



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

Consolidated financial statements
for the year ended December 31, 2015

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Commercial registration number 1010164391

Directors	Engr. Abdallah Bin Saif Al-Saif – Chairman H.E. Sulaiman Bin Abdulrahman Al-Gwaiz H.E. Mohammed Bin Abdullah Al-Kharashi Dr. Ziad Bin Abdulrahman Al-Sudairy Engr. Sultan Bin Jamal Shawli Engr. Khalid Saleh Al-Mudaifer Mr. Mansour Bin Saleh Al-Maiman Engr. Khalid Bin Hamad Al-Senani Engr. Abdulaziz Bin Abdallah Al-Sugair
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Registered address	Building number 395 Abi Bakr Asseddiq Road, South Exit 6, North Ring Road Riyadh Kingdom of Saudi Arabia
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Postal address	P.O. Box 68861 Riyadh 11537 Kingdom of Saudi Arabia
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Banker	The Saudi British Bank (SABB)
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Auditors	Ernst & Young Al Faisaliah Office Tower, 3 rd Floor King Fahad Road P.O. Box 2732 Riyadh 11461 Kingdom of Saudi Arabia
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The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's 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 financial statements of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (the "Group")

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of the Group as at December 31, 2015, the results of its operations, changes in equity and cash flows for the year then ended, in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

In preparing the consolidated 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 accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements and
- preparing and presenting the consolidated 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 financial statements for the year ended December 31, 2015 set out on pages 5 to 66, were approved and authorized for issue by the Board of Directors on January 20, 2016 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

10 Rabi' II 1437H
January 20, 2016
Riyadh
Kingdom of Saudi Arabia

Independent auditor's report

To the shareholders of Saudi Arabian Mining Company (Ma'aden) (A Saudi Arabian joint stock company)

Scope of audit

We have audited the accompanying consolidated statement of financial position of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 December 2015 and the related consolidated statements of income, changes in equity and cash flows for the year then ended and the notes from 1 to 50 which form an integral part of the consolidated financial statements. These consolidated financial statements are the responsibility of the Group's management and have been prepared by them in accordance with the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

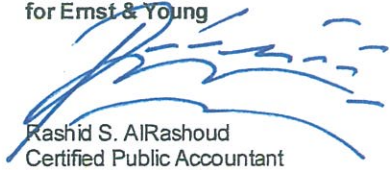
We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion on the consolidated financial statements.

Unqualified opinion

In our opinion, the consolidated financial statements taken as a whole:

- 1) present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.
- 2) comply with the requirements of the Regulations for Companies and the Company's by-laws in so far as these affect the preparation and presentation of the consolidated financial statements.

for Ernst & Young


Rashid S. AlRashoud
Certified Public Accountant
Registration No. 366



Riyadh: 10 Rabi Thani 1437H
(20 January 2016)

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated statement of financial position as at December 31, 2015
(All amounts in Saudi Riyals unless otherwise stated)



	Notes	December 31, 2015	December 31, 2014
Assets			
Current assets			
Cash and cash equivalents	7	4,308,309,524	11,973,968,055
Short-term investments	8	899,052,989	523,320,360
Trade and other receivables	9	1,297,445,530	1,245,127,333
Inventories	10	2,941,847,487	2,440,872,603
Advances and prepayments	11	251,412,539	232,711,854
Due from joint venture partners	12	720,000,000	-
		10,418,068,069	16,416,000,205
Non-current assets			
Property, plant and equipment	13	36,682,188,547	38,376,128,047
Capital work-in-progress	14	40,402,433,837	27,083,158,695
Exploration and evaluation assets	15	233,233,575	175,506,312
Deferred stripping expense	16	44,172,991	49,082,983
Intangible assets	17	372,426,562	409,876,545
Investment in jointly controlled entities	18	527,258,466	618,889,332
Long-term investment	19	50,000,000	50,000,000
Long-term loan	20	626,197,939	626,197,939
Advances and prepayments	11	21,645,868	16,541,800
Due from joint venture partners	12	-	720,000,000
		78,959,557,785	68,125,381,653
Total assets		89,377,625,854	84,541,381,858
Liabilities			
Current liabilities			
Projects and other payables	21	1,857,265,666	2,034,836,739
Accrued expenses	22	4,505,852,821	2,558,469,084
Zakat payable	23.2	50,962,237	58,735,918
Severance fees payable	24	16,185,454	29,727,477
Current portion of obligation under capital lease	26	12,131,184	10,948,977
Current portion of long-term borrowings	28.5	2,131,319,904	1,574,221,379
		8,573,717,266	6,266,939,574
Non-current liabilities			
Projects and other payables	21	1,287,134,964	400,794,841
Employees' benefits	25	353,304,330	290,375,429
Obligation under capital lease	26	27,033,193	39,164,376
Provision for mine closure and reclamation	27	158,111,874	131,295,730
Long-term borrowings	28.5	43,267,718,094	43,337,698,408
Due to joint venture partners	29	315,686,823	558,313,877
		45,408,989,278	44,757,642,661
Total liabilities		53,982,706,544	51,024,582,235
Equity			
Share capital	30	11,684,782,610	11,684,782,610
Statutory reserve			
Share premium	31	8,391,351,697	8,391,351,697
Transfer of net income	32	757,911,634	697,394,239
Retained earnings		6,464,362,429	5,919,705,879
Equity attributable to shareholders' of the parent company		27,298,408,370	26,693,234,425
Non-controlling interest	33.6	8,096,510,940	6,823,565,198
Total equity		35,394,919,310	33,516,799,623
Total liabilities and equity		89,377,625,854	84,541,381,858
Commitments and contingent liabilities	45		



	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Sales	34	10,956,125,938	10,791,882,887
Cost of sales	35	(8,517,081,736)	(7,676,872,584)
Gross profit		2,439,044,202	3,115,010,303
Operating expenses			
Selling, marketing and logistic expenses	36	(531,872,951)	(482,841,815)
General and administrative expenses	37	(458,873,756)	(445,141,238)
Exploration and technical services expenses	38	(143,756,853)	(189,559,465)
Operating income		1,304,540,642	1,997,467,785
Other (expenses) / income			
Share in net loss of jointly controlled entities	18.1	(91,630,866)	(24,963,928)
Income from short-term investments	39	35,583,877	10,563,669
Finance charges	40	(450,452,843)	(303,537,973)
Other income, net	41	56,410,062	101,534,028
Income before provision for zakat		854,450,872	1,781,063,581
Provision for zakat	23.2	(46,374,297)	(44,434,257)
Net income for the year		808,076,575	1,736,629,324
Net income attributable to:			
Shareholders' of the parent company	6.1	605,173,945	1,357,341,201
Non-controlling interest	33.6	202,902,630	379,288,123
		808,076,575	1,736,629,324
Earnings per ordinary share (Saudi Riyals)			
Operating income per share inclusive of non-controlling interest's share		1.12	2.02
Basic and diluted earnings per share from continuing operations attributable to shareholders' of the parent company	42	0.52	1.38

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated statement of changes in equity for the year ended December 31, 2015
(All amounts in Saudi Riyals unless otherwise stated)



	Notes	Equity attributable to shareholders' of the parent company					Non-controlling interest				Total equity
		Share capital	Share premium	Transfer of net income	Retained earnings	Sub-total	Share capital	Payments to increase share capital*	Net income attributable to non-controlling interest	Sub-total	
January 1, 2014		9,250,000,000	5,250,000,000	561,660,119	4,698,098,798	19,759,758,917	4,947,553,597	114,431,471	185,706,440	5,247,691,508	25,007,450,425
Proceeds from the right issue offering		2,434,782,610	3,165,217,434	-	-	5,600,000,044	-	-	-	-	5,600,000,044
Transaction costs of right issue offering		-	(23,865,737)	-	-	(23,865,737)	-	-	-	-	(23,865,737)
Net income for the year		-	-	-	1,357,341,201	1,357,341,201	-	-	379,288,123	379,288,123	1,736,629,324
Net income transferred to statutory reserve	32	-	-	135,734,120	(135,734,120)	-	-	-	-	-	-
Payments to increase share capital during the year*	33.6	-	-	-	-	-	-	344,584,817	-	344,584,817	344,584,817
Increase in non-controlling interest / share capital contributed during the year	33.6	-	-	-	-	-	1,154,928,470	(302,927,720)	-	852,000,750	852,000,750
December 31, 2014		11,684,782,610	8,391,351,697	697,394,239	5,919,705,879	26,693,234,425	6,102,482,067	156,088,568	564,994,563	6,823,565,198	33,516,799,623
Net income for the year		-	-	-	605,173,945	605,173,945	-	-	202,902,630	202,902,630	808,076,575
Net income transferred to statutory reserve	32	-	-	60,517,395	(60,517,395)	-	-	-	-	-	-
Dividend paid to non-controlling interest during the year	33.6	-	-	-	-	-	-	-	(330,000,000)	(330,000,000)	(330,000,000)
Payments to increase share capital during the year*	33.6	-	-	-	-	-	-	50,043,112	-	50,043,112	50,043,112
Increase in non-controlling interest / share capital contributed during the year	33.6	-	-	-	-	-	1,433,278,002	(83,278,002)	-	1,350,000,000	1,350,000,000
December 31, 2015		11,684,782,610	8,391,351,697	757,911,634	6,464,362,429	27,298,408,370	7,535,760,069	122,853,678	437,897,193	8,096,510,940	35,394,919,310

*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. These payments are converted to share capital once new shares are issued and the Commercial Registration certificate is amended.

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Operating activities			
Income before provision for zakat		854,450,872	1,781,063,581
<u>Adjustments for non-cash flow items:</u>			
Addition / (reversal) of allowance for inventory obsolescence	10	625,666	(1,046,546)
Depreciation	13	2,209,631,051	1,526,786,955
Adjustment / written-off property, plant and equipment	13	36,045,096	816,277
Impairment of exploration and evaluation asset	15	20,306,493	21,306,251
Deferred stripping expense	16	36,589,184	1,759,937
Amortization of intangible assets	17	74,118,583	34,307,746
Share in net loss of jointly controlled entity for the year	18.1	91,630,866	24,963,928
Provision for severance fees	24	17,934,852	35,068,957
Provision for employees' termination benefits	25.1	79,567,555	92,706,633
Contribution for the employees' savings plan	25.2	23,582,534	21,992,430
Accretion of provision for mine closure and reclamation	27.2	1,394,847	568,400
Inventory losses	35	121,212,929	76,849,341
Income from short term investments	39	(35,583,877)	(10,563,669)
Finance charges	40	449,057,996	302,969,573
<u>Changes in working capital:</u>			
Trade and other receivables	9	(44,644,362)	(483,419,008)
Inventories	10	(622,813,479)	(767,041,120)
Advances and prepayments	11	(23,804,753)	(84,234,847)
Projects and other payables – Trade	21	49,311,794	720,034,302
Accrued expenses – Trade	22	(104,756,055)	355,701,491
Zakat paid	23.2	(54,147,978)	(39,993,409)
Severance fees paid	24	(31,476,875)	(41,771,913)
Employee s' termination benefits paid	25.1	(29,513,887)	(31,701,678)
Employees' savings plan withdrawal	25.2	(10,707,301)	(7,452,537)
Provision for mine closure and reclamation utilized	27.1	(1,881,991)	(5,529,621)
Finance charges paid		(891,904,935)	(773,595,196)
Net cash generated from operating activities		2,214,224,825	2,750,546,258
Investing activities			
Income received from short-term investments		27,910,042	11,739,129
Decrease in restricted cash	7	(53,776,258)	(56,664,893)
Short-term investments	8	(375,732,629)	(523,320,360)
Additions to property, plant and equipment	13	(293,475,275)	(120,213,102)
Additions to capital work-in-progress	14	(13,137,751,416)	(11,175,793,364)
Additions to exploration and evaluation assets	15	(80,181,699)	(50,928,746)
Additions to deferred stripping expense	16	(31,679,192)	(17,461,251)
Additions to intangible assets	17	(3,992,516)	(52,490,238)
Investment in a jointly controlled entity	18.2	-	(202,482,646)
Long-term loan to jointly controlled entity	20	-	(626,197,939)
Projects and other payables – Projects	21	659,457,256	(335,683,987)
Accrued expenses – Projects	22	2,051,976,780	(1,071,027,418)
Net cash utilized in investing activities		(11,237,244,907)	(14,220,524,815)



Continued

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Financing activities			
Obligation under capital lease	26	(10,948,976)	(9,881,977)
Proceeds from long-term borrowings received	28.5	6,491,339,790	13,367,210,397
Repayment of long-term borrowings	28.5	(6,004,221,579)	(1,198,190,354)
Due to joint venture partners	29	(242,627,054)	118,780,789
Proceeds from rights issue offering	30,31	-	5,576,134,307
Payments to increase share capital by non-controlling interest, net	33.6	50,043,112	344,584,817
Increase in share capital of non-controlling interest	33.6	1,350,000,000	852,000,750
Dividend paid to non-controlling interest	33.6	(330,000,000)	-
Net cash generated from financing activities		1,303,585,293	19,050,638,729
Net change in cash and cash equivalents		(7,719,434,789)	7,580,660,172
Unrestricted cash and cash equivalents at beginning of the year		11,434,381,057	3,853,720,885
Unrestricted cash and cash equivalents at end of the year	7	3,714,946,268	11,434,381,057
Non-cash flow transactions			
Transfer of capital spares to property, plant & equipment from inventories	13,10	-	133,385,591
Transfer to property, plant and equipment from capital work-in-progress	13,14	321,532,962	21,514,836,134
Provision for mine closure capitalized as part of property, plant and equipment	13, 27.1, 27.2	1,053,288	34,478,197
Depreciation capitalized as part of capital-work-in-progress	14,13	63,439,623	27,508,167
Transfer to capital work-in-progress from exploration and evaluation assets	14,15	2,147,943	-
Amortization capitalized as part of capital-work-in-progress	14,17	5,729,831	1,362,790
Provision for mine closure and reclamation capitalized as part of capital-work-in-progress	14, 27.2	26,250,000	18,288,131
Borrowing cost capitalized as part of capital work-in-progress	14, 40.1	443,009,951	483,398,891
Transfer to intangible assets from property, plant and equipment	17,13	885,255	16,819,855
Transfer to intangible assets from capital work-in-progress	17,14	37,520,660	102,052,990
Transfer from payments to increase share capital to share capital pertaining to non-controlling interest	33.6	83,278,002	302,927,720

1. General information

Saudi Arabian Mining Company ("Ma'aden") (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 and issued share capital of Saudi Riyals ("SAR") 11,684,782,610 divided into 1,168,478,261 ordinary shares with a nominal value of SAR 10 each (Note 30).

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

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

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

The Group is involved in the following aluminum project:

On February 14, 2012 the Board of Directors approved a plan developed by the Company in collaboration with its joint venture partner Alcoa Inc. (Note 29) 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

2. Group structure

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

Subsidiaries	Type of company	Effective ownership as at December 31,	
		2015	2014
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	100%	100%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	100%	100%
Industrial Minerals Company ("IMC")	Limited liability company	100%	100%
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%
Ma'aden Phosphate Company ("MPC")	Limited liability company	70%	70%
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWASPC")	Limited liability company	60%	60%
Jointly controlled entities			
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Limited liability company	50%	50%
Ma'aden Barrick Copper Company ("MBCC")	Limited liability company	50%	50%

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

2.1 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, highways, pipelines, refineries, treatment plants, communication systems, power plants and other facilities necessary or suitable for the purposes of the lease.

2.2 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.

2.3 IMC

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 and
- extract, refine, export and sell such minerals in their original or refined form.

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

2.4 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 financial statements.

The objectives of the company are the production of:

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

2.5 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 foreign shareholder, a company wholly owned by Alcoa Incorporated ("Alcoa Inc."), which is accounted for as a non-controlling interest in these consolidated 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.

2.6 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 financial statements.

The objectives of the company are to:

- produce and refine bauxite and
- produce alumina.

The company is currently in its commissioning phase.

2.7 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 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.

2.8 MWASPC

The company was incorporated in the Kingdom of Saudi Arabia on January 27, 2014 and is owned:

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

The objectives of the Company are the production of:

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

2.9 SAMAPCO

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 Petrochemical Company.

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 financial statements.

The objectives of the company are the production of:

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

The operations of the company includes the production and supply of concentrated caustic soda feed stock to the alumina refinery at MBAC and to sell the excess production in the local wholesale and retail market.

2.10 MBCC

The company was incorporated in the Kingdom of Saudi Arabia on November 2, 2014 and is owned:

- 50% by Saudi Arabian Mining Company ("Ma'aden") and
- 50% by Barrick Middle East PTY Limited ("Barrick").

MBCC 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 financial statements.

The objectives of the company are the production of:

- copper;
- silver;
- zinc;
- nickel;
- gold;
- lead;
- sulphur and
- cobalt.

3. Basis of preparation

The accompanying consolidated financial statements have been prepared under the historical 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").

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

The Group has carried out impairment assessments on its cash generating units "CGUs" i.e. MAC, MRC, MBAC, MGBM, Magnesita and SAMAPCO during the year ended December 31, 2015. The Group has used the undiscounted cash flow projections as per the accounting standards generally accepted in the Kingdom of Saudi Arabia that have shown no impairment in the values which were higher than the carrying amounts of the net assets involved in the CGUs. Effective from January 1, 2017, the Group is required to implement IFRS which require the Group to use the discounted cash flow projections. The use of the discounted cash flow projections is a more conservative approach to assess impairment on CGUs compared to the undiscounted cash flow projection.

4. Summary of significant accounting policies

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

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 acquisition 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. Costs directly related to the acquisition, other than those associated with the issue of debt or equity securities that the company incurs in connection with an acquisition, are expensed as incurred and included in general and administrative expenses. The excess of the aggregate of the consideration transferred and the fair value of the minority interest over the fair value 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 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 investments, transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies of the subsidiaries are in consistency with those adopted by the Group.

Jointly controlled entities

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 jointly controlled entities 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 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 statement of income.

4.3 Cash and cash equivalents

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

Restricted cash and cash equivalents are excluded from cash and cash equivalents for the purpose of the consolidated statement of cash flows. Restricted cash and cash equivalents are related to the following:

- cash accumulated in the debt service reserve account for the next scheduled repayment of long-term borrowings, six months prior to the due date, as per the financing agreements, and
- employees' savings plan obligation

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 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 statement of income.

4.6 Inventories

Finished goods

Finished goods are measured at the lower of unit cost of production or unit realizable value. The unit 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 and the amortization of any deferred stripping assets;
- production overheads and
- the revenue generated from the 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 unit cost of production for the period based on percentage of completion at the applicable stage and includes:

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

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

Spare parts, consumables and raw materials

Spare parts, consumable and raw materials 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 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 amount reported in the consolidated 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 carried at the cost less accumulated depreciation. Land is not depreciated. Depreciation is charged to the consolidated statement of income, using the straight line method or on a unit of production basis for certain mining assets and processing plants where applicable, to allocate the costs of the related assets less their residual values over the following estimated economic useful lives:

	Number of years
• Buildings	9 – 40
• Heavy equipment	5 – 40
• Mobile and workshop equipment	5 – 10
• Laboratory and safety equipment	5
• Civil works	4 – 50
• Fixed plant and heap leaching facilities	4 – 20
• Other equipment	4 – 20
• Office equipment	4 – 10
• Furniture and fittings	4 – 10
• Computer equipment	4 – 5
• Motor vehicles	4
• Mining assets	Over life of mine

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

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

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

4.9 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 commissioning the plant are capitalized net of proceeds from the sale of any production during the commissioning period. Capital work-in-progress is not depreciated.

4.10 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;
- topographical, geological, geochemical and geophysical studies;
- exploration drilling;
- trenching;
- sampling and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Evaluation expenditures 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 in relation to both production and shipping;
- permitting activities and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final 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 feasibility 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 final technical scope, receipt of mining license and commercial feasibility, if the economic benefit will be realized and management intends to develop and execute the mine, 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 consolidated statement of cash flow. Once the commercial production stage is reached, the capitalized capital work-in-progress is reclassified to "Property, plant and equipment".

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 may be impaired. These include the following:

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

Once it has been identified that exploration and evaluation asset may be impaired, the entity performs impairment and reversal of impairment on exploration and evaluation assets as specified in Note 4.13.

4.11 Stripping ratio and deferred stripping expense

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.

4.12 Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, where applicable. Intangible assets acquired as part of a business combination are capitalized where those assets are separable or arise from contractual or legal rights and their fair values can be measured reliably on initial recognition. Goodwill arising from a business combination and those intangible assets that are estimated to have indefinite lives are tested annually for impairment. Intangible assets are amortized over the shorter of their estimated economic / statutory useful lives using the straight-line method. Amortization methods, residual values and estimated economic useful lives are reviewed at least annually.

Pre-operating expenses and deferred charges deemed of having future economic benefits are capitalized as Intangible assets and are amortized when completed over seven years.

4.13 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. In assessing value in use, the estimated future cash flows are discounted to their net present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which estimates of future cash flows have not been adjusted.

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 statement of income in the year / period in which such reversal is determined.

4.14 Projects, other payables and accrued expenses

Liabilities in respect of contract costs for capital projects, including trade payables, are recognized at amounts to be paid for goods and services received. The amount recognized is the present value of the future obligations; unless they are due in less than one year.

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

4.15 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 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 statement of income.

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

4.16 Severance fees

Effective from year 2005 onwards, as per Article No. 71 of the Saudi Mining Investment Code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is the lower.

The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated statement of income (Note 35).

4.17 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.

4.18 Employees' 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.

4.19 Employees' savings plan program

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

Participation in the Savings Plan Program is restricted to Saudi Nationals only and optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of SAR 300 per month.

The Group will contribute an amount equaling 10% per year of the monthly savings of each member per annum for the first year and increase it by 10% per year the years thereafter until it reaches 100% in 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 statement of income on a monthly basis. The Group's portion will only be paid upon termination or resignation of the employee.

4.20 Provision for mine closure and reclamation

The mining, extraction and processing activities of the Group normally give rise to obligations for site closure and reclamation. Mine closure and reclamation 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 reclamation 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 reclamation 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 reclamation expenditure is dependent upon a number of factors such as:

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

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 a straight-line basis.

Adjustments to the estimated amount and timing of future closure and reclamation 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;
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation and changes in economic sustainability.

4.21 Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under capital leases are recognized as assets of the Group at the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease. Depreciation is provided over the estimated economic useful lives of the assets.

Finance costs, which represent the difference between the total lease commitments and the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease, are charged to the consolidated statement of income over the term of the relevant lease in order to produce a constant periodic rate of return on the remaining balance of the obligation for each accounting year.

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

4.22 Borrowings

Borrowings are initially recognized at the proceeds received, net of transaction costs incurred, if any. Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. 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 the consolidated 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 goods 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 all discounts and rebates 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 or post assay finalization. In such cases, sales revenue is initially recognized on a provisional basis using the current market price and adjusted subsequently within revenue at the market price when finalized.

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

5. Critical accounting estimates, assumptions and judgments

The preparation of consolidated financial statements in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia, requires the Group's management to make estimates and assumptions that affect amounts reported in the consolidated 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.

5.1 Critical judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recognized in the financial statements:

- economic useful lives of property, plant and equipment;
- impairment and reversal of impairment of assets and
- zakat and income taxes

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 years may no longer exist or may have decreased.

Zakat and income taxes

During the year ended December 31, 2015 an amount of SAR 54,147,978 (December 31, 2014: SAR 39,993,409) was paid to DZIT pertaining to the year ended December 31, 2014 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 year in which such determinations are made.

5.2 Key sources of estimation uncertainty

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

- ore reserve and mineral resource estimates;
- mine closure and environmental obligation;
- allowances 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.

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 years could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations and life-of-mine estimates could affect the carrying amount of this provision.

Allowances

The Group also creates an allowance for obsolete and slow-moving spare parts. At December 31, 2015, the allowance for obsolete slow-moving items amounted to SAR 15,984,849 (December 31, 2014: SAR 15,359,183) (Note 10). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year.

Contingencies

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

6. Segmental information

Segment reporting

6.1 Business segment

A business segment is a 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:

- **Phosphate Strategic Business Unit Segment**, consist of operations related to:
 - **MPC** – the mining and beneficiation of phosphate concentrated rock at Al Jalamid. The utilization of natural gas and sulphur to produce DAP and MAP fertilizers as well as ammonia products at Ras Al Khair.
 - **IMC** – the mining of industrial minerals at a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine at Al Ghazallah and a processing plant at Al Madinah Al Munawarah.
 - **MWASPC** – the development of a mine to exploit the Al-Khabra and Umm Wu'al phosphate deposits. The project is in the development stage.
 - **Phosphate and Industrial Minerals division under Corporate** – related cost and exploration expenses in Ma'aden Corporate has been allocated to this segment.
 - **MIC** – is responsible for the development, construction and delivery of services to Ma'aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a proportionate share of MIC's revenues, costs and assets have been allocated to this segment.
- **Aluminum Strategic Business Unit Segment**, consists of the operations related to:
 - **MAC** – operates the smelter at Ras Al Khair and it currently processes the alumina feedstock that it purchases from Alcoa and produces aluminum products. MAC started commercial production on September 1, 2014.
 - **MRC** – in the process of constructing a rolling mill. The project is in the development stage.
 - **MBAC** – the mining of bauxite at the Al Baitha mine and the transportation thereof to its refinery at Ras Al Khair. The refinery is in its commissioning phase. Once the refinery is in commercial production MAC will process alumina supplied by MBAC's Al Baitha mine.
 - **SAMAPCO** – a jointly controlled entity that produces concentrated caustic soda, chlorine and ethylene dichloride and supply all the required feedstock for use in the alumina refinery at MBAC, any excess production is sold in the international and domestic market. SAMAPCO started commercial production on July 1, 2014.
 - **Automotive sheet** project include automotive heat treated and non-treated sheet, building and construction sheet and foil stock sheet. The project is in the development stage (Note 1).
 - **Aluminum division under Corporate** – related cost and external sales revenue have been allocated to this segment.
 - **MIC** – is responsible for the development, construction and delivery of services to Ma'aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a proportionate share of MIC's revenues, costs and assets have been allocated to this segment.

6.1 Business segment (continued)

- **Precious and Base Metals Strategic Business Unit Segment**, consists of operations related to:
 - **MGBM** – that operates four gold mines, i.e. Mahd Ad Dahab, Al Amar, Bulghah, and As Suq (which came into commercial production on July 1, 2014) and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia. The segment also include the Ad Duwayhi mine project which is in the development stage.
 - **MBCC** – a jointly controlled entity that produces copper, silver, zinc, nickel, gold, lead, sulphur and cobalt located in the southeast of Al Madinah Al Munawarah. This project is still in the development stage.
 - **Precious and base metals division under Corporate** – related cost and exploration expenses in Ma'aden Corporate has been allocated to this segment.
- **Corporate**
 - Is responsible for effective management and governance including funding of subsidiaries and jointly controlled entities that carry out various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by products.

6.1 Business segment (continued)

	Notes	Phosphate	Aluminum	Precious and base metals	Corporate	Total
December 31, 2015						
Sales	34	5,488,120,120	4,762,790,070	705,215,748	-	10,956,125,938
Gross profit		1,573,632,405	633,938,596	231,473,201	-	2,439,044,202
Income from short-term investments	39	4,649,146	1,308,870	204,583	29,421,278	35,583,877
Net income attributable to shareholders' of the parent company		778,571,323	95,350,777	29,693,379	(298,441,534)	605,173,945
Property, plant and equipment	13	16,018,926,848	20,096,644,324	394,163,343	172,454,032	36,682,188,547
Capital work-in-progress	14	18,158,641,217	19,985,250,415	2,221,964,021	36,578,184	40,402,433,837
Exploration and evaluation assets	15	30,299,653	-	202,933,922	-	233,233,575
Deferred stripping expense	16	11,321,503	-	32,851,488	-	44,172,991
Intangible assets	17	108,102,300	237,527,524	10,993,133	15,803,605	372,426,562
Investment in a jointly controlled entities	18	-	324,775,820	202,482,646	-	527,258,466
Total assets		39,961,604,497	43,841,700,223	4,068,524,729	1,505,796,405	89,377,625,854
Obligation under capital lease	26	-	39,164,377	-	-	39,164,377
Long-term borrowings	28.5	20,096,862,780	25,066,983,321	235,191,897	-	45,399,037,998
December 31, 2014						
Sales	34	5,577,754,186	4,498,996,234	715,132,467	-	10,791,882,887
Gross profit		1,853,439,493	958,687,317	302,883,493	-	3,115,010,303
Income from short-term investments	39	4,979,169	1,036,663	905,004	3,642,833	10,563,669
Net income attributable to shareholders' of the parent company		955,338,692	680,022,342	85,662,145	(363,681,978)	1,357,341,201
Property, plant and equipment	13	16,899,127,067	20,896,710,314	396,247,582	184,043,084	38,376,128,047
Capital work-in-progress	14	7,082,221,342	18,277,691,791	1,711,662,424	11,583,138	27,083,158,695
Exploration and evaluation assets	15	948,200	-	174,558,112	-	175,506,312
Deferred stripping expense	16	27,704,327	-	21,378,656	-	49,082,983
Intangible assets	17	115,822,626	263,644,483	14,371,039	16,038,397	409,876,545
Investment in a jointly controlled entity	18	-	416,406,686	202,482,646	-	618,889,332
Total assets		31,862,607,119	42,580,309,374	3,654,628,288	6,443,837,077	84,541,381,858
Obligation under capital lease	26	-	50,113,353	-	-	50,113,353
Long-term borrowings	28.5	16,835,392,343	23,646,527,444	-	4,430,000,000	44,911,919,787

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

	December 31, 2015	December 31, 2014
Term deposits with original maturities equal to or less than three months at the date of acquisition		
- unrestricted	3,397,121,398	10,561,438,968
- restricted	544,554,663	502,412,645
Sub-total	3,941,676,061	11,063,851,613
Cash and bank balances		
- unrestricted	317,824,870	872,942,089
- restricted	48,808,593	37,174,353
Sub-total	366,633,463	910,116,442
Total	4,308,309,524	11,973,968,055

Restricted cash and cash equivalents are related to the following:

Cash accumulated in the debt service reserve account for the next scheduled repayment of long-term borrowings, six months prior to the due date, as per the financing agreement (Note 28.6)	1,539	1,242,532
Employees' savings plan obligation (Note 4.19 and 25.2)	48,807,054	35,931,821
Sub-total	48,808,593	37,174,353
Balance portion accumulated for the scheduled repayment of long-term borrowings, six months prior to due date, invested and included in short-term deposits with original maturities equal to or less than three months at the date of acquisition (Note 28.6)	544,554,663	502,412,645
Total restricted cash	593,363,256	539,586,998
Total unrestricted cash	3,714,946,268	11,434,381,057

8. Short-term investments

	December 31, 2015	December 31, 2014
Term deposits with original maturities of more than three months and less than a year at the date of acquisition	899,052,989	523,320,360

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

9. Trade and other receivables

	December 31, 2015	December 31, 2014
Trade receivables		
Other	657,438,173	585,011,197
Due from Alcoa Inespal, S.A. (Note 43.2)	87,897,065	-
Due from SABIC (Note 43.2)	407,155,456	426,937,770
Sub-total	1,152,490,694	1,011,948,967
Due from SAMAPCO (Note 43.2)	47,998,419	47,998,419
Due from Saudi Mining Polytechnic ("SMP") (Note 43.2)	2,166,504	4,813,789
Insurance claims*	13,304,480	141,738,693
Withholding tax receivable	31,850,982	31,973,072
Investment income receivable	8,936,151	1,262,316
Other	40,698,300	5,392,077
Total	1,297,445,530	1,245,127,333

*Insurance claims relate to:

• one of the aluminum pot lines on which the production was halted in October 2013. The temporary shutdown was undertaken after a period of pot instability. The pot line has been restored during second quarter of 2014	9,892,253	113,934,773
• an ammonia reformer and conveyor belt claim	3,412,227	27,803,920
Total	13,304,480	141,738,693

10. Inventories

	December 31, 2015	December 31, 2014
Finished goods – ready for sale	243,049,951	236,049,195
Work-in-process	583,756,631	497,089,525
Stockpile of mined ore	173,176,988	187,614,794
By-products	710,227	9,127,012
Sub-total	1,000,693,797	929,880,526
Spare parts and consumables materials	1,312,816,035	838,757,537
Allowance for obsolete slow-moving spare parts and consumable materials	(15,984,849)	(15,359,183)
	1,296,831,186	823,398,354
Raw materials	644,322,504	687,593,723
Sub-total	1,941,153,690	1,510,992,077
Total	2,941,847,487	2,440,872,603

The spare parts inventory primarily relates to plant and machinery.

Movement in the allowance for inventory obsolescence is as follows:

	2015	2014
January 1	15,359,183	16,405,729
Addition / (reversal) of allowance for obsolescence (Note 35)	625,666	(1,046,546)
December 31	15,984,849	15,359,183

11. Advances and prepayments

	December 31, 2015	December 31, 2014
Current portion:		
Advances to contractors	174,809,693	158,811,879
Advances to employees	12,889,197	22,122,089
Prepaid rent	14,396,416	18,913,734
Prepaid insurance	44,442,651	15,356,641
Other prepayments	4,874,582	17,507,511
Sub-total	251,412,539	232,711,854
Non-current portion:		
Other prepayments	21,645,868	16,541,800
Sub-total	21,645,868	16,541,800
Total	273,058,407	249,253,654

12. Due from joint venture partners

	December 31, 2015	December 31, 2014
Current portion:		
Due from Mosaic (Note 43.2)	450,000,000	-
Due from SABIC (Note 43.2)	270,000,000	-
Sub-total (Note 43.2)	720,000,000	-
Non-current portion:		
Due from Mosaic (Note 43.2)	-	450,000,000
Due from SABIC (Note 43.2)	-	270,000,000
Sub-total (Note 43.2)	-	720,000,000
Total	720,000,000	720,000,000

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

As per the agreement Mosaic and SABIC are liable to pay contractual dues to Ma'aden of SAR 1.44 billion in two installments and thereby recorded as other income. This amount is in addition to the historical cost incurred by Ma'aden on the project. First installment, 50% of SAR 1.44 billion, is received by Ma'aden during the year ended December 31, 2013 while due from joint venture partners represents the second installment of the remaining 50% of SAR 1.44 billion due on June 30, 2016.

13. Property, plant and equipment

	Notes	Land	Mining assets	Motor vehicles	Heavy equipment	Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
Cost												
January 1, 2014		61,550,000	61,018,120	29,316,169	307,186,893	18,034,309,751	1,964,252,404	490,867,266	79,791,408	38,219,681	45,493,360	21,112,005,052
Additions during the year		-	-	-	-	120,100,602	-	48,000	-	-	64,500	120,213,102
Transfer of capital spares from inventory		-	-	-	-	133,385,591	-	-	-	-	-	133,385,591
Transfer from capital work-in-progress	14	-	397,660	28,700,930	44,908,531	9,495,223,229	6,170,543,284	3,807,952,145	1,887,312,160	35,071,712	44,726,483	21,514,836,134
Transfer to intangible assets	17	-	-	-	-	(16,819,855)	-	-	-	-	-	(16,819,855)
Provision for mine closure capitalized	27.1	-	34,478,197	-	-	-	-	-	-	-	-	34,478,197
Adjustments / write-offs		-	-	(2,692,117)	-	(3,179,387)	-	-	(927,591)	(33,960)	32,492	(6,800,563)
December 31, 2014		61,550,000	95,893,977	55,324,982	352,095,424	27,763,019,931	8,134,795,688	4,298,867,411	1,966,175,977	73,257,433	90,316,835	42,891,297,658
Additions during the year		-	-	-	-	293,475,275	-	-	-	-	-	293,475,275
Transfer from capital work-in-progress	14	-	-	7,997,306	31,683,966	116,606,777	53,166,536	13,672,395	83,993,801	10,318,774	4,093,407	321,532,962
Transfer to intangible assets	17	-	-	-	-	(885,255)	-	-	-	-	-	(885,255)
Provision for mine closure capitalized	27.1, 27.3	-	1,053,288	-	-	-	-	-	-	-	-	1,053,288
Adjustments / write-offs		-	(397,660)	(1,394,014)	(17,142,615)	(91,543,971)	(8,277,332)	(9,615,767)	(36,893,640)	(1,076,432)	(674,017)	(167,015,448)
December 31, 2015		61,550,000	96,549,605	61,928,274	366,636,775	28,080,672,757	8,179,684,892	4,302,924,039	2,013,276,138	82,499,775	93,736,225	43,339,458,480
Accumulated depreciation												
January 1, 2014		-	44,508,741	23,964,729	88,283,043	2,235,380,136	212,258,637	268,577,366	48,828,319	22,893,973	22,163,831	2,966,858,775
Charge for the year		-	8,064,018	4,967,314	19,513,849	1,124,241,018	217,069,099	56,687,766	103,245,284	1,222,967	19,283,807	1,554,295,122
Adjustments / write-offs		-	-	(2,692,117)	-	(2,326,141)	(180,621)	-	(790,898)	(873)	6,364	(5,984,286)
December 31, 2014		-	52,572,759	26,239,926	107,796,892	3,357,295,013	429,147,115	325,265,132	151,282,705	24,116,067	41,454,002	4,515,169,611
Charge for the year		-	5,931,366	11,564,978	28,994,254	1,561,622,189	248,718,014	130,629,354	256,487,532	13,053,538	16,069,449	2,273,070,674
Adjustments / write-offs		-	(397,660)	(2,080,869)	(15,243,040)	(13,469,956)	(94,349,659)	(609,931)	(6,097,486)	2,263,001	(984,752)	(130,970,352)
December 31, 2015		-	58,106,465	35,724,035	121,548,106	4,905,447,246	583,515,470	455,284,555	401,672,751	39,432,606	56,538,699	6,657,269,933
Net book value												
December 31, 2014		61,550,000	43,321,218	29,085,056	244,298,532	24,405,724,918	7,705,648,573	3,973,602,279	1,814,893,272	49,141,366	48,862,833	38,376,128,047
December 31, 2015		61,550,000	38,443,140	26,204,239	245,088,669	23,175,225,511	7,596,169,422	3,847,639,484	1,611,603,387	43,067,169	37,197,526	36,682,188,547

13. Property, plant and equipment (continued)

Property, plant and equipment of MPC, MAC, MRC, MBAC and MGBM with a net book value before consolidation elimination at December 31, 2015 of SAR 35,706,647,560 (December 31, 2014: SAR 37,117,483,423) are pledged as security to lenders under the Common Term Agreement (Note 28.8).

Property, plant and equipment of MBAC with a net book value at December 31, 2015 of SAR 44,947,425 (December 31, 2014: SAR 52,544,181) was acquired under a capital lease and are pledged as security to the lessor (Note 26).

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Allocation of depreciation charge for the year to:			
Capital work-in-progress	14	63,439,623	27,508,167
Cost of sales	35	2,171,612,693	1,496,498,745
General and administrative expenses	37	34,748,428	29,012,333
Exploration and technical services expenses	38	3,269,930	1,275,877
Total		<u>2,273,070,674</u>	<u>1,554,295,122</u>

14. Capital work-in-progress

	Notes	Phosphate	Industrial minerals	Aluminum	Precious and base metals	Infra-structure	Corporate	Total
Cost								
January 1, 2014		1,306,087,885	86,094,284	33,677,485,270	1,051,446,195	225,195,111	647,387,731	36,993,696,476
Additions during the year		5,388,270,448	2,932,848	4,252,048,095	979,219,801	67,021,569	604,631,049	11,294,123,810
Transfer to property, plant and equipment	13	(367,949,799)	-	(20,571,307,229)	(302,600,769)	(213,764,716)	(59,213,621)	(21,514,836,134)
Transfer to intangible assets	17	(9,939,659)	-	(75,710,528)	(16,402,803)	-	-	(102,052,990)
Provision for mine closure capitalized	27.2	-	-	18,288,131	-	-	-	18,288,131
Advances to contractors, net		661,433,362	-	(213,977,794)	-	(32,576,041)	(20,940,125)	393,939,402
December 31, 2014		6,977,902,237	89,027,132	17,086,825,945	1,711,662,424	45,875,923	1,171,865,034	27,083,158,695
Additions during the year		11,435,440,779	16,188,982	1,856,499,035	567,185,003	5,954,651	142,084,133	14,023,352,583
Transfer to property, plant and equipment	13	(26,685,001)	(4,805,545)	(187,734,216)	(85,281,349)	(9,306,019)	(7,720,832)	(321,532,962)
Transfer from exploration and evaluation assets	15	-	-	-	2,147,943	-	-	2,147,943
Transfer to intangible assets	17	(14,429,805)	-	(22,798,085)	-	(292,770)	-	(37,520,660)
Provision for mine closure capitalized	27.1	-	-	-	26,250,000	-	-	26,250,000
Advances to contractors, net		(323,541,209)	-	(21,218,078)	-	(13,600,845)	(15,061,630)	(373,421,762)
December 31, 2015		18,048,687,001	100,410,569	18,711,574,601	2,221,964,021	28,630,940	1,291,166,705	40,402,433,837
Advances to contractors capitalized as part of additions to capital work-in-progress								
December 31, 2014		844,079,373	-	26,128,806	-	18,707,096	15,061,630	903,976,905
December 31, 2015		520,538,164	-	4,910,728	-	5,106,251	-	530,555,143

14. Capital work-in-progress (continued)

	Notes	Phosphate	Industrial minerals	Aluminum	Precious and base metals	Infra-structure	Corporate	Total
Depreciation capitalized as part of capital work-in-progress during the year								
December 31, 2014	13	-	-	27,029,110	-	479,057	-	27,508,167
December 31, 2015	13	-	-	60,981,176	-	2,458,447	-	63,439,623
Amortization capitalized as part of capital work-in-progress during the year								
December 31, 2014	17	-	-	1,362,790	-	-	-	1,362,790
December 31, 2015	17	-	-	5,729,831	-	-	-	5,729,831
Borrowing cost capitalized as part of capital work-in-progress during the year								
December 31, 2014	40.1	76,800,979	-	406,597,912	-	-	-	483,398,891
December 31, 2015	40.1	211,518,555	-	231,491,396	-	-	-	443,009,951

Capital work-in-progress includes borrowing cost relating to the qualifying assets of MRC, MBAC and MWASPC and MGBM.

The net book value of MPC, MAC, MRC, MBAC, MWASPC and MGBM before consolidation elimination at December 31, 2015 of SAR 37,197,115,376 (December 31, 2014: SAR 23,402,531,540) are pledged as security to the lenders (Note 28.8).

15. Exploration and evaluation assets

Note	Corporate	Precious and base metals	Total
January 1, 2014	40,268,139	105,615,678	145,883,817
Additions during the year	2,292,805	48,635,941	50,928,746
Impairment during the year	(21,306,251)	-	(21,306,251)
December 31, 2014	21,254,693	154,251,619	175,506,312
Additions during the year	29,351,453	50,830,246	80,181,699
Transfer to capital work-in-progress	-	(2,147,943)	(2,147,943)
Impairment during the year	(20,306,493)	-	(20,306,493)
December 31, 2015	30,299,653	202,933,922	233,233,575

16. Deferred stripping expense

Notes	Phosphate	Precious and base metals	Total
Cost			
January 1, 2014	75,666,881	11,227,159	86,894,040
Stripping cost incurred during the year	-	17,461,251	17,461,251
December 31, 2014	75,666,881	28,688,410	104,355,291
Stripping cost incurred during the year	18,704,693	12,974,499	31,679,192
December 31, 2015	94,371,574	41,662,909	136,034,483
Accumulated amortization			
January 1, 2014	47,110,864	6,401,507	53,512,371
Expensed to cost of sales during the year	851,690	908,247	1,759,937
December 31, 2014	47,962,554	7,309,754	55,272,308
Expensed to cost of sales during the year	35,087,517	1,501,667	36,589,184
December 31, 2015	83,050,071	8,811,421	91,861,492
Net book value			
December 31, 2014	27,704,327	21,378,656	49,082,983
December 31, 2015	11,321,503	32,851,488	44,172,991

17. Intangible assets

	Note	Phosphate	Aluminum	Precious and base metals	Infra- structure	Corporate	Total
Cost							
January 1, 2014		23,929,635	-	6,641,494	297,876,390	3,983,955	332,431,474
Additions during the year		-	38,825,791	-	-	13,664,447	52,490,238
Transfer from property, plant and equipment	13	16,819,855	-	-	-	-	16,819,855
Transfer from capital work-in-progress	14	9,939,659	75,710,528	16,402,803	-	-	102,052,990
December 31, 2014		50,689,149	114,536,319	23,044,297	297,876,390	17,648,402	503,794,557
Additions during the year		-	-	-	-	3,992,516	3,992,516
Transfer from property, plant and equipment	13	885,255	-	-	-	-	885,255
Transfer from capital work-in-progress	14	14,429,805	22,798,085	-	292,770	-	37,520,660
December 31, 2015		66,004,209	137,334,404	23,044,297	298,169,160	21,640,918	546,192,988
Accumulated amortization							
January 1, 2014		9,173,027	-	6,419,072	41,694,816	960,561	58,247,476
Charge for the year		6,362,645	12,230,133	2,254,186	14,174,128	649,444	35,670,536
December 31, 2014		15,535,672	12,230,133	8,673,258	55,868,944	1,610,005	93,918,012
Charge for the year		18,442,934	39,730,141	3,377,906	14,070,125	4,227,308	79,848,414
December 31, 2015		33,978,606	51,960,274	12,051,164	69,939,069	5,837,313	173,766,426
Net book value							
December 31, 2014		35,153,477	102,306,186	14,371,039	242,007,446	16,038,397	409,876,545
December 31, 2015		32,025,603	85,374,130	10,993,133	228,230,091	15,803,605	372,426,562

Intangible assets of MAC, MRC and MBAC with a net book value at December 31, 2015 of SAR 85,374,130 (December 31, 2014: SAR 102,306,186) are pledged as security to lenders under the Common Term Financing Agreement (Note 28.8).

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

17. Intangible assets (continued)

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Allocation of amortization charge for the year to:			
Capital work-in-progress	14	5,729,831	1,362,790
Cost of sales	35	40,771,932	23,951,854
Selling, marketing and logistic expenses	36	29,119,343	9,706,448
General and administrative expenses	37	4,227,308	649,444
Total		79,848,414	35,670,536

18. Investment in jointly controlled entities

	December 31, 2015	December 31, 2014
SAMAPCO (Note 18.1)	324,775,820	416,406,686
MBCC (Note 18.2)	202,482,646	202,482,646
Total	527,258,466	618,889,332

18.1 SAMAPCO

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

	December 31, 2015	December 31, 2014
Shares at cost (Note 50)	450,000,000	450,000,000
Share of the accumulated loss	(125,224,180)	(33,593,314)
Total	324,775,820	416,406,686

Share of the accumulated loss in SAMAPCO

	2015	2014
January 1	(33,593,314)	(8,629,386)
Share in net loss for year	(91,630,866)	(24,963,928)
December 31	(125,224,180)	(33,593,314)

18.2 MBCC

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

	December 31, 2015	December 31, 2014
Shares at cost (Note 50)	202,482,646	5,000,000
Payment to increase share capital	-	197,482,646
Total	202,482,646	202,482,646

19. Long-term investment

	December 31, 2015	December 31, 2014
Securities with original maturities of more than a year at the date of acquisition	50,000,000	50,000,000

20. Long-term loan

	December 31, 2015	December 31, 2014
Ma'aden Barrick Copper Company (Note 43.2)	<u>626,197,939</u>	<u>626,197,939</u>

During the year ended December 31, 2014, the Company entered into a loan agreements with MBCC. The purpose of this loan facility is to provide funding to MBCC for business. The loan is non-interest bearing with no fixed repayment date.

21. Projects and other payables

	December 31, 2015	December 31, 2014
Current portion:		
Projects	828,002,449	1,054,885,316
Trade	649,763,200	676,286,768
Retentions	126,592,142	134,696,029
Advances from customers	232,969,329	143,597,425
Other	19,938,546	25,371,201
Sub-total	<u>1,857,265,666</u>	<u>2,034,836,739</u>
Non-current portion:		
Retentions and other payables	1,251,081,664	362,794,841
Non-refundable contributions*	36,053,300	38,000,000
Sub-total	<u>1,287,134,964</u>	<u>400,794,841</u>
Total	<u>3,144,400,630</u>	<u>2,435,631,580</u>

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

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

22. Accrued expenses

	December 31, 2015	December 31, 2014
Projects	3,542,581,483	1,452,648,671
Trade	635,900,094	789,400,136
Employees	246,454,809	198,710,822
Accrued expenses – Alcoa Inc. (Note 43.2)	67,026,655	103,982,687
Finance charges	13,889,780	13,726,768
Total	<u>4,505,852,821</u>	<u>2,558,469,084</u>

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

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.

23. Zakat**23.1 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 and consumable materials:
- net book value of property, plant and equipment;
- net book value of capital work-in-progress;
- net book value of exploration and evaluation assets;
- net book value of intangible assets;
- carrying value of investment in a jointly controlled entity and
- other items.

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

23.2 Zakat payable

	2015	2014
January 1	58,735,918	54,295,070
Provision for zakat	46,374,297	44,434,257
Current year	50,962,237	58,735,918
Prior year over provision	(4,587,940)	(14,301,661)
 Paid during the year to the authorities	 (54,147,978)	 (39,993,409)
December 31	50,962,237	58,735,918

23.3 Provision for zakat consist of:

	Year ended December 31, 2015	Year ended December 31, 2014
Saudi Arabian Mining Company	19,789,600	18,759,042
Ma'aden Phosphate Company	23,097,236	25,728,204
Ma'aden Gold and Base Metals Company (Note 24.2)	1,076,248	2,463,124
Industrial Minerals Company	3,010,998	8,404,180
Ma'aden Infrastructure Company	3,988,155	3,381,368
Total (Note 23.2)	50,962,237	58,735,918

23.4 Status of final assessments

The Company and its subsidiaries received provisional zakat certificates from the years ended December 31, 2008 to December 31, 2014, however, no zakat assessments were finalized by the DZIT.

24. Severance fees payable

	2015	2014
January 1	29,727,477	36,430,433
Provision for severance fee (Note 35)	17,934,852	35,068,957
Current year (Note 24.1)	16,096,147	29,638,171
Previous year under provision	1,838,705	5,430,786
 Paid during the year to the authorities	 (31,476,875)	 (41,771,913)
 December 31	 16,185,454	 29,727,477

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 net income for each mining license of MGBM is subject to severance fees,
- for low grade bauxite, kaolin and magnesite a fixed tariff per tonne is paid as severance fees

Severance fees are shown as part of cost of sales in the consolidated statement of income.

24.1 Provision for severance fees consists of:

	Year ended December 31, 2015	Year ended December 31, 2014
Gold mines (Note 24.2)	14,323,021	27,848,051
Low grade bauxite	1,383,664	1,450,961
Kaolin	240,154	173,620
Magnesite	149,308	165,539
Total (Note 24)	16,096,147	29,638,171

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

	Year ended December 31, 2015	Year ended December 31, 2014
Net income from operating mines before severance fee for the year	72,914,394	146,976,824
25% of the year's net income as defined	18,228,599	36,744,206
Hypothetical income tax based on year's taxable net income	15,399,269	30,311,175
Provision based on the lower of the above two computations	15,399,269	30,311,175
Provision for zakat (Note 23.3)	(1,076,248)	(2,463,124)
Net severance fee provision for the year (Note 24.1)	14,323,021	27,848,051

25. Employees' benefits

	December 31, 2015	December 31, 2014
Employees' termination benefits (Note 25.1)	304,497,276	254,443,608
Employees' savings plan (Note 7 and 25.2)	48,807,054	35,931,821
Total	353,304,330	290,375,429

25.1 Employees' termination benefits

	2015	2014
January 1	254,443,608	193,438,653
Provision for the year	79,567,555	92,706,633
Paid during the year	(29,513,887)	(31,701,678)
December 31	304,497,276	254,443,608

25.2 Employees' savings plan

	2015	2014
January 1	35,931,821	21,391,928
Contribution for the year	23,582,534	21,992,430
Withdrawals during the year	(10,707,301)	(7,452,537)
December 31 (Note 4.19 and 7)	48,807,054	35,931,821

26. Obligation under capital lease

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

	December 31, 2015	December 31, 2014
Future minimum lease payments	45,506,127	61,108,225
Less: Financial charges not yet due	(6,341,750)	(10,994,872)
Net present value of minimum lease payments	39,164,377	50,113,353
Less: Current portion shown under current liabilities	(12,131,184)	(10,948,977)
Long term portion of obligation under capital leases	27,033,193	39,164,376

26. Obligation under capital lease (continued)***Maturity profile***

	December 31, 2015	December 31, 2014
Minimum lease payment falling due during years ending December 31:		
2015	-	15,602,100
2016	15,602,100	15,602,100
2017	15,602,100	15,602,100
2018	14,301,927	14,301,925
Total	<u>45,506,127</u>	<u>61,108,225</u>

The present value of minimum lease payments has been discounted at an effective interest rate of approximately 0.858% per month. The leased assets as at December 31, 2015 of SAR 44,947,425 (December 31, 2014: SAR 52,544,181) are pledged as security to the lessor (Note 13).

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Notes to the consolidated financial statements for the year ended December 31, 2015

(All amounts in Saudi Riyals unless otherwise stated)


27. Provision for mine closure and reclamation

	December 31, 2015	December 31, 2014
Gold mines (Note 27.1)	133,545,896	110,389,199
Al-Baitha bauxite mine (Note 27.2)	20,251,378	18,856,531
Low grade bauxite, kaolin and magnesite mines (Note 27.3)	4,314,600	2,050,000
Total	158,111,874	131,295,730

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

27.1 Gold mines

	Notes	Mahad mine	Al Hajar mine	Sukhaybarat mine	Bulghah mine	Al Amar mine	As Suq mine	Ad Duwayhi mine	Total
January 1, 2014		20,715,231	5,531,810	20,315,131	21,661,407	13,217,044	-	-	81,440,623
Additions during the year	13	5,416,381	1,727,802	4,457,752	3,286,600	2,611,812	16,977,850	-	34,478,197
Utilization during the year		-	(5,377,621)	(152,000)	-	-	-	-	(5,529,621)
December 31, 2014		26,131,612	1,881,991	24,620,883	24,948,007	15,828,856	16,977,850	-	110,389,199
Additions during the year	14	-	-	-	-	-	-	26,250,000	26,250,000
Adjustment on provision during the year	13	-	-	-	-	-	(1,211,312)	-	(1,211,312)
Utilization during the year		-	(1,881,991)	-	-	-	-	-	(1,881,991)
December 31, 2015		26,131,612	-	24,620,883	24,948,007	15,828,856	15,766,538	26,250,000	133,545,896

Commenced commercial production in	1988	2001	1991	2001	2008	2014	2016
Expected closure date in	2019	2014	2039	2018	2026	2021	2027

27. Provision for mine closure and reclamation (continued)

27.2 Al-Baitha bauxite mine

	Notes	Total
December 31, 2014		-
Additions during the year	14	18,288,131
Accretion of provision during the year	40	568,400
December 31, 2014		18,856,531
Accretion of provision during the year	40	1,394,847
December 31, 2015		20,251,378
Commenced commercial production in		2014
Expected closure date in		2059

27.3 Low grade bauxite, kaolin and magnesite mines

		Az Zabirah mine	Al-Ghazallah mine	Total
December 31, 2014		1,600,000	450,000	2,050,000
Additions during the year	13	2,264,600	-	2,264,600
December 31, 2015		3,864,600	450,000	4,314,600
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, bauxite, low grade bauxite, kaolin and magnesite mining activity. An updated 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.

28. Long-term borrowings

28.1 Facilities approved

MPC, MAC, MRC, MBAC and MWASPC entered into Common Terms Agreements ("CTA") with the Public Investment Fund and consortiums of financial institutions, the Company (Ma'aden) entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement and MGBM entered into two secured loan arrangements with Saudi Industrial Development Fund ("SIDF").

The facilities granted to the Group comprise of the following as at December 31, 2015:

	MPC agreement signed on June 15, 2008	MAC agreement signed on Nov. 30, 2010	MRC agreement signed on Nov. 30, 2010	MBAC agreement signed on Nov. 27, 2011	MWASPC agreement signed on June 30, 2014	Ma'aden agreement signed on Dec. 18, 2012	MGBM agreement signed on Mar. 24, 2015	MIC agreement signed on Dec. 30, 2015	Total
Public Investment Fund ("PIF")	4,000,001,250	4,875,000,000	3,078,750,000	3,750,000,000	7,500,000,000	-	-	-	23,203,751,250
<u>Islamic and commercial banks</u>									
Procurement*	4,269,892,500	5,047,500,000	1,041,000,000	2,690,712,844	4,257,610,466	-	-	-	17,306,715,810
Commercial*	1,491,562,500	900,000,000	-	258,750,000	5,439,889,534	-	-	-	8,090,202,034
Al-Rajhi Bank	2,343,750,000	-	-	-	-	-	-	-	2,343,750,000
The Export Import Bank of Korea	1,500,000,000	-	-	-	-	-	-	-	1,500,000,000
Korea Export Insurance corporation	750,000,000	-	-	-	-	-	-	-	750,000,000
Wakala	-	787,500,000	-	768,750,000	1,650,000,000	-	-	-	3,206,250,000
Sub-total	10,355,205,000	6,735,000,000	1,041,000,000	3,718,212,844	11,347,500,000	-	-	-	33,196,917,844
Saudi Industrial Development Fund ("SIDF")	600,000,000	600,000,000	600,000,000	900,000,000	-	-	1,379,000,000	-	4,079,000,000
Riyal Murabaha facility	-	-	-	-	-	-	-	1,000,000,000	1,000,000,000
Riyal Murabaha facility (a working capital facility)	-	375,000,000	375,000,000	-	-	-	-	-	750,000,000
Sub-total	14,955,206,250	12,585,000,000	5,094,750,000	8,368,212,844	18,847,500,000	-	1,379,000,000	1,000,000,000	62,229,669,094
Syndicated Revolving Credit Facility Agreement	-	-	-	-	-	9,000,000,000	-	-	9,000,000,000
Total facilities granted	14,955,206,250	12,585,000,000	5,094,750,000	8,368,212,844	18,847,500,000	9,000,000,000	1,379,000,000	1,000,000,000	71,229,669,094

28.1 Facilities approved (continued)

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

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, SABB Securities Limited acts as onshore security agent and Riyadh Bank, London Branch acts as offshore security trustee and agent.

MRC facility

Facility Agent, SABB Securities Limited acts as Onshore Security Agent and Riyadh Bank, London Branch acts as Offshore Security Trustee and Agent.

MBAC facility

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

MWASPC facility

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

28.1 Facilities approved (continued)***Saudi Arabian Mining Company ("Ma'aden")***

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

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

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

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

MGBM Facility

The company entered into two secured loan arrangements with Saudi Industrial Development Fund ("SIDF") to provide funding for the production of semi alloy of gold at As Suq mine and also for the capital expenditures of the new gold mine at Ad-Duwayhi.

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

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

MIC Facility

The company entered into a long-term Murabaha agreement to raise SAR 1 billion over the six months ending June 30, 2016 to repay the advance made by the sole shareholder of SAR 929 million with a surplus of SAR 71 million towards general corporate purposes.

The agreement was signed on December 30, 2015, the drawdown will happen in the first six months of the date of signing the agreement and the initial repayment of the long term borrowing will commence twelve months after the signing date, in equal principal repayments of SAR 39 million, on a semi-annual basis over a 10 year period with the final principal repayment of SR 298 million on December 30, 2025.

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

	December 31, 2015	December 31, 2014
Public Investment Fund	3,001,600,938	3,334,401,042
Less: Repaid during the year	332,800,103	332,800,104
Sub-total (Note 43.2)	2,668,800,835	3,001,600,938

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 SAR 166.4 million, with the final repayment of SAR 172.8 million on December 31, 2023 (Note 28.6).

Islamic and commercial banks

Saudi Riyal procurement	3,693,457,013	3,906,951,637
Al-Rajhi Bank	2,027,343,750	2,144,531,250
The Export Import Bank of Korea	1,230,000,000	1,337,250,000
Commercial	965,826,563	1,021,654,688
Korea Export Insurance Corporation	615,000,000	668,625,000
	8,531,627,326	9,079,012,575
Less: Repaid during the year	625,411,276	547,385,250
Sub-total	7,906,216,050	8,531,627,325

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% to 1.15% per annum.

The repayment of this loan started on June 30, 2012, on a six monthly basis, starting at SAR 255.1 million and increasing over the term of the loan with the final repayment of SAR 1,285 million on December 31, 2023 (Note 28.6).

Saudi Industrial Development Fund	460,000,000	540,000,000
Less: Repaid during the year	90,000,000	80,000,000
Sub-total	370,000,000	460,000,000

The project follow-up cost paid during the drawdown amounted to SAR 6.3 million.

Repayment of this loan started on February 26, 2013, on a six monthly basis, starting at SAR 40 million and increasing over the term of the loan with the final repayment of SAR 50 million on June 19, 2019 (Note 28.6).

Total MPC borrowings (Note 28.5)	10,945,016,885	11,993,228,263
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28.2 Facilities utilized under the different CTAs (continued)**MAC facility**

	December 31, 2015	December 31, 2014
Public Investment Fund	4,775,062,500	4,875,000,000
Less: Repaid during the year	199,875,000	99,937,500
Sub-total (Note 43.2)	4,575,187,500	4,775,062,500

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

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

Islamic and commercial banks

Dollar procurement	910,935,000	930,000,000
Saudi Riyal procurement	4,033,091,250	4,117,500,000
Commercial	881,550,000	900,000,000
Wakala	771,356,250	787,500,000
	6,596,932,500	6,735,000,000
Less: Repaid during the year	276,135,000	138,067,500
Sub-total	6,320,797,500	6,596,932,500

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

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

Saudi Industrial Development Fund	570,000,000	570,000,000
Less: Repaid during the year	50,000,200	-
Sub-total	519,999,800	570,000,000

Repayment of the SIDF facility started from February 4, 2015. The repayments are starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on June 7, 2020.

Riyal Murabaha facility	375,000,000	375,000,000
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The rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is Saudi Interbank Offered Rate ("SIBOR") plus 1.75%.

The repayment of Murabaha facility is due on March 31, 2016.

Total MAC borrowings (Note 28.5)	11,790,984,800	12,316,995,000
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28.2 Facilities utilized under the different CTAs (continued)**MRC facility**

	December 31, 2015	December 31, 2014
Public Investment Fund (Note 43.2)	3,078,750,000	2,938,383,972
<p>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%.</p> <p>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 SAR 30.8 million and increasing over the term of the loan with the final repayment of SAR 153.9 million on June 30, 2026.</p>		
Islamic and commercial banks		
Riyal procurement	1,041,000,000	983,317,601
<p>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.</p> <p>The repayment of the principal amounts of loans will start from December 31, 2016. The repayments are starting at SAR 10.4 million and increasing over the term of the loan with the final repayment of SAR 13.5 million on June 30, 2026.</p>		
Saudi Industrial Development Fund	570,000,000	540,000,000
<p>Repayment of the SIDF facility will start from January 25, 2016.</p> <p>The repayments are starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on July 19, 2021.</p>		
Riyal Murabaha facility	375,000,000	-
<p>The rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is Saudi Interbank Offered Rate ("SIBOR") plus 0.95%.</p> <p>The repayment of Murabaha facility is due on August 31, 2017.</p>		
Total MRC borrowings (Note 28.5)	<u>5,064,750,000</u>	<u>4,461,701,573</u>

28.2 Facilities utilized under the different CTAs (continued)**MBAC facility**

	December 31, 2015	December 31, 2014
Public Investment Fund (Note 43.2)	3,750,000,000	3,220,543,013

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

The repayment of the principal amount of PIF facility will be in 21 installments on a six monthly basis starting from June 30, 2017. The repayments are starting at SAR 75 million and increasing over the term of the loan with the final repayment of SAR 435 million on June 30, 2028.

Islamic and commercial banks

Dollar procurement	799,500,000	678,624,769
Riyal procurement	1,891,212,844	1,605,283,155
Commercial	258,750,000	219,629,971
Wakala	768,750,000	768,749,963
Sub-total	3,718,212,844	3,272,287,858

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

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

Saudi Industrial Development Fund	743,035,677	375,000,000
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SIDF has withheld loan processing and evaluation fee of SAR 75 million.

Repayment of the SIDF facility will start from July 2017. The repayments are starting at SAR 40 million and increasing over the term of the loan with the final repayment of SAR 80 million in April 2021.

Total MBAC borrowings (Note 28.5)	8,211,248,521	6,867,830,871
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28.2 Facilities utilized under the different CTAs (continued)***MWASPC facility***

	December 31, 2015	December 31, 2014
Public Investment Fund	3,954,229,920	2,222,806,144
Less: Transaction cost balance as of the year	71,307,385	73,478,626
Sub-total (Note 43.2)	3,882,922,535	2,149,327,518

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

The repayment of the principal amount of loan will be in 24 installments on a six monthly basis starting from June 30, 2019. The repayments are starting at SAR 112.5 million and increasing over the term of the loan with the final repayment of SAR 606 million on December 31, 2030.

Islamic and commercial banks

Dollar procurement facility	174,565,346	96,651,278
Saudi Riyal procurement facility	1,502,683,523	831,988,041
Wakala	853,430,583	472,517,352
Commercial facility	2,847,314,693	1,414,308,624
Sub-total	5,377,994,145	2,815,465,295
Less: Transaction cost balance as of the year	109,070,785	122,628,733
Sub-total	5,268,923,360	2,692,836,562

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

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

Total MWASPC borrowings (Note 28.5)	9,151,845,895	4,842,164,080
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28.3 Facilities utilized under the Syndicated Revolving Credit Facility***Ma'aden***

	December 31, 2015	December 31, 2014
Syndicated Revolving Credit Facility (Note 28.5)	-	4,430,000,000

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

28.4 MGBM facility

	December 31, 2015	December 31, 2014
Saudi Industrial Development Fund	235,191,897	-
<p>The transaction cost paid upfront at the time of the first drawdown amounted to SAR 13.4 million. This amount will be amortized over the term of the loan. Repayment of this loan will start on July 20, 2016, on a six monthly basis, starting at SAR 8 million and increasing over the term of the loan until the final repayment of SAR 18 million on November 9, 2022.</p>		
Total MGBM borrowings (Note 28.5)	235,191,897	-

28.5 Total borrowings

	December 31, 2015	December 31, 2014
Facilities utilized under:		
CTAs (Note 28.2):		
MPC	10,945,016,885	11,993,228,263
MAC	11,790,984,800	12,316,995,000
MRC	5,064,750,000	4,461,701,573
MBAC	8,211,248,521	6,867,830,871
MWASPC	9,151,845,895	4,842,164,080
Syndicated Revolving Credit Facility (Note 28.3):		
Ma'aden	-	4,430,000,000
MGBM facility (Note 28.4)	235,191,897	-
Sub-total	45,399,037,998	44,911,919,787
Less: Current portion of borrowings shown under current liabilities		
MPC	1,089,112,404	1,048,211,379
MAC	951,010,000	526,010,000
MRC	91,197,500	-
Sub-total	2,131,319,904	1,574,221,379
Long-term portion of borrowings	43,267,718,094	43,337,698,408

28.6 Maturity profile of long-term borrowings

	December 31, 2015	December 31, 2014
2015	-	1,574,221,579
2016	2,139,319,904	2,131,319,904
2017	2,554,245,922	6,601,245,918
2018	2,810,503,199	2,465,652,068
2019	3,347,766,713	2,808,477,632
2020	3,473,132,097	3,058,232,847
2021 through 2031	31,074,070,163	26,272,769,839
Total	45,399,037,998	44,911,919,787

28.6 Maturity profile of long-term borrowings

As of December 31, 2015, current portion of MPC's long-term borrowings of SAR 1,089,112,404 is included in the maturity profile due in the next 12 months. Out of this amount, SAR 544,556,202 (December 31, 2014: SAR 503,655,177) is restricted in the debt service reserve account for the next schedule repayment, six months prior to the due date, as per the facility agreement (Note 7).

28.7 Facilities' currency denomination

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

	December 31, 2015 (US\$)	December 31, 2014 (US\$)
Public Investment Fund	4,788,176,231	4,289,311,451
Islamic and commercial banks		
Procurement	3,122,118,824	2,957,627,895
Al-Rajhi Bank	506,250,000	540,625,000
The Export Import Bank of Korea	292,400,000	328,000,000
Korea Export Insurance Corporation	146,200,000	164,000,000
Commercial	1,286,141,272	918,726,501
US Dollar procurement	490,955,406	447,921,081
Wakala	623,974,433	530,300,015
Sub-total	6,468,039,935	5,887,200,492
Saudi Industrial Development Fund	650,193,966	518,666,667
Riyal Murabaha facility (a working capital facility)	200,000,000	100,000,000
Syndicated Revolving Credit Facility	-	1,181,333,333
Total	12,106,410,132	11,976,511,943

28.8 Security

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

	December 31, 2015	December 31, 2014
Property, plant and equipment (Note 13)	35,706,647,560	37,117,483,423
Capital work-in-progress (Note 14)	37,197,115,376	23,402,531,540
Intangible assets (Note 17)	85,374,130	102,306,186
Total	72,989,137,066	60,622,321,149

29. Due to joint venture partners

	December 31, 2015	December 31, 2014
Due to Alcoa Inc.* (Note 43.2)	300,703,363	241,875,238
Due to Mosaic ** (Note 43.2)	14,983,460	203,949,242
Due to SABIC ** (Note 43.2)	-	112,489,397
Total	315,686,823	558,313,877

*Due to Alcoa Inc. represents their share of 25.1% in the joint venture project cost to extend the product mix of the 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 jointly develop a fully integrated phosphate production facility at Wa'ad Al Shamal Mineral Industrial City, such facility was incorporated in the Kingdom of Saudi Arabia under MWASPC.

30. Share capital

	December 31, 2015	December 31, 2014
Authorized, issued and fully paid		
925,000,000 Ordinary shares with a nominal value of SAR 10 per share	9,250,000,000	9,250,000,000
243,478,261 Ordinary shares with a nominal value of SAR 10 per share, following a rights issue	2,434,782,610	2,434,782,610
1,168,478,261 Total (Note 1)	11,684,782,610	11,684,782,610

On 20 Rabi Awal 1436H (corresponding to November 13, 2014) in the Extraordinary General Assembly Meeting, the shareholders of the Company approved the Board of Directors' recommendation to increase the share capital of the Company by way of a rights issue offering, amounting to SAR 5,600,000,044. The rights issue offering resulted in the issuing of 243,478,261 ordinary shares at an exercise price of SAR 23 per share (SAR 10 nominal value plus premium of SAR 13 per share) thereby increasing the share capital by SAR 2,434,782,610 and share premium by SAR 3,165,217,434.

During December 2014, the Company completed the rights issue offering and received the proceeds from the offering.

31. Share premium

	December 31, 2015	December 31, 2014
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
243,478,261 Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 13 per share	3,165,217,434	3,165,217,434
Less: Transaction cost	23,865,737	23,865,737
Net increase in share premium	3,141,351,697	3,141,351,697
768,478,261 Total	8,391,351,697	8,391,351,697

32. Transfer of net income

	<u>2015</u>	<u>2014</u>
January 1	697,394,239	561,660,119
Transfer of 10% of net income for the year	60,517,395	135,734,120
December 31	<u>757,911,634</u>	<u>697,394,239</u>

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.

33. Non-controlling interest

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
33.1 Ma'aden Aluminum Company				
January 1, 2014	1,650,011,250	-	(7,170,225)	1,642,841,025
Share of net income for the year	-	-	17,240,749	17,240,749
December 31, 2014	1,650,011,250	-	10,070,524	1,660,081,774
Share of net loss for the year	-	-	(52,641,695)	(52,641,695)
December 31, 2015	<u>1,650,011,250</u>	-	<u>(42,571,171)</u>	<u>1,607,440,079</u>
33.2 Ma'aden Rolling Company				
January 1, 2014	482,453,375	67,955,695	(2,147,089)	548,261,981
Share of net loss for the year	-	-	(4,263,464)	(4,263,464)
Payments to increase share capital during the year	-	85,185,220	-	85,185,220
Increase in non-controlling interest during the year	132,247,720	(132,247,720)	-	-
December 31, 2014	614,701,095	20,893,195	(6,410,553)	629,183,737
Share of net loss for the year	-	-	(9,821,403)	(9,821,403)
Payments to increase share capital during the year	-	28,363,458	-	28,363,458
December 31, 2015	<u>614,701,095</u>	<u>49,256,653</u>	<u>(16,231,956)</u>	<u>647,725,792</u>

33. Non-controlling interest (continued)

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
33.3 Ma'aden Bauxite and Alumina Company				
January 1, 2014	952,544,972	46,475,776	(5,036,373)	993,984,375
Share of net loss for the year	-	-	(2,406,099)	(2,406,099)
Payments to increase share capital during the year	-	259,399,597	-	259,399,597
Increase in non-controlling interest during the year	170,680,000	(170,680,000)	-	-
December 31, 2014	1,123,224,972	135,195,373	(7,442,472)	1,250,977,873
Share of net loss for the year	-	-	(2,568,300)	(2,568,300)
Payments to increase share capital during the year	-	21,679,654	-	21,679,654
Increase in non-controlling interest during the year	83,278,002	(83,278,002)	-	-
December 31, 2015	1,206,502,974	73,597,025	(10,010,772)	1,270,089,227
33.4 Ma'aden Phosphate Company				
January 1, 2014	1,862,544,000	-	200,060,127	2,062,604,127
Share of net income for the year	-	-	369,953,099	369,953,099
December 31, 2014	1,862,544,000	-	570,013,226	2,432,557,226
Dividend paid during the year (Note 43.1)	-	-	(330,000,000)	(330,000,000)
Share of net income for the year	-	-	270,315,026	270,315,026
December 31, 2015	1,862,544,000	-	510,328,252	2,372,872,252
33.5 Ma'aden Wa'ad Al Shamal Phosphate Company				
January 27, 2014 – date of incorporation	600,750	-	-	600,750
Issuance of non-controlling interest during the period	851,400,000	-	-	851,400,000
Share of net loss for the period	-	-	(1,236,162)	(1,236,162)
December 31, 2014	852,000,750	-	(1,236,162)	850,764,588
Share of net loss for the year	-	-	(2,380,998)	(2,380,998)
Issuance of non-controlling interest during the year	1,350,000,000	-	-	1,350,000,000
December 31, 2015	2,202,000,750	-	(3,617,160)	2,198,383,590

33. Non-controlling interest (continued)

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
33.6 Summary total				
January 1, 2014	4,947,553,597	114,431,471	185,706,440	5,247,691,508
Share of net income for the period / year	-	-	379,288,123	379,288,123
Payments to increase share capital during the year (Note 43.1)	-	344,584,817	-	344,584,817
Increase in non-controlling interest during the period / year	1,154,928,470	(302,927,720)	-	852,000,750
December 31, 2014	6,102,482,067	156,088,568	564,994,563	6,823,565,198
Dividend paid during the year (Note 43.1)	-	-	(330,000,000)	(330,000,000)
Share of net income for the year	-	-	202,902,630	202,902,630
Payments to increase share capital during the year (Note 43.1)	-	50,043,112	-	50,043,112
Increase in non-controlling interest during the year	1,433,278,002	(83,278,002)	-	1,350,000,000
December 31, 2015	7,535,760,069	122,853,678	437,897,193	8,096,510,940

34. Sales

	Year ended December 31, 2015	Year ended December 31, 2014
Phosphate segment		
Diammonium phosphate fertilizer	4,542,770,526	4,098,250,476
Ammonia	761,572,269	1,302,796,696
Low grade bauxite	96,837,110	99,531,392
Caustic calcined magnesnia	48,532,148	49,855,257
Kaolin	38,388,067	26,793,657
Sub-total	5,488,100,120	5,577,227,478
Aluminum segment		
Since commencement of commercial production September 1, 2014	4,762,750,070	2,376,424,767
Before commencement of commercial production	-	2,121,518,050
Sub-total	4,762,750,070	4,497,942,817
Precious and base metals segment		
Gold	705,215,748	715,132,467
Infrastructure		
Infrastructure revenue	60,000	1,580,125
Total	10,956,125,938	10,791,882,887
Gold sales analysis		
Quantity of gold ounces (Oz) sold	164,938	151,582
Average realized price per ounce (Oz) in:		
US\$	1,140	1,258
Saudi Riyals (equivalent)	4,276	4,718

35. Cost of sales

	Year ended December 31, 2015	Year ended December 31, 2014
Salaries and staff related benefits	766,935,805	464,574,216
Contracted services	407,524,000	261,196,410
Repairs and maintenance	61,641,329	67,569,105
Consumables	104,894,447	110,504,633
Overheads	358,339,102	104,139,350
Raw material and utilities consumed	4,507,871,792	5,224,836,902
Inventory losses	121,212,929	76,849,341
Addition / (reversal) of inventory obsolescence (Note 10)	625,666	(1,046,546)
Deferred stripping expense (Note 16)	36,589,184	1,759,937
Severance fees (Note 24)	17,934,852	35,068,957
Sale of by-products (Note 35.1)	(8,058,724)	(32,611,346)
Total cash operating costs	6,375,510,382	6,312,840,959
Depreciation (Note 13)	2,171,612,693	1,496,498,745
Amortization (Note 17)	40,771,932	23,951,854
Total operating costs	8,587,895,007	7,833,291,558
Increase in inventory (Note 10)	(70,813,271)	(156,418,974)
Total	8,517,081,736	7,676,872,584

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

	Year ended December 31, 2015	Year ended December 31, 2014
Copper	4,066,547	15,327,002
Zinc	2,931,306	13,339,033
Silver	1,060,871	3,945,311
Total (Note 35)	8,058,724	32,611,346

36. Selling, marketing and logistic expenses

	Year ended December 31, 2015	Year ended December 31, 2014
Salaries and staff related benefits	33,908,210	26,271,024
Contracted services	20,076,668	32,367,085
Freight and overheads	156,026,900	112,966,692
Consumables	122,947	234,946
Deductibles	128,752,748	144,417,478
Marketing fees	125,843,044	132,489,189
Other selling expenses	38,023,091	24,388,953
Amortization (Note 17)	29,119,343	9,706,448
Total	531,872,951	482,841,815

37. General and administrative expenses

	Year ended December 31, 2015	Year ended December 31, 2014
Salaries and staff related benefits	306,316,781	278,692,388
Contracted services	52,519,186	87,922,295
Overheads and other	43,374,730	44,300,370
Consumables	3,284,681	3,618,949
Repair parts	707,717	945,459
Provision for doubtful debts	3,200,000	-
Impairment of property, plant and equipment	10,494,925	-
Depreciation (Note 13)	34,748,428	29,012,333
Amortization (Note 17)	4,227,308	649,444
Total	458,873,756	445,141,238

38. Exploration and technical services expenses

	Year ended December 31, 2015	Year ended December 31, 2014
Salaries and staff related benefits	59,273,382	61,667,647
Contracted services	52,003,363	88,945,684
Overheads and other	6,164,744	12,324,903
Consumables	1,548,428	3,407,632
Repair parts	1,190,513	631,471
Depreciation (Note 13)	3,269,930	1,275,877
Impairment of exploration and evaluation asset (Note 15)	20,306,493	21,306,251
Total	143,756,853	189,559,465

39. Income from short-term investments

	Year ended December 31, 2015	Year ended December 31, 2014
Income received and accrued on short-term investment	35,583,877	10,563,669

40. Finance charges

	Year ended December 31, 2015	Year ended December 31, 2014
Public Investment Fund	117,755,419	57,944,575
Saudi Riyal procurement	152,174,784	86,722,727
Al-Rajhi Bank	26,552,371	26,727,423
The Export Import Bank of Korea	11,479,391	11,739,610
Korea Export Insurance Corporation	5,567,746	6,194,535
Commercial	34,243,013	20,512,072
US Dollar procurement	22,436,639	7,404,592
Wakala	22,555,454	9,370,520
Saudi Industrial Development Fund	6,266,101	8,748,000
Riyal Murabaha Facility	10,119,728	3,474,935
Revolving Credit Facility	34,247,548	62,238,584
Others	5,659,802	1,892,000
Sub-total	449,057,996	302,969,573
Accretion of provision for mine closure and reclamation (Note 27.2)	1,394,847	568,400
Total (Note 40.1)	450,452,843	303,537,973

40.1 Summary of finance charges

	Year ended December 31, 2015	Year ended December 31, 2014
Expensed during the year (Note 40)	449,057,996	302,969,573
Capitalized as part of qualifying assets in capital work-in-progress during the year (Note 14)	443,009,951	483,398,891
Total	892,067,947	786,368,464

41. Other income, net

	Year ended December 31, 2015	Year ended December 31, 2014
Other income, net	56,410,062	101,534,028

42. Earnings per ordinary share

	Year ended December 31, 2015	Year ended December 31, 2014
Net income attributable to the shareholders of the parent company	605,173,945	1,357,341,201
Weighted average number of ordinary shares in issue during the year (Note 30)	1,168,478,261	986,920,191
Basic and diluted earnings per ordinary share from continuing operations	0.52	1.38

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 year.

43. Related party transactions and balances**43.1 Related party transactions**

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

	Year ended December 31, 2015	Year ended December 31, 2014
Sales through SABIC	3,107,384,719	3,364,576,725
<u>Sales to Alcoa Inespal, S.A.</u>		
Since commencement of commercial production September 1, 2014 (Note 6.2)	1,110,685,573	452,703,269
Before commencement of commercial production	-	640,408,942
Total	1,110,685,573	1,093,112,211
Cost of seconded employees, technology fee and other cost paid to Alcoa Inc. during the year	530,834,985	755,639,600
Raw material feedstock purchased from Alcoa Australia	668,007,797	1,729,072,713
Dividend paid to SABIC (Note 33.4 and 33.6)	330,000,000	-
Payments to increase share capital received from Alcoa Inc. (Note 33.6)	50,043,112	344,584,817
Long-term loan to MBCC (Note 20)	-	626,197,939

43.2 Related party balances

	December 31, 2015	December 31, 2014
Amount due from / (to) related parties arising from transaction with related parties are as follows:		
<i>Receivables from related parties</i>		
Due from Alcoa Inespal, S.A. (Note 9)	87,897,065	-
Due from SABIC (Note 9)	407,155,456	426,937,770
Due from SAMAPCO (Note 9)	47,998,419	47,998,419
Due from Saudi Mining Polytechnic (Note 9)	2,166,504	4,813,789
Total	545,217,444	479,749,978
<i>Due from joint venture partners</i>		
Current portion:		
Due from Mosaic (Note 12)	450,000,000	-
Due from SABIC (Note 12)	270,000,000	-
Sub-total (Note 12)	720,000,000	-
Non-current portion:		
Due from Mosaic (Note 12)	-	450,000,000
Due from SABIC (Note 12)	-	270,000,000
Sub-total (Note 12)	-	720,000,000
Total	720,000,000	720,000,000
<i>Long-term loan due from a related party</i>		
Due from MBCC (Note 20)	626,197,939	626,197,939
<i>Payable to related parties</i>		
Accrued expenses – Alcoa Inc. (Note 22)	67,026,655	103,982,687
Payments to increase share capital received from Alcoa Inc. (Note 33.6)	122,853,678	156,088,568
<i>Long-term borrowings from PIF, a 50% shareholder in Ma'aden</i>		
Due to PIF for the financing of the :		
MPC facility (Note 28.2)	2,668,800,835	3,001,600,938
MAC facility (Note 28.2)	4,575,187,500	4,775,062,500
MRC facility (Note 28.2)	3,078,750,000	2,938,383,972
MBAC facility (Note 28.2)	3,750,000,000	3,220,543,013
MWASPC facility (Note 28.2)	3,882,922,535	2,149,327,518
Total	17,955,660,870	16,084,917,941
<i>Due to joint venture partners:</i>		
Due to Alcoa Inc. (Note 29)	300,703,363	241,875,238
Due to Mosaic (Note 29)	14,983,460	203,949,242
Due to SABIC (Note 29)	-	112,489,397
Total	315,686,823	558,313,877

44. Operating lease agreements

	Year ended December 31, 2015	Year ended December 31, 2014
Payments under operating leases recognized as an expense during the year	8,081,750	8,680,006
Future minimum operating lease commitments due under these operating leases are as follows:		
2015	-	8,428,856
2016	7,206,356	7,206,356
2017	3,718,856	3,718,856
2018	3,718,856	3,718,856
2019	3,718,856	3,718,856
2020	3,608,856	3,608,856
2021 through 2041	41,611,855	42,826,311
Total	63,583,635	73,226,947

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.

45. Commitments and contingent liabilities

	December 31, 2015	December 31, 2014
Capital expenditures:		
Contracted for	9,798,486,724	15,228,351,512
Guarantees:		
Guarantee in favor of Saudi Aramco, for future diesel and gas feedstock supplies	302,492,405	276,293,968
Guarantee in favor of Ministry of Petroleum and Mineral Resources for the development of aluminum project*	-	225,000,000
Guarantees in favor of Ministry of Petroleum and Mineral Resources, for future purified phosphoric acid, fuel and feed stocks supplies	262,500,000	-
Guarantees in favor of SIDF and other financial institutions for financing facilities available to:**		
MGBM	1,379,000,000	-
MAC	449,400,000	449,400,000
MRC	449,400,000	449,400,000
MBAC	674,100,000	674,100,000
MPC	420,000,000	420,000,000
SAMAPCO	450,000,000	450,000,000
MBCC	375,000,000	-
Sub-total	4,196,900,000	2,442,900,000
Guarantee in favor of Saudi Port	18,162,608	6,671,580
Others	1,488,750	157,080
Total	4,781,543,763	2,951,022,628

45. Commitments and contingent liabilities (continued)

*Ma'aden has received a back-to-back letter of credit, for the development of the aluminum project, from Alcoa Inc. 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.

**Ma'aden has also provided guarantees to SIDF for making financing facilities available to:

- MAC, MRC and MBAC to the extent of its shareholding of 74.9% (Note 28.1 and 28.2)
- MPC to the extent of its shareholding of 70% (Note 28.1 and 28.2) and
- SAMAPCO and MBCC to the extent of its shareholding of 50%

Contingent liabilities

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

46. Financial risk management

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

46.1 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.

46.2 Fair value risk

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 Group's financial assets and liabilities are not materially different from their carrying values.

46.3 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 as at December 31, 2015, the effect on net earnings of a 1% movement in the US Dollar LIBOR commission rate would be SAR 408 million (December 31, 2014: SAR 399 million). These balances will not remain consistent throughout 2016.

46.4 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.

46.5 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 three major customers which account for sales of approximately SAR 4,544 million, representing 41% of the Group's sales for the year ended December 31, 2015 (December 31, 2014: SAR 2,493 million representing 27% of Group's sales from three major customers). Trade receivables are carried net of allowance for doubtful debts, if needed.

46.6 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.

47. Events after the reporting date

No events have arisen subsