charges, other than specific exploration and evaluation expenditures covered in note 4.11, incurred prior to the development phase of the mine project and are expected to provide future benefits to the Group. The capitalized cost is amortized over a period of seven years or life of the mine, whichever is lower, commencing at the completion of the project. Cost that will not provide a benefit beyond the current period is charged to the consolidated interim statement of income.

Plants

Pre-operating expenses and deferred startup expenses relating to a new plant or expansion are amortized over a period of seven years or life of the plant, whichever is lower, starting from the date when the assets are determined to be ready for its intended use.

4.10 Capital work-in-progress

Assets in the course of construction are capitalized in the capital work-in-progress account. On completion, the cost of the related asset is transferred to the appropriate category of property, plant and equipment. The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Costs associated with a start-up period are capitalized where the asset is available for use but incapable of operating at normal levels during the commissioning period net of the proceeds from the sale of any production during the development period. Capital work-in-progress is not depreciated.

4.11 Exploration and evaluation assets

Exploration expenditures are 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 exploration rights to explore a potentially mineralized;
- topographical, geological, geochemical and geophysical studies;
- exploration drilling;
- trenching;
- sampling; and
- other work involved in searching for ore.

Evaluation expenditures are 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;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

All exploration and evaluation costs are expensed until it is concluded that a future economic benefit is more likely to be realized than not, i.e. 'probable'. 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 capitalized if management determines that probable future economic benefits will be generated as a result of the expenditures.

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 capitalized as mine development cost following the completion of an economic evaluation equivalent to a feasibility study.

All exploration and evaluation costs incurred after it is concluded that economic benefit is more likely to be realized than not, i.e. 'probable' are capitalized as "Exploration and evaluation assets" only until the technical feasibility and commercial viability of extracting of mineral resource are demonstrable. Once the technical and commercial viability is demonstrable i.e. economic benefit will or will not be realized, the asset is tested for impairment and any impairment loss is recognized. Based on the technical and commercial feasibility, if the economic benefit will be realized and management intends to develop the mine, exploration and evaluation asset is reclassified to "Capital work-in progress". Cash flows attributable to capitalized exploration and evaluation expenditures are classified as investing activities in the statement of cash flow. Once the commercial production stage is reached, the capitalized capital work-in-progress is reclassified to "Property, plant and equipment".

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company measures, presents and discloses any resulting impairment loss.

For the purposes of exploration and evaluation assets only, one or more of the following facts and circumstances are considered for identifying that exploration and evaluation asset that 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 for 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 exploration and evaluation asset may be impaired, asset impairment policy as specified in note 4.14 is followed.

4.12 Intangible assets

Intangible assets comprise of purchased software and systems enhancements and transformation. These assets are carried at cost. Intangible assets are amortized on the straight-line basis over their anticipated useful lives and are reviewed at least at each financial year end. The amortization expense on the intangible assets is recognized in the consolidated interim statement of income consistent with the functions of the intangible assets.

Intangible assets for MIC 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.

4.13 Stripping ratio and deferred stripping costs

The Group also defers waste mining costs and has estimated the average of the waste-to-ore ratio for the quantities contained within the final pit design of the mine. This average is used to calculate the annual waste mining costs to be expensed as follows:

Average ratio of waste to ore mined x Quantity of ore mined x Average unit cost of total tonnes mined

In periods when the actual costs of waste are higher than the costs expensed according to this formula, the difference is deferred to be expensed in a future period when the actual costs are less than the amount to be expensed.

4.14 Asset impairment

The Group assesses its assets at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value-in-use.

Assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When it becomes evident that the circumstances which resulted in the impairment no longer exist, the impairment amount is reversed (with the exception of goodwill) and recorded as income in the consolidated interim statement of income in the period in which such reversal is determined.

4.15 Projects, other payable and accrued expenses

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

4.16 Zakat, income tax and withholding tax

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). A provision for zakat for the Company and zakat related to the Company's subsidiaries is charged to the consolidated interim statement of income. 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 non-controlling interest in the consolidated interim statement of income.

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

4.17 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 interim statement of income (Note 31).

4.18 Provisions

Provisions are recognized 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
- the amount can be reliably estimated.

4.19 Mine closure and reclamation

The mining, extraction and processing activities of the Group normally give rise to obligations for site closure or rehabilitation. Mine closure and rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of current laws and regulations.

Provisions for the cost of each closure and rehabilitation program are recognized at the time the mining activities occur. When the extent of the mining activities increases over the life-of-mine, the provision is increased accordingly.

Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life-of-mine and at the time of closure in connection with the mining activities at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized 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 closure and rehabilitation expenditure is dependent upon a number of factors such as:

- the life-of-mine;
- the operating license conditions; and
- the environment in which the mine operates.

The full estimated costs are capitalized as part of mining assets, under property, plant and equipment and then depreciated as an expense over the expected life-of-mine on straight-line basis. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgments and estimates involved. Factors influencing those changes include:

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

4.20 Employee termination benefits

Employee termination benefits are payable as a lump sum to all employees employed under the terms and conditions of Saudi Labor and Workman Law on termination of their employment contracts. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the consolidated statement of financial position date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia.

4.21 Employees' savings plan program

In accordance with clause 137 of the Labor Regulations, and in furtherance to clause 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 H.H. 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 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. The Group will contribute an amount equaling 10% of the monthly savings of each member per annum for the first year and increase it by 10% in the year after it reaches 100% at the 10th year, which will in turn be credited to the savings accounts of the member. The Group's portion is charged to the consolidated interim statement of income on a monthly basis. The Group's portion will only be paid upon termination or resignation of the employee.

4.22 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. Other borrowing costs are charged to consolidated interim statement of income.

4.23 Revenue recognition

Revenue is recognized when all the following conditions are met:

- the significant risks and rewards of ownership of the product have been transferred to the buyer;
- 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; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Revenues are shown net of discounts and after eliminating sales within the Group.

Sales revenue is commonly subject to an adjustment based on an inspection of the product by the customer. In such cases, sales revenue is initially recognized on a provisional basis using the Group's best estimate of contained metal, and adjusted subsequently.

Revenue from the sale of by-products is credited against production costs.

Investment income consists of earnings on bank deposits and is recognized on an accrual basis.

4.24 Selling, marketing and logistic expenses

Selling, marketing and logistic expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between selling and marketing expenses and cost of sales, when required, are made on a consistent basis.

4.25 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

4.26 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to consolidated interim statement of income on a straight-line basis over the term of the operating lease.

5. Critical accounting estimates, assumptions and judgments

The preparation of consolidated interim financial statements in conformity with generally accepted accounting standards requires management to make estimates and assumptions that affect amounts reported in the consolidated interim financial statements and accompanying notes. Estimates and judgments are continually evaluated and are based on 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.

The most significant areas requiring the use of management's assumptions, estimates and judgments relate to:

- ore reserve and mineral resource estimates;
- economic useful lives of property, plant and equipment;
- impairment and reversal of impairment of assets;
- allowances;
- mine closure and environmental obligations;
- zakat and income taxes; and
- 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 management long-term commodity price, forecasts cut-off grades and costs that may prove to be inaccurate. 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.

Economic useful lives of property, plant and equipment

The Group's mining assets, classified within property, plant and equipment, are amortized on a straight-line basis over the lesser of their economic useful lives or the life-of-mine. When determining the life-of-mine, assumptions that were valid at the time of estimation, may change when new information becomes available.

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 depreciated 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 reversal of impairment of assets

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 periods may no longer exist or may have decreased.

Allowances

The Group also creates an allowance for obsolete and slow-moving spare parts. At June 30, 2013, the allowance for obsolete slow-moving items amounted to SR 19 million (June 30, 2012: SR 19 million and December 31, 2012: SR 19 million). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated interim statement of financial position date to the extent that such events confirm conditions existing at the end of the period.

Mine closure and environmental 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 various jurisdictions in which it operates, terms of the license agreements and engineering estimates. Provision is made, for decommissioning and land restoration costs as soon as the obligation arises. Actual costs incurred in future periods 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.

Zakat and income taxes

During the period ended June 30, 2013 an amount of SR 65 million was paid to DZIT pertaining to the year ended December 31, 2012 but no zakat assessments were finalized by the DZIT. Where the final zakat outcome of these matters is different from the amounts that were initially recorded, such differences will impact the zakat provisions in the period in which such determinations are made.

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 judgment and estimates of the outcome of future events.

6. Segmental information

Segment reporting

6.1 Business segment

A business segment is group of assets, operations or entities:

- engaged in revenue producing activities;
- results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- financial information is separately available.

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

- **The corporate segment**, includes the corporate operations and projects under development.

Phosphate project at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City is based on the exploitation of the Al-Khabra and Umm Wu'al phosphate deposits. The project is in the feasibility and basic engineering stage.

Automotive sheet project include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet. The project is in the development stage.

- **The gold segment**, consists of operations related to the mining of gold and is carried out through MGBM. This segment currently operates Mahd Ad Dahab, Al-Hajar, Bulghah, Al Amar mines and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia.
- **The phosphate segment**, consist of operations related to mining of phosphate, the beneficiation of phosphate concentrate and utilization of national resources of natural gas and sulphur to manufacture DAP, MAP fertilizer and ammonia products and is carried out through MPC. This segment started commercial operation during first quarter of 2012, except for the ammonia plant for which commercial production was declared on October 1, 2011.
- **The aluminum segment**, consists of the operations related to the development of an aluminum mine, refinery, smelter, rolling mill and power plant for the production of aluminum and related products. This segment is currently in the development stage.

Chlor Alkali project consists of the operations related to the development of concentrated caustic soda and ethylene dichloride complex for the production of concentrated caustic soda, chlorine and ethylene dichloride and the supply of all the required feedstock for use in the alumina refinery at Ma'aden Bauxite and Alumina Company, any excess production is sold in the international and domestic market. This segment is currently in the development stage.
- **The industrial minerals segment**, consist of operations related to the mining of industrial minerals carried out through MIMC, which currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine and processing plant at Al Madinah Al Munawarah which partially commenced operations during 2011.
- **The infrastructure segment**, relates to the development, construction and delivery of services in the Ras Al-Khair area, and other mining and industrial locations in the Kingdom of Saudi Arabia.



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6.1 Business segment (continued)

June 30, 2013	Note	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Total
Sales	30	-	350,364,460	2,177,935,219	-	58,370,018	659,487	2,587,329,184
Gross profit / (loss)		-	201,370,197	558,595,915	-	36,112,458	(26,648,510)	769,430,060
Income from short-term investments	35	2,579,318	3,379,774	10,770,218	-	11,500	149,881	16,890,691
Net (loss) / income attributable to shareholders' of the parent company		(91,861,398)	112,510,624	264,540,426	(6,868,486)	29,105,935	(27,253,501)	280,173,600
Property, plant and equipment	12	145,735,811	111,400,061	17,124,953,585	1,525,723	231,391,290	609,844,839	18,224,851,309
Pre-operating expenses and deferred charges	13	122,270,166	59,648,244	63,622,185	946,455,130	10,806,429	-	1,202,802,154
Capital work-in-progress	14	303,026,206	598,494,787	393,669,641	27,331,341,913	82,980,360	289,157,524	28,998,670,430
Exploration and evaluation assets	15	30,176,491	193,150,979	362,283,896	-	-	-	585,611,366
Intangible assets	16	-	-	17,149,572	-	-	237,643,865	254,793,437
Investment in jointly controlled entity	17	-	-	-	443,564,104	-	-	443,564,104
Total assets		1,227,045,326	1,479,778,579	22,684,151,827	33,475,055,308	471,019,407	1,301,640,268	60,638,690,715
June 30, 2012								
Sales	30	-	516,998,328	1,660,298,405	-	54,020,862	725,486	2,232,043,081
Gross profit / (loss)		-	314,371,238	612,084,842	-	20,160,649	(17,152,836)	929,463,893
Income from short-term investments	35	21,222,395	4,563,898	9,917,718	-	14,747	54,659	35,773,417
Net (loss) / income attributable to shareholders' of the parent company		(110,519,542)	253,464,726	241,800,471	(7,294,936)	14,467,734	(17,602,736)	374,315,717
Property, plant and equipment	12	111,851,461	126,616,261	17,999,914,263	62,314	244,761,065	608,010,704	19,091,216,068
Pre-operating expenses and deferred charges	13	18,813,758	85,140,244	22,249,139	431,542,431	13,183,604	-	570,929,176
Capital work-in-progress	14	31,203,763	114,515,417	12,758,551	15,313,276,090	79,259,786	285,284,961	15,836,298,568
Exploration and evaluation assets	15	310,068	49,621,261	103,580,144	4,925,335	-	-	158,436,808
Intangible assets	16	-	-	15,184,790	-	-	-	15,184,790
Investment in jointly controlled entity	17	-	-	-	448,338,932	-	-	448,338,932
Total assets		2,606,902,031	1,556,369,842	19,544,984,927	21,826,949,908	403,604,828	916,698,504	46,855,510,040

6.1 Business segment (continued)

December 31, 2012	Note	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Total
Sales	30	-	1,001,542,755	4,447,735,066	-	125,867,379	1,510,183	5,576,655,383
Gross profit / (loss)		-	595,718,308	1,974,602,994	-	61,973,376	(38,068,368)	2,594,226,310
Income from short-term investments	35	33,353,175	8,994,264	22,652,599	-	70,981	54,659	65,025,678
Net (loss) / income attributable to shareholders' of the parent company		(337,303,294)	440,540,927	987,342,823	(11,266,032)	50,696,299	(39,066,753)	1,090,943,970
Property, plant and equipment	12	149,433,570	128,430,478	17,503,721,878	1,757,954	238,425,366	519,350,802	18,541,120,048
Pre-operating expenses and deferred charges	13	63,936,924	60,705,472	51,018,836	624,992,615	11,926,813	-	812,580,660
Capital work-in-progress	14	226,536,635	406,709,436	218,548,147	21,830,613,308	81,119,213	253,008,626	23,016,535,365
Exploration and evaluation assets	15	25,956,610	127,306,058	194,027,658	-	-	-	347,290,326
Intangible assets	16	-	-	19,542,535	-	-	244,134,197	263,676,732
Investment in jointly controlled entity	17	-	-	-	444,851,735	-	-	444,851,735
Total assets		1,601,837,908	1,866,925,056	22,623,363,190	27,568,286,030	437,683,027	1,043,853,770	55,141,948,981

The corporate segment's net loss amount excludes share in earnings of subsidiary companies. The corporate segment's total assets amount excludes investment balances with respect to subsidiary companies which have been eliminated on consolidation.

6.2 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.

7. Cash and cash equivalents

	June 30, 2013	June 30, 2012	December 31, 2012
Term deposits with original maturities equal to or less than three months at acquisition	4,144,833,371	3,361,759,251	4,328,500,000
Cash and bank balances – unrestricted	595,971,333	555,630,090	1,420,328,641
Cash and bank balances – restricted	18,603,410	398,718,674	426,385,159
Total	4,759,408,114	4,316,108,015	6,175,213,800

Restricted cash and bank balances are related to the following:

Cash accumulated under employees' savings plan program (Note 4.21 and 23.2)	17,638,238	12,027,608	15,006,007
Cash accumulated in the debt service reserve account for the next schedule repayment of long-term loan of SR 451,530,177, six months prior to the due date, as per facility agreement (Note 24.2). Balance portion of SR 450,565,005 of this restricted cash is invested and included in short-term deposits	965,172	386,691,066	411,379,152
Total	18,603,410	398,718,674	426,385,159

8. Short-term investments

	June 30, 2013	June 30, 2012	December 31, 2012
Term deposits with original maturities of more than three months and less than a year at acquisition	2,977,125,000	4,057,874,528	3,053,763,250
Investment income receivable	2,606,590	22,744,530	17,585,197
	2,979,731,590	4,080,619,058	3,071,348,447

Short-term investments yield financial income at prevailing market rates.

9. Trade and other receivables

	June 30, 2013	June 30, 2012	December 31, 2012
Trade	652,402,439	468,411,209	507,061,628
Due from SAMAPCO (Note 38.2)	47,998,419	47,961,295	47,994,670
Due from joint venture partners	40,999,835	-	-
Other	5,533,492	6,680,997	7,984,598
Total	746,934,185	523,053,501	563,040,896

Trade receivables includes:

Due from Alcoa Inc. (Note 38.2)	72,792,940	-	-
Due from SABIC (Note 38.2)	242,618,656	391,164,536	446,823,500

10. Inventories

	June 30, 2013	June 30, 2012	December 31, 2012
Finished goods – ready for sale	316,727,342	237,249,300	331,156,109
Work-in-progress at net production cost	173,131,454	246,218,341	140,764,639
Stockpile of mined ore	83,167,814	49,287,891	66,132,540
By-products	20,661,957	7,432,310	11,779,907
Sub-total	593,688,567	540,187,842	549,833,195
Spare parts and consumables materials	629,381,106	201,144,808	321,533,420
Allowance for obsolete slow-moving spare parts and consumable materials	(18,671,349)	(18,671,349)	(18,671,349)
Sub-total	610,709,757	182,473,459	302,862,071
Raw materials	478,568,405	92,737,624	237,239,111
Total spare parts, consumables and raw materials	1,089,278,162	275,211,083	540,101,182
Total	1,682,966,729	815,398,925	1,089,934,377

The spare parts inventory primarily relates to plant and machinery and accordingly this inventory is expected to be utilized over a period exceeding one year.

Movement in the allowance for inventory obsolescence is as follows:

	June 30, 2013	June 30, 2012	December 31, 2012
January 1	18,671,349	18,822,654	18,822,654
Reversal of allowance for obsolescence (Note 31)	-	(151,305)	(151,305)
June 30 / December 31	18,671,349	18,671,349	18,671,349

11. Advances and prepayments

	June 30, 2013	June 30, 2012	December 31, 2012
Current portion:			
Advances to contractors	157,292,516	92,570,181	30,350,815
Advances to employees	38,899,621	10,821,874	6,181,077
Prepaid housing	31,190,513	24,776,938	14,679,656
Prepaid insurance	24,109,648	9,455,871	6,036,407
Other prepayments	23,050,077	61,837,485	36,862,420
Sub-total	274,542,375	199,462,349	94,110,375
Non-current portion:			
Advances to contractors	465,525,169	800,463,850	703,059,138
Other prepayments	19,289,753	-	19,187,082
Sub-total	484,814,922	800,463,850	722,246,220
Total	759,357,297	999,926,199	816,356,595

Advances and prepaid expenses mainly represent advances paid by MAC, MRC and MBAC in relation to the development of their sites.

Non-current portion of advances to contractors of MPC, MAC, MRC and MBAC as at June 30, 2013 of SR 399,484,710 (June 30, 2012: SR 778,649,510 and December 31, 2012: SR 628,892,401) are pledged as security to the lenders under the Common Term Financing Agreement (Note 24.7).



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12. Property, plant and equipment

Cost	Notes	Land	Mining assets	Motor vehicles	Heavy equipment	Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
January 1, 2012		22,550,000	63,213,264	22,519,825	210,082,538	6,971,320,927	331,755,885	593,801,440	54,317,681	43,516,207	23,878,668	8,336,956,435
Transfer from capital work-in-progress	14	-	-	584,000	5,047,155	11,899,384,287	124,210,232	65,371,026	14,090,566	13,952,978	6,057,013	12,128,697,257
Adjustments / write-offs		-	-	(691,900)	(225,435)	-	-	(51,000)	(225,000)	(14,455,178)	(759,835)	(16,408,348)
June 30, 2012		22,550,000	63,213,264	22,411,925	214,904,258	18,870,705,214	455,966,117	659,121,466	68,183,247	43,014,007	29,175,846	20,449,245,344
Additions during remainder of the year		39,000,000	-	-	-	-	-	-	-	-	-	39,000,000
Transfer from capital work-in-progress	14	-	-	1,174	(2,769,151)	(98,972,887)	210,707,603	(30,845,769)	20,155,655	(11,545,738)	8,850,056	95,580,943
Transfer to intangible assets *	16	-	-	-	-	-	-	(207,804,853)	-	-	-	(207,804,853)
Provision for mine closure and reclamation	22.2	-	1,550,000	-	-	-	-	-	-	-	-	-
Adjustments / write-offs		-	-	14,851	-	(281,524)	1,407,659	-	(22,227)	(720,407)	(1,308,941)	1,550,000
December 31, 2012		61,550,000	64,763,264	22,427,750	212,135,107	18,771,450,803	668,081,379	420,470,844	88,316,675	30,747,852	36,716,961	20,376,660,645
Transfer from capital work-in-progress	14	-	-	-	21,301,058	85,685,999	66,721,547	17,897,610	1,694,190	221,254	6,377,068	199,898,726
Adjustments / write-offs		-	-	-	-	(115,142,591)	115,142,591	-	104,984	(27,069)	(618,774)	(540,859)
June 30, 2013		61,550,000	64,763,264	22,427,750	233,436,165	18,741,994,211	849,945,517	438,368,454	90,115,849	30,942,047	42,475,255	20,576,018,512
Accumulated depreciation												
January 1, 2012		-	38,579,615	20,745,581	46,396,274	418,651,772	66,502,178	229,553,519	26,605,101	27,317,634	11,914,947	886,266,621
Charge for the period		-	1,848,792	1,139,028	7,585,739	437,329,362	18,578,210	12,242,445	5,349,604	2,029,077	1,804,424	487,906,681
Adjustments / write-offs		-	-	(691,900)	(97,209)	-	-	(1,063)	(180,938)	(14,413,081)	(759,835)	(16,144,026)
June 30, 2012		-	40,428,407	21,192,709	53,884,804	855,981,134	85,080,388	241,794,901	31,773,767	14,933,630	12,959,536	1,359,029,276
Charge for the remainder of the year		-	2,204,160	281,462	7,231,354	458,047,352	11,559,738	2,249,145	7,818,156	2,958,833	3,390,013	495,740,213
Transfer to intangible assets *	16	-	-	-	-	-	-	(17,017,278)	-	-	-	(17,017,278)
Adjustments / write-offs		-	-	(59,567)	(100,000)	(273,708)	1,407,659	-	(40,824)	(625,885)	(1,519,289)	(1,211,614)
December 31, 2012		-	42,632,567	21,414,604	61,016,158	1,313,754,778	98,047,785	227,026,768	39,551,099	17,266,578	14,830,260	1,835,540,597
Charge for the period		-	1,975,868	980,087	7,697,701	459,559,795	24,000,396	7,692,815	7,761,701	2,276,150	4,281,490	516,226,003
Adjustments / write-offs		-	-	-	-	-	-	-	10,531	(16,154)	(593,774)	(599,397)
June 30, 2013		-	44,608,435	22,394,691	68,713,859	1,773,314,573	122,048,181	234,719,583	47,323,331	19,526,574	18,517,976	2,351,167,203
Net book value												
June 30, 2012		22,550,000	22,784,857	1,219,216	161,019,454	18,014,724,080	370,885,729	417,376,565	36,409,480	28,080,377	16,216,310	19,091,216,068
December 31, 2012		61,550,000	22,130,697	1,013,146	151,118,949	17,457,686,025	570,033,594	193,444,076	48,765,576	13,481,284	21,886,701	18,541,120,048
June 30, 2013		61,550,000	20,154,829	33,059	164,722,306	16,968,679,638	727,897,336	203,648,871	42,792,518	11,415,473	23,957,279	18,224,851,309

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12. Property, plant and equipment (continued)

* Transfer to intangible assets include civil works and essential equipment assets located in public areas outside of the Ma'aden projects which has been transferred, at net book value to the RCJY under the Implementation Agreement between MIC and RCJY. Under the Implementation Agreement paragraph, MIC retains its full unrestricted right of use of these designated assets for a period of 35 years, under the LUSA agreement the associated cost related to the right of use will be amortized over the remaining period of LUSA term.

Property, plant and equipment of MPC and MAC with a net book value at June 30, 2013 of SR 17,124,953,585 and SR 1,514,855 respectively (June 30, 2012 : SR 17,999,914,263 and SR 62,314, December 31, 2012: SR 17,503,721,878 and SR 1,745,322) are pledged as security to lenders under the Common Term Financing Agreement (Note 24.7).

	Notes	Quarter ended June 30, 2013	June 30, 2012	Six months ended June 30, 2013	June 30, 2012	Year ended December 31, 2012
Allocation of depreciation charge for the quarter / period / year to:						
Cost of sales	31	256,551,422	239,072,265	508,571,034	480,912,040	971,177,233
General and administrative expenses	33	3,779,158	4,374,026	7,654,969	6,994,641	12,469,661
Total		260,330,580	243,446,291	516,226,003	487,906,681	983,646,894



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13. Pre-operating expenses and deferred charges

	Notes	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Total
Cost							
January 1, 2012		42,553,207	148,926,958	46,604,131	210,020,943	17,682,372	465,787,611
Additions during the period		2,947,053	6,981,134	2,367,412	221,521,488	-	233,817,087
Stripping cost incurred during the period		-	11,969,575	15,293,079	-	-	27,262,654
Transfer to capital work-in-progress		-	-	(22,530,253)	-	-	(22,530,253)
June 30, 2012	14	45,500,260	167,877,667	41,734,369	431,542,431	17,682,372	704,337,099
Additions during remainder of the year		45,687,504	5,906,066	19,323,157	193,450,184	-	264,366,911
Stripping cost incurred / adjusted during the remainder of the year		-	(24,011,805)	27,479,527	-	-	3,467,722
Transfer from capital work-in-progress		-	-	13,772,288	-	-	13,772,288
December 31, 2012	14	91,187,764	149,771,928	102,309,341	624,992,615	17,682,372	985,944,020
Additions during the period		58,957,805	3,476,721	27,273,856	321,462,515	-	411,170,897
Stripping cost incurred during the period		-	-	31,422,676	-	-	31,422,676
June 30, 2013		150,145,569	153,248,649	161,005,873	946,455,130	17,682,372	1,428,537,593
Amortization							
January 1, 2012		26,122,828	79,627,889	-	-	3,241,978	108,992,695
Charge for the period		563,674	3,109,534	3,636,754	-	1,256,790	8,566,752
Stripping cost charged to cost of sales during the period		-	-	15,848,476	-	-	15,848,476
June 30, 2012	31	26,686,502	82,737,423	19,485,230	-	4,498,768	133,407,923
Charge for remainder of the year		564,338	3,550,830	8,815,696	-	1,256,791	14,187,655
Stripping cost charged to cost of sales during the remainder of the year		-	2,778,203	22,989,579	-	-	25,767,782
December 31, 2012	31	27,250,840	89,066,456	51,290,505	-	5,755,559	173,363,360
Charge for the period		624,563	3,842,073	9,418,316	-	1,120,384	15,005,336
Stripping cost charged to cost of sales during the period		-	691,876	36,674,867	-	-	37,366,743
June 30, 2013		27,875,403	93,600,405	97,383,688	-	6,875,943	225,735,439
Net book value							
June 30, 2012		18,813,758	85,140,244	22,249,139	431,542,431	13,183,604	570,929,176
December 31, 2012		63,936,924	60,705,472	51,018,836	624,992,615	11,926,813	812,580,660
June 30, 2013		122,270,166	59,648,244	63,622,185	946,455,130	10,806,429	1,202,802,154

13. Pre-operating expenses and deferred charges (continued)

Pre-operating expenses and deferred charges of MPC, MAC, MRC and MBAC with a net book value before consolidation elimination at June 30, 2013 of SR 1,241,043,122 (June 30, 2012: SR 617,405,075 and December 31, 2012: SR 860,896,962) are pledged as security to the lenders under the Common Term Agreement (Note 24.7).

	Notes	Quarter ended		Six months ended		Year ended
		June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
Allocation of amortization charge for the quarter / period / year						
To cost of sales	31	8,502,485	3,380,383	14,380,772	7,504,783	21,353,582
To general and administrative expenses	33	332,893	724,431	624,564	1,061,969	1,400,825
Total		8,835,378	4,104,814	15,005,336	8,566,752	22,754,407



14. Capital work-in-progress

Cost	Notes	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Total
January 1, 2012		16,380,365	19,134,128	11,929,079,149	9,966,403,230	74,335,961	222,216,512	22,227,549,345
Additions during the period		22,299,604	29,371,348	149,932,550	5,346,872,860	4,923,825	133,870,813	5,687,271,000
Transfer to property, plant and equipment	12	(7,476,206)	(8,158,936)	(12,042,259,751)	-	-	(70,802,364)	(12,128,697,257)
Transfer from pre-operating expenses and deferred charges	13	-	-	22,530,253	-	-	-	22,530,253
Transfer from exploration and evaluation assets	15	-	74,168,877	-	-	-	-	74,168,877
Credit for pre-commercial production revenue net of cost *	38.1	-	-	(46,523,650)	-	-	-	(46,523,650)
June 30, 2012		31,203,763	114,515,417	12,758,551	15,313,276,090	79,259,786	285,284,961	15,836,298,568
Additions during the remainder of the year		192,884,379	26,305,132	184,647,097	6,517,337,218	1,859,427	144,898,188	7,067,931,441
Transfer to property, plant and equipment	12	(2,476,842)	(21,966,124)	40,998,520	-	-	(112,136,497)	(95,580,943)
Transfer to pre-operating expenses and deferred charges	13	-	-	(13,772,288)	-	-	-	(13,772,288)
Transfer from exploration and evaluation assets	15	4,925,335	287,855,011	-	-	-	-	292,780,346
Transfer to intangible assets	16	-	-	(6,083,733)	-	-	(65,038,026)	(71,121,759)
December 31, 2012		226,536,635	406,709,436	218,548,147	21,830,613,308	81,119,213	253,008,626	23,016,535,365
Additions during the period		77,000,959	193,600,834	261,363,149	5,500,728,605	1,861,147	147,479,097	6,182,033,791
Transfer to property, plant and equipment	12	(511,389)	(1,815,483)	(86,241,655)	-	-	(111,330,199)	(199,898,726)
June 30, 2013		303,026,205	598,494,787	393,669,641	27,331,341,913	82,980,360	289,157,524	28,998,670,430
Borrowing cost capitalized as part of capital work-in-progress during the period / year								
June 30, 2012	36.1	-	-	32,338,878	112,646,232	-	-	144,985,110
December 31, 2012	36.1	-	-	10,686,829	481,062,901	-	-	491,749,730
June 30, 2013	36.1	-	-	-	266,466,490	-	-	266,466,490



14. Capital work-in-progress (continued)

Capital work-in-progress includes the borrowing cost relating to qualifying assets of MPC, MAC, MRC and MBAC with a book value before consolidation elimination at June 30, 2013 of SR 27,800,772,892 (June 30, 2012: SR 15,401,792,984 and December 31, 2012: SR 22,124,961,806) are pledged as security to the lenders under the Common Term Financing Agreement (Note 24.7).

	Quarter ended June 30, 2013	June 30, 2012	Six months ended June 30, 2013	June 30, 2012	Year ended December 31, 2012
* DAP pre-commercial production revenue net of production cost	-	-	-	46,523,650	46,523,650

15. Exploration and evaluation assets

	Notes	Corporate	Gold	Phosphate	Aluminum	Total
January 1, 2012		62,130	61,143,912	82,124,266	-	143,330,308
Additions during the period		247,938	62,646,226	21,455,878	4,925,335	89,275,377
Transfer to capital work-in-progress	14	-	(74,168,877)	-	-	(74,168,877)
June 30, 2012		310,068	49,621,261	103,580,144	4,925,335	158,436,808
Additions during the remainder of the year		25,646,542	365,539,808	90,447,514	-	481,633,864
Transfer to capital work-in-progress	14	-	(287,855,011)	-	(4,925,335)	(292,780,346)
December 31, 2012		25,956,610	127,306,058	194,027,658	-	347,290,326
Additions during the period		4,219,881	65,844,921	168,256,238	-	238,321,040
June 30, 2013		30,176,491	193,150,979	362,283,896	-	585,611,366



SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Notes to the consolidated interim financial statements for the quarter and six months ended June 30, 2013 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

16. Intangible assets

	Notes	Phosphate	Infra-structure	Total
Cost				
January 1, 2012		12,334,823	-	12,334,823
Additions during the period		2,849,967	-	2,849,967
June 30, 2012		15,184,790	-	15,184,790
Additions during the remainder of the year	12	2,661,112	-	2,661,112
Transfer from property, plant and equipment		-	207,804,853	207,804,853
Transfer from capital work-in-progress	14	6,083,733	65,038,026	71,121,759
December 31, 2012		23,929,635	272,842,879	296,772,514
June 30, 2013		23,929,635	272,842,879	296,772,514
Accumulated amortization				
January 1, 2012		-	-	-
Charge for the period	31	-	-	-
June 30, 2012		-	-	-
Transfer from property, plant and equipment	12	-	17,017,278	17,017,278
Charge for the remainder of the year	31	4,387,100	11,691,404	16,078,504
December 31, 2012		4,387,100	28,708,682	33,095,782
Charge for the period	31	2,392,963	6,490,332	8,883,295
June 30, 2013		6,780,063	35,199,014	41,979,077
Net book value				
June 30, 2012		15,184,790	-	15,184,790
December 31, 2012		19,542,535	244,134,197	263,676,732
June 30, 2013		17,149,572	237,643,865	254,793,437

17. Investment in jointly controlled entity

	June 30, 2013	June 30, 2012	December 31, 2012
Investment of 50% in the issued and paid-up share capital of SAMAPCO at cost (Note 17.1)	450,000,000	450,000,000	450,000,000
Share of the accumulated loss for the period since incorporation (August 14, 2011) (Note 17.2)	(6,435,896)	(1,661,068)	(5,148,265)
Total	443,564,104	448,338,932	444,851,735

17.1 The investment of 50% in the issued and paid-up share capital of SAMAPCO

Contribution in kind:

Pre-operating and deferred charges	31,939,887
Capital work-in-progress	236,329,928
Cash paid	181,730,185
Total	450,000,000

17.2 Share of the accumulated (loss) / income in jointly controlled entity

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
April 1 / January 1	(5,629,981)	(1,765,400)	(5,148,265)	(1,845,900)	(1,845,900)
Share in net (loss) / income for the quarter / period / year	(805,915)	104,332	(1,287,631)	184,832	(3,302,365)
June 30 / December 31	(6,435,896)	(1,661,068)	(6,435,896)	(1,661,068)	(5,148,265)

18. Projects and other payables

	June 30, 2013	June 30, 2012	December 31, 2012
Projects	2,050,594,655	1,122,305,101	1,692,992,140
Trade	185,522,763	430,143,426	254,808,261
Other	63,373,243	15,523,380	63,650,344
Total	2,299,490,661	1,567,971,907	2,011,450,745

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

Other payables as at June 30, 2013 include SR 38 million (June 30, 2012: Nil and December 31, 2012: SR 38 million) contributed by one of the MAC's contractors to support its objective to establish a social responsibility fund for the development of a community project. The amount received is non-refundable.

19. Accrued expenses

	June 30, 2013	June 30, 2012	December 31, 2012
Projects	2,076,609,089	1,448,936,146	2,224,323,712
Trade	520,896,886	168,131,803	412,058,437
Employees	117,974,252	87,697,080	107,095,483
Accrued expenses – Alcoa Inc. (Note 38.2)	77,818,437	92,631,804	72,646,789
Finance charges	1,159,917	-	89,687,500
Total	2,794,458,581	1,797,396,833	2,905,811,921

Accrued expenses for projects mainly represents the contracts cost accruals in relation to MAC, MRC, MBAC and MPC.

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

20. Zakat**20.1 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 year;
- provisions at the beginning of the year;
- long term borrowings;
- adjusted net income;
- spare parts inventory not for resale;
- net book value of property, plant and equipment;
- net book value of pre-operating expenses and deferred charges;
- 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 jointly controlled entity; and
- certain other items.

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

20.2 Zakat payable

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
April 1 / January 1	86,667,826	161,767,159	63,600,191	141,108,124	141,108,124
Provision for zakat	104,448	29,693,173	23,172,083	50,352,208	51,713,294
Current quarter / period / year	(1,048,775)	29,467,585	22,018,860	50,126,620	63,600,191
Previous year under / (over) provision	1,153,223	225,588	1,153,223	225,588	(11,886,897)
Paid during the quarter / period / year to the authorities	(64,753,414)	(129,221,227)	(64,753,414)	(129,221,227)	(129,221,227)
June 30 / December 31	22,018,860	62,239,105	22,018,860	62,239,105	63,600,191

The provision for zakat consists of:

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
Saudi Arabian Mining Company	1,000,000	18,449,665	2,500,000	28,096,576	15,342,952
Ma'aden Phosphate Company	(2,179,711)	4,112,070	12,449,766	8,243,244	25,793,837
Ma'aden Gold and Base Metals Company (Note 21.2)	(1,393,786)	5,710,869	4,070,888	12,021,103	18,662,794
Ma'aden Industrial Minerals Company	1,146,066	964,582	2,245,189	1,298,863	1,010,423
Ma'aden Infrastructure Company	378,656	230,399	753,017	466,834	2,790,185
June 30 / December 31	(1,048,775)	29,467,585	22,018,860	50,126,620	63,600,191

20.3 Status of final assessments

The Company and its subsidiaries received provisional zakat certificates from the year ended December 31, 2008 to December 31, 2012, however, no zakat assessments were finalized by the DZIT.

21. Severance fees payable

	Quarter ended June 30, 2013	June 30, 2012	Six months ended June 30, 2013	June 30, 2012	Year ended December 31, 2012
April 1 / January 1	98,441,957	118,088,641	91,516,753	83,433,989	83,433,989
Provision for severance fee (Note 31)	12,554,499	15,024,872	19,479,703	50,349,179	92,603,068
Current quarter / period / year	11,067,218	13,850,311	17,992,422	49,174,618	91,428,507
Previous year under provision	1,487,281	1,174,561	1,487,281	1,174,561	1,174,561
Paid during the quarter / period / year to the authorities	(92,914,728)	(83,850,649)	(92,914,728)	(84,520,304)	(84,520,304)
June 30 / December 31	18,081,728	49,262,864	18,081,728	49,262,864	91,516,753

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. As a result of the above:

- the income for each mining licenses of MGBM is subject to severance fee, which are shown as part of cost of sales in the consolidated interim statement of income; and
- for low grade bauxite, kaolin and magnesite a fixed tariff per tonne is paid as severance fees.

21.1 Provision for severance fees consists of:

	Quarter ended June 30, 2013	June 30, 2012	Six months ended June 30, 2013	June 30, 2012	Year ended December 31, 2012
Gold mines	10,693,712	13,529,457	17,298,609	48,493,506	89,952,213
Low grade bauxite	293,802	320,854	590,965	681,112	1,252,414
Kaolin	37,164	-	49,765	-	102,740
Magnesite	42,540	-	53,083	-	121,140
June 30 / December 31	11,067,218	13,850,311	17,992,422	49,174,618	91,428,507

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

	Quarter ended June 30, 2013	June 30, 2012	Six months ended June 30, 2013	June 30, 2012	Year ended December 31, 2012
Net income from operating mines before severance fee for the quarter / period / year	48,712,004	90,542,145	112,510,624	304,452,350	549,947,699
25% of the quarter's / period's / year's net income as defined	12,178,001	22,635,536	28,127,656	76,113,087	137,486,925
Hypothetical income tax based on quarter's / period's / year's taxable net income	9,299,926	19,240,326	21,369,497	60,514,609	108,615,007
Provision based on the lower of the above two computations	9,299,926	19,240,326	21,369,497	60,514,609	108,615,007
Provision for zakat (Note 20.2)	1,393,786	(5,710,869)	(4,070,888)	(12,021,103)	(18,662,794)
Net severance fee provision for the quarter / period / year	10,693,712	13,529,457	17,298,609	48,493,506	89,952,213

22. Provision for mine closure and reclamation

	June 30, 2013	June 30, 2012	December 31, 2012
Gold mines (Note 22.1)	86,807,060	88,804,828	88,693,156
Low grade bauxite and kaolin mines (Note 22.2)	2,050,000	500,000	2,050,000
Total	88,857,060	89,304,828	90,743,156

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

22.1 Gold mines	Mahad mine	Al Hajar mine	Sukhaybarat mine*	Bulghah mine	Al Amar mine	Total
January 1, 2012	23,756,911	11,282,216	20,467,221	21,661,407	13,217,044	90,384,799
Utilization during the period	(1,320,627)	(259,344)	-	-	-	(1,579,971)
June 30, 2012	22,436,284	11,022,872	20,467,221	21,661,407	13,217,044	88,804,828
Utilization during the remainder of the year	-	(111,672)	-	-	-	(111,672)
December 31, 2012	22,436,284	10,911,200	20,467,221	21,661,407	13,217,044	88,693,156
Utilization during the period	-	(1,886,096)	-	-	-	(1,886,096)
June 30, 2013	22,436,284	9,025,104	20,467,221	21,661,407	13,217,044	86,807,060
Commenced commercial production in	1988	2001	1991*	2001	2008	
Expected closure date in	2018	2013	2017	2017	2023	

* The Sukhaybarat mine ceased its mining activities and current operations are limited to the carbon in leach ("CIL") processing of ore transferred from Bulghah mine.

22.2 Low grade bauxite and kaolin mines	Note	Az Zabirah mine	Al Ghazalah mine	Total
January 1, 2012		300,000	200,000	500,000
June 30, 2012		300,000	200,000	500,000
Provision for the remainder of the year	12	1,300,000	250,000	1,550,000
December 31, 2012		1,600,000	450,000	2,050,000
June 30, 2013		1,600,000	450,000	2,050,000
Commenced commercial production in		2008	2011	
Expected closure date in		2026	2028	

The provision for mine closure and reclamation represents the 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 recognized when determined. The provision for mine closure and reclamation relates to the Group's gold, low grade bauxite and kaolin mining activity only, as the aluminum project is currently in the development stage, and, an update estimation of the phosphate mine and plant closure and rehabilitation works including facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation is in progress.

23. Employee benefits

	June 30, 2013	June 30, 2012	December 31, 2012
Employee termination benefits (Note 23.1)	164,020,537	134,689,211	155,949,095
Employees' savings plan (Note 7 and 23.2)	17,638,238	12,027,608	15,006,007
Total	181,658,775	146,716,819	170,955,102

23.1 Employee termination benefits

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
April 1 / January 1	159,891,773	130,043,523	155,949,095	129,811,062	129,811,062
Provision for the quarter / period / year	9,636,429	7,459,996	19,463,034	15,421,315	41,252,535
Paid during the quarter / period / year	(5,507,665)	(2,814,308)	(11,391,592)	(10,543,166)	(15,114,502)
June 30 / December 31	164,020,537	134,689,211	164,020,537	134,689,211	155,949,095

23.2 Employees' savings plan

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
April 1 / January 1	20,521,535	9,483,025	15,006,007	9,703,962	9,703,962
Contribution for the quarter / period / year	4,447,468	4,207,001	11,426,234	6,501,449	13,100,119
Withdrawals during the quarter / period / year	(7,330,765)	(1,662,418)	(8,794,003)	(4,177,803)	(7,798,074)
June 30 / December 31	17,638,238	12,027,608	17,638,238	12,027,608	15,006,007



24. Long-term borrowings

24.1 Facilities approved

MPC, MAC, MRC and MBAC entered into Common Terms Agreements ("CTA") with the Public Investment Fund and consortiums of financial institutions, comprising of the following facilities as of June 30, 2013:

The Company (Ma'aden) entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement, comprising of the following facilities as of June 30, 2013:

	MPC facilities granted June 15, 2008	MAC facilities granted Nov. 30, 2010	MRC facilities granted Nov. 30, 2010	MBAC facilities granted Nov. 27, 2011	Ma'aden facilities granted Dec. 18, 2012	Total
Facilities under Common Term Agreement						
Public Investment Fund ("PIF")	4,000,001,250	4,875,000,000	3,078,750,000	3,750,000,000	-	15,703,751,250
Islamic and commercial banks						
Procurement*	4,269,892,500	5,047,500,000	1,041,000,000	2,690,700,000	-	13,049,092,500
Commercial*	1,491,562,500	900,000,000	-	258,750,000	-	2,650,312,500
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	-	1,556,250,000
Saudi Industrial Development Fund ("SIDF")	10,355,205,000	6,735,000,000	1,041,000,000	3,718,200,000	-	21,849,405,000
Sub-total	600,000,000	600,000,000	600,000,000*	600,000,000	-	2,400,000,000
	14,955,206,250	12,210,000,000	4,719,750,000	8,068,200,000	-	39,953,156,250
Syndicated Revolving Credit Facility Agreement	-	-	-	-	9,000,000,000	9,000,000,000
Total facilities granted	14,955,206,250	12,210,000,000	4,719,750,000	8,068,200,000	9,000,000,000	48,953,156,250

The financing agreements imposed 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 creation of additional liens and/or financing obligations by MPC, unless specifically allowed under the CTA;
- financial ratio maintenance;
- maximum capital expenditures allowed; and
- restriction on dividend distribution to shareholders.

MPC facility

*Banque Saudi Fransi and Mizuho Corporate Bank Limited act as agents for procurement facility and commercial facility, respectively.

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.

*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, HSBC Saudi Arabia Limited acts as onshore security agent and Riyadh Bank, London Branch acts as offshore security trustee and agent.

MRC facility

Facility Agent, HSBC Saudi Arabia Limited acts as Onshore Security Agent and Riyadh Bank, London Branch acts as Offshore Security Trustee and Agent.

MBAC facility

The company is in process of finalizing a facility amounting to US Dollar (US \$) 160 million from Saudi Industrial Development Fund (SIDF). SIDF has issued a letter of commitment amounting to US\$ 240 million, however, the company has not confirmed its acceptance of the said facility. The company expects to avail only US \$ 160 million. A formal contract for the said facility will be signed once the company formally confirms the acceptance of facility from SIDF.

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 SR 9 billion. 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.

24.2 Facilities utilized under the different CTAs***MPC facility***

	June 30, 2013	June 30, 2012	December 31, 2012
Public Investment Fund	3,667,201,146	4,000,001,250	4,000,001,250
Less: Repaid during the period / year	166,400,052	166,400,052	332,800,104
Sub-total (Note 38.2)	3,500,801,094	3,833,601,198	3,667,201,146

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 0.5% per annum. Loan repayment started on June 30, 2012, on a six monthly basis, in equal principal repayments of SR 166.4 million, with the final repayment of SR 172.8 million on December 31, 2023.

Islamic and commercial banks

Banque Saudi Fransi – as agent for the procurement facility participants	4,099,096,800	4,269,892,500	4,269,892,500
Al-Rajhi Bank	2,250,000,000	2,343,750,000	2,343,750,000
The Export Import Bank of Korea	1,419,750,000	1,500,000,000	1,500,000,000
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	709,875,000	1,116,562,500	1,116,562,500
Korea Export Insurance Corporation	1,071,900,000	750,000,000	750,000,000
	9,550,621,800	9,980,205,000	9,980,205,000
Less: Repaid during the period / year	216,479,100	213,104,100	429,583,200
	9,334,142,700	9,767,100,900	9,550,621,800

The rate of commission on the principal amount of the loan draw down and outstanding for each commission period is in the range of LIBOR plus 0.5% to 1.15% per annum.

The repayment of facilities started on June 30, 2012. All the repayments of the above facilities will be on a six monthly basis, with the final repayment due on December 31, 2023.

Saudi Industrial Development Fund	570,000,000	570,000,000	570,000,000
Less: Repaid during the period / year	30,000,000	-	-
	540,000,000	570,000,000	570,000,000

The project follow-up cost paid during the drawdown amounted to SR 6.3 million. Repayment of this facility started on February 26, 2013, on a six monthly basis, with the final payment on June 19, 2019.

Total MPC borrowings (Note 24.4)	13,374,943,794	14,170,702,098	13,787,822,946
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24.2 Facilities utilized under the different CTAs (continued)

MAC facility

	June 30, 2013	June 30, 2012	December 31, 2012
Public Investment Fund (Note 38.2)	4,529,516,186	2,248,712,778	3,993,016,061

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 will be in 24 installments on a six monthly basis starting from December 31, 2014. The repayments are starting at SR 99.9 million and increasing over the term of the loan with the final repayment of SR 1,218 million on June 30, 2026.

Islamic and commercial banks

US Dollar procurement	837,559,059	411,223,811	737,274,310
Saudi Riyal procurement	3,250,278,923	1,595,819,155	2,861,109,923
Commercial	827,218,289	406,146,980	728,172,164
Wakala	757,631,878	511,465,333	717,486,636
Sub-total	5,672,688,149	2,924,655,279	5,044,043,033

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 principal amounts of loans will start from December 31, 2014. The repayments are starting at SR 138 million and increasing over the term of the loan with the final repayment of SR 1,684 million on June 30, 2026.

Saudi Industrial Development Fund	420,000,000	-	420,000,000
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Repayment of the SIDF facility will start from February 4, 2015. The repayments are starting at SR 25 million and increasing over the term of the loan with the final repayment of SR 62.5 million on June 7, 2020

Total MAC borrowings (Note 24.4)	10,622,204,335	5,173,368,057	9,457,059,094
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**24.2 Facilities utilized under the different CTAs (continued)*****MRC facility***

	June 30, 2013	June 30, 2012	December 31, 2012
Public Investment Fund (Note 38.2)	2,321,849,291	1,490,505,904	2,291,061,791

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

The repayment of the principal amount of loan will be in 20 installments on a six monthly basis starting from December 31, 2016. The repayments are starting at SR 30.8 million and increasing over the term of the loan with the final repayment of SR 153.9 million on June 30, 2026.

Islamic and commercial banks

Saudi Riyal procurement	774,852,281	504,098,975	774,852,281
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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 principal amounts of loans will start from December 31, 2016. The repayments are starting at SR 10.4 million and increasing over the term of the loan with the final repayment of SR 13.5 million on June 30, 2026.

Saudi Industrial Development Fund	360,000,000	-	360,000,000
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Repayment of the SIDF facility will start from January 25, 2016. The repayments are starting at SR 25 million and increasing over the term of the loan with the final repayment of SR 62.5 million on July 19, 2021.

Total MRC borrowings (Note 24.4)	3,456,701,572	1,994,604,879	3,425,914,072
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**24.2 Facilities utilized under the different CTAs (continued)*****MBAC facility***

	June 30, 2013	June 30, 2012	December 31, 2012
Public Investment Fund (Note 38.2)	1,625,265,863	-	-

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 SR 75 million and increasing over the term of the loan with the final repayment of SR 435 million on June 30, 2028.

Islamic and commercial banks

Dollar procurement	338,511,682	-	-
Riyal procurement	800,747,518	-	-
Commercial	109,555,808	-	-
Wakala	590,640,354	-	-
Sub-total	1,839,455,362	-	-

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 SR 149 million and increasing over the term of the loan with the final repayment of SR 866 million on June 30, 2027.

Total MBAC borrowings (Note 24.4)	3,464,721,225	-	-
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24.3 Facilities utilized under the Syndicated Revolving Credit Facility***Ma'aden***

	June 30, 2013	June 30, 2012	December 31, 2012
Syndicated Revolving Credit Facility (Note 24.4)	350,000,000	-	-

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

**24.4 Total borrowings**

	June 30, 2013	June 30, 2012	December 31, 2012
Facilities utilized under:			
CTA (Note 24.2):			
MPC	13,374,943,794	14,170,702,098	13,787,822,946
MAC	10,622,204,335	5,173,368,057	9,457,059,094
MRC	3,456,701,572	1,994,604,879	3,425,914,072
MBAC	3,464,721,225	-	-
Syndicated Revolving Credit Facility (Note 24.3):			
Ma'aden	350,000,000	-	-
Total	31,268,570,926	21,338,675,034	26,670,796,112
Current portion of borrowings			
MPC	913,060,354	794,258,304	861,409,329
Ma'aden	350,000,000	-	-
Total	1,263,060,354	794,258,304	861,409,329
Long-term portion of borrowings	30,005,510,572	20,544,416,730	25,809,386,783

24.5 Maturity profile of long-term borrowings

	June 30, 2013	June 30, 2012	December 31, 2012
2012	-	382,879,152	-
2013	801,530,177	861,409,329	861,409,329
2014	1,198,190,354	1,181,890,354	1,194,190,354
2015	1,524,221,379	1,495,121,379	1,519,721,379
Thereafter	27,744,629,016	17,417,374,820	23,095,475,050
Total	31,268,570,926	21,338,675,034	26,670,796,112

24.6 Facilities' currency denomination

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

	June 30, 2013 (US\$)	June 30, 2012 (US\$)	December 31, 2012 (US\$)
Public Investment Fund	3,193,981,982	2,019,418,635	2,653,674,399
Islamic and commercial banks			
Procurement	2,357,220,712	1,675,843,408	2,062,682,401
Al-Rajhi Bank	587,500,000	612,500,000	600,000,000
The Export Import Bank of Korea	367,600,000	389,600,000	378,600,000
Korea Export Insurance Corporation	183,800,000	194,800,000	189,300,000
Commercial	529,691,426	400,100,861	480,019,244
US Dollar procurement	313,618,864	109,659,683	196,606,483
Wakala	359,539,261	136,390,755	191,329,770
Sub-total	4,698,970,263	3,518,894,707	4,098,537,898
Saudi Industrial Development Fund	352,000,000	152,000,000	360,000,000
Syndicated Revolving Credit Facility	93,333,333	-	-
Total	8,338,285,578	5,690,313,342	7,112,212,297

24.7 Security

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

	June 30, 2013	June 30, 2012	December 31, 2012
Advances and prepayments (Note 11)	399,484,710	778,649,510	628,892,401
Property, plant and equipment (Note 12)	17,126,468,440	17,999,976,577	17,505,467,200
Pre-operating expenses and deferred charges (Note 13)	1,241,043,122	617,405,075	860,896,962
Capital work-in-progress (Note 14)	27,800,772,892	15,401,792,984	22,124,961,806
Total	46,567,769,164	34,797,824,146	41,120,218,369

25. Due to joint venture partners

	June 30, 2013	June 30, 2012	December 31, 2012
Due to Alcoa Inc.*	87,792,613	-	52,411,992
Due to Mosaic **	81,874,897	-	-
Due to SABIC **	49,124,938	-	-
Total	218,792,448	-	52,411,992

*Due to Alcoa Inc. represents capital contribution to Ma'aden by its joint venture partner Alcoa Inc. to extend the product mix of their aluminum complex, currently under construction at Ras Al Khair, to include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet (Note 1).

**Due to Mosaic and SABIC represents their capital contribution to develop jointly a fully integrated phosphate production facility known as the Umm Wu'al phosphate project (Note 1).

26. Share capital

	June 30, 2013	June 30, 2012	December 31, 2012
Authorized, issued and fully paid			
925,000,000 Ordinary shares, with a nominal value of SR 10 per share (Note 37)	9,250,000,000	9,250,000,000	9,250,000,000

27. Share premium

	June 30, 2013	June 30, 2012	December 31, 2012
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

**28. Transfer of net income**

	June 30, 2013	June 30, 2012	December 31, 2012
January 1	393,422,274	284,327,877	284,327,877
Transfer of 10% of net income for the year	-	-	109,094,397
June 30 / December 31	393,422,274	284,327,877	393,422,274

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until such reserve equals 50% of the share capital. Such transfer is made on an annual basis and the reserve is not available for dividend distribution.

29. Non-controlling interest

	June 30, 2013	June 30, 2012	December 31, 2012
Share capital			
January 1	3,773,381,742	2,783,950,191	2,783,950,191
Increase in non-controlling interest's shareholding	798,650,611	848,244,051	989,431,551
June 30 / December 31	4,572,032,353	3,632,194,242	3,773,381,742
Payments to increase share capital			
January 1	731,891,457	821,488,065	821,488,065
Payments to increase share capital (Note 38.1)	294,140,624	630,082,297	899,834,943
Share capital contributed during the period / year	(798,650,611)	(848,244,051)	(989,431,551)
June 30 / December 31 (Note 38.2)	227,381,470	603,326,311	731,891,457
Net income attributable to non-controlling interest			
January 1	502,009,343	113,126,199	113,126,199
Share of current period's / year's net income	87,784,443	94,543,684	388,883,144
June 30 / December 31	589,793,786	207,669,883	502,009,343
Total	5,389,207,609	4,443,190,436	5,007,282,542



30. Sales

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
Gold segment					
Gold revenue	<u>184,352,888</u>	<u>175,815,644</u>	<u>350,364,460</u>	<u>516,998,328</u>	<u>1,001,542,755</u>
Phosphate segment					
Diammonium phosphate fertilizer	<u>928,415,867</u>	<u>711,058,749</u>	<u>1,663,225,521</u>	<u>1,021,491,647</u>	<u>2,877,956,038</u>
Ammonia	<u>91,971,829</u>	<u>312,414,762</u>	<u>514,709,698</u>	<u>638,806,758</u>	<u>1,569,779,028</u>
	<u>1,020,387,696</u>	<u>1,023,473,511</u>	<u>2,177,935,219</u>	<u>1,660,298,405</u>	<u>4,447,735,066</u>
Industrial minerals					
Low grade bauxite revenue	<u>16,469,497</u>	<u>13,828,661</u>	<u>38,062,763</u>	<u>35,977,116</u>	<u>84,749,607</u>
Caustic calcined magnesia	<u>9,564,022</u>	<u>9,112,336</u>	<u>12,448,951</u>	<u>13,502,836</u>	<u>27,463,795</u>
Kaolin revenue	<u>5,896,698</u>	<u>2,790,623</u>	<u>7,858,304</u>	<u>4,540,910</u>	<u>13,653,977</u>
	<u>31,930,217</u>	<u>25,731,620</u>	<u>58,370,018</u>	<u>54,020,862</u>	<u>125,867,379</u>
Infrastructure					
Infrastructure revenue	<u>257,550</u>	<u>323,550</u>	<u>659,487</u>	<u>725,486</u>	<u>1,510,183</u>
Total	<u>1,236,928,351</u>	<u>1,225,344,325</u>	<u>2,587,329,184</u>	<u>2,232,043,081</u>	<u>5,576,655,383</u>
Gold sales analysis					
Quantity of gold ounces (Oz) sold	<u>33,553</u>	<u>30,169</u>	<u>61,430</u>	<u>83,815</u>	<u>160,433</u>
Average realized price per ounce (Oz) in:					
US\$	<u>1,465</u>	<u>1,554</u>	<u>1,521</u>	<u>1,645</u>	<u>1,665</u>
Saudi Riyals (equivalent)	<u>5,494</u>	<u>5,828</u>	<u>5,703</u>	<u>6,169</u>	<u>6,243</u>

**31. Cost of sales**

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
Salaries and staff related benefits	52,097,845	43,323,368	117,695,072	96,168,515	212,350,537
Contracted services	46,168,018	17,535,261	71,656,052	37,208,625	105,260,760
Repairs and maintenance	7,184,929	11,796,915	17,744,958	17,056,591	33,507,837
Consumables	27,048,367	26,446,458	60,707,437	44,118,610	92,040,878
Overheads	7,377,415	8,047,310	17,174,077	15,865,941	24,719,626
Raw material and utilities consumed	410,236,030	479,026,465	847,198,145	623,649,653	1,539,661,167
Reversal of inventory obsolescence (Note 10)	-	(151,305)	-	(151,305)	(151,305)
Severance fees (Note 21)	12,554,499	15,024,872	19,479,703	50,349,179	92,603,068
Sale of by-products (Note 31.1)	(9,392,070)	(17,096,204)	(19,919,426)	(26,304,485)	(42,992,140)
Total cash operating costs	553,275,033	583,953,140	1,131,736,018	857,961,324	2,057,000,428
Depreciation (Note 12)	256,551,422	239,072,265	508,571,034	480,912,040	971,177,233
Deferred stripping expense (Note 13)	20,659,189	8,110,321	37,366,743	15,848,476	41,616,258
Amortization of pre-operating expenses and deferred charges (Note 13)	8,502,485	3,380,383	14,380,772	7,504,783	21,353,582
Amortization of intangible assets (Note 16)	4,441,648	-	8,883,295	-	16,078,504
Total operating costs	843,429,777	834,516,109	1,700,937,862	1,362,226,623	3,107,226,005
(Increase) / decrease in inventory	167,740,870	(47,066,069)	116,961,262	(59,647,435)	(124,796,932)
Total	1,011,170,647	787,450,040	1,817,899,124	1,302,579,188	2,982,429,073

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

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
Zinc	2,821,451	3,240,615	5,464,247	5,628,859	8,114,135
Copper	5,610,105	9,219,320	11,458,100	15,695,698	27,021,740
Silver	960,514	4,636,269	2,997,079	4,979,928	7,856,265
Total	9,392,070	17,096,204	19,919,426	26,304,485	42,992,140

32. Selling, marketing and logistic expenses

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
Selling, marketing and logistic expense	48,518,998	106,452,287	114,094,144	165,588,612	384,810,033
Total	48,518,998	106,452,287	114,094,144	165,588,612	384,810,033

Selling, marketing and logistic expenses comprises of marketing fees and other sales related overheads that are not specifically part of cost of sales.

33. General and administrative expenses

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
Salaries and staff related benefits	58,161,684	53,711,434	120,195,477	105,975,882	229,924,319
Contracted services	6,495,519	4,538,127	14,927,865	11,040,609	39,006,056
Overheads and other	7,484,152	7,192,065	16,168,860	14,471,487	38,729,034
Consumables	507,123	695,056	1,259,261	1,213,417	2,499,193
Repair parts	49,949	108,015	275,798	522,498	639,692
Depreciation (Note 12)	3,779,158	4,374,026	7,654,969	6,994,641	12,469,661
Amortization of pre-operating expenses and deferred charges (Note 13)	332,893	724,431	624,564	1,061,969	1,400,825
Total	76,810,478	71,343,154	161,106,794	141,280,503	324,668,780

34. Exploration expenses

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
Salaries and staff related benefits	9,433,385	7,892,498	19,207,836	18,329,715	37,231,358
Contracted services	33,215,950	8,842,576	44,444,224	17,957,290	64,581,344
Overheads and other	4,249,753	581,706	6,883,835	2,704,414	8,529,669
Consumables	2,578,910	693,245	5,229,627	1,694,359	3,403,525
Repair parts	127,463	738,966	337,955	833,566	548,026
Total	49,605,461	18,748,991	76,103,477	41,519,344	114,293,922

35. Income from short-term investments

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
Income received and accrued on short-term investment	6,161,810	15,863,553	16,890,691	35,773,417	65,025,678

**36. Finance charges**

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
Public Investment Fund	9,210,520	13,230,392	18,421,039	23,674,048	48,029,945
Banque Saudi Fransi – as agent for the procurement facility participants	11,921,482	13,820,951	23,044,403	25,664,558	58,847,261
Al-Rajhi Bank	6,659,469	10,165,979	13,291,250	18,190,683	37,664,630
The Export Import Bank of Korea	3,744,127	5,151,147	7,488,254	9,262,230	19,052,039
Korea Export Insurance Corporation	1,957,607	2,015,732	3,914,610	3,778,185	8,804,106
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	4,300,696	4,112,135	8,307,204	7,601,940	17,384,618
Saudi Industrial Development Fund	1,411,667	1,425,000	1,886,667	1,799,950	6,306,307
Arrangement fee and administrative charges for Revolving Credit Facility	5,455,862	-	8,120,806	-	89,687,500
Murabaha fee for Revolving Credit Facility	1,142,532	-	2,558,378	-	-
Total	45,803,962	49,921,336	87,032,611	89,971,594	285,776,406

36.1 Summary of borrowing cost

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
Expensed during the quarter / period / year	45,803,962	49,921,336	87,032,611	89,971,594	285,776,406
Capitalized as part of qualifying assets in capital work-in-progress during the quarter / period / year (Note 14)	187,134,074	120,518,936	266,466,490	144,985,110	491,749,730
Total	232,938,036	170,440,272	353,499,101	234,956,704	777,526,136



37. Earnings per ordinary share

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
Net income attributable to the shareholders of the parent company	40,980,045	128,264,253	280,173,600	374,315,717	1,090,943,970
Weighted average number of ordinary shares in issue during the quarter / period / year (Note 26)	925,000,000	925,000,000	925,000,000	925,000,000	925,000,000
Basic and diluted earnings per ordinary share from continuing operations	0.04	0.14	0.30	0.40	1.18

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

38. Related party transactions and balances

38.1 Related party transactions

Transactions with a related party carried out during the period / year under review, in the normal course of business, is summarized below:

	June 30, 2013	June 30, 2012	December 31, 2012
Sales through SABIC during the period / year			
• Since commencement of commercial production on October 1, 2011 for Ammonia and on February 1, 2012 for all other plants, disclosed in the income statement as part of sales.	585,824,521	568,333,319	3,818,121,916
• Before date of commencement of commercial production, the pre-commercial production revenue, net of cost of production during the period ended June 30, 2013 amounting to Nil (June 30, 2012: 46,523,650 and December 31, 2012: SR 46,523,650) has been credited against capital work-in-progress (Note 14)	-	143,351,893	154,560,262
Total	585,824,521	711,685,212	3,972,682,178
Sales to Alcoa Inc. during the period / year	153,568,928	-	-
Payments to increase share capital received from:			
Alcoa Inc. (Note 29)	294,140,624	630,082,297	899,834,943

38.2 Related party balances

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

Receivables from related parties

Due from Alcoa Inc. (Note 9)	72,792,940	-	-
Due from SABIC (Note 9)	242,618,656	391,164,536	446,823,500
Due from SAMAPCO (Note 9)	47,998,419	47,961,295	47,994,670
Total	363,410,015	439,125,831	494,818,170

38.2 Related party balances (continued)

	June 30, 2013	June 30, 2012	December 31, 2012
Payable to related party			
Accrued expenses – Alcoa Inc. (Note 19)	77,818,437	92,631,804	72,646,789
Payments to increase share capital received from Alcoa Inc. (Note 29)	227,381,470	603,326,311	731,891,457
Total	305,199,907	695,958,115	804,538,246
Long-term borrowings from PIF, a 50% shareholder in Ma'aden			
Due to PIF for the financing of the :			
MPC facility (Note 24.2)	3,500,801,094	3,833,601,198	3,667,201,146
MAC facility (Note 24.2)	4,529,516,186	2,248,712,778	3,993,016,061
MRC facility (Note 24.2)	2,321,849,291	1,490,505,904	2,291,061,791
MBAC facility (Note 24.2)	1,625,265,863	-	-
Total	11,977,432,434	7,572,819,880	9,951,278,998

39. Operating leases

	Quarter ended		Six months ended		Year ended
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	December 31, 2012
Payments under operating leases recognized as an expense during the quarter / period / year	3,536,989	3,979,270	7,137,510	7,897,561	19,481,415
Future minimum operating lease commitments due under these operating leases are as follows:					
	June 30, 2013	June 30, 2012	December 31, 2012		
2012	-	7,618,522	-		
2013	8,376,683	15,698,163	16,056,083		
2014	15,996,083	15,698,163	15,996,083		
2015	9,561,083	9,023,163	9,561,083		
2016	4,336,083	3,798,163	4,336,083		
2017 through 2029	40,512,154	40,865,275	44,389,258		
Total	78,782,086	92,701,449	90,338,590		

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.

40. Commitments and contingent liabilities

	June 30, 2013	June 30, 2012	December 31, 2012
Capital expenditures:			
Contracted for	<u>12,062,736,455</u>	<u>11,696,824,932</u>	<u>15,571,333,296</u>
Guarantees:			
Guarantees in favor of Saudi Aramco, for future diesel and gas feedstock supplies	220,962,362	171,000,000	171,000,000
Guarantees for the development of the aluminum project	225,000,000	1,537,500,000	225,000,000
Others	<u>157,080</u>	<u>-</u>	<u>157,080</u>
Total	<u>446,119,442</u>	<u>1,708,500,000</u>	<u>396,157,080</u>

Ma'aden has received a back-to-back letter of credit, for the development of the aluminum project, from Alcoa for their proportionate share of 25.1% in aluminum companies, of the total amount of letter of credits submitted by Ma'aden to the Government.

41. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value risk, commission rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

41.1 Currency risk

Is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group transactions are principally in Saudi Riyals, Euros and US Dollars. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant.

41.2 Fair value

Is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Group's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

41.3 Commission rate risk

Is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. The Group's commission rate risks arise mainly from its short-term investments and long term-borrowings, which are at floating rate of commission and are subject to re-pricing on a regular basis. The Group monitors the fluctuations in commission rate.

Based on the Groups net debt outstanding at June 30, 2013, the effect on net earnings of a 1% movement in the US Dollar LIBOR commission rate would be SR 235 million (June 30, 2012: SR 129 million and December 31, 2012: SR 174 million). These balances will not remain consistent throughout 2013.

41.4 Commodity price risk

Gold is priced in an active market in which prices respond to daily changes in quantities. 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.

41.5 Credit risk

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 Group is exposed to credit risk from its operating activities (pertaining to trade receivables mainly). However, 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.

The Group currently has four major customers which account for sales of approximately SR 350 million, representing 14% of the Group's sales for the period ended June 30, 2013 (June 30, 2012: SR 514 million representing 46% of the Group's sales and December 31, 2012: SR 1,045 million representing 19% of Group's sales from two major customers). Trade receivables are carried net of allowance for doubtful debts, if needed.

41.6 Liquidity risk

Is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

42. Events after the reporting date

No events have arisen subsequent to June 30, 2013 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, 2013.

43. 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 or current quarter / period / year.

44. 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.

The amounts received 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 amounts can only be utilized for the designated purpose in accordance with the Council of Ministers Resolution and 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, 2013 amounted to SR 525 million (June 30, 2012: Nil and December 31, 2012: Nil).

45. Detailed information about the subsidiaries and a jointly controlled entity

Subsidiary	Nature of business	Issued and paid-up share capital		Effective group interest		Cost of investment by parent company	
		June 30, 2013	June 30, 2012	2013 %	2012 %	June 30, 2013	June 30, 2012
Ma'aden Gold and Base Metals Company ("MGBM")	Gold mining	300,000,000	300,000,000	100	100	300,000,000	300,000,000
Ma'aden Industrial Minerals Company ("MIMC")	Kaolin, low grade bauxite and magnesite mining	500,000	500,000	100	100	500,000	500,000
Ma'aden Infrastructure Company ("MIC")	Manage and develop infrastructure projects	500,000	500,000	100	100	500,000	500,000
Ma'aden Phosphate Company ("MPC")	Phosphate mining and fertilizer producer	6,208,480,000	6,208,480,000	70	70	4,345,936,000	4,345,936,000
Ma'aden Aluminum Company ("MAC")	Aluminum ingots, t-bars, slabs and billets	5,527,649,426	4,805,774,426	74.9	74.9	4,140,209,420	3,599,525,045
Ma'aden Rolling Company ("MRC")	Aluminum sheets for can body and lids	1,922,125,000	1,359,625,000	74.9	74.9	1,439,671,625	1,018,359,125
Ma'aden Bauxite and Alumina Company ("MBAC")	Bauxite mining and refining	3,344,999,888	884,999,944	74.9	74.9	2,505,404,916	662,864,958
Total						12,732,221,961	9,927,685,128
Jointly controlled entity							
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Production of concentrated caustic soda and ethylene dichloride	900,000,000	900,000,000	50	50	450,000,000	450,000,000

All the subsidiaries and jointly controlled entity listed above are incorporated in the Kingdom of Saudi Arabia.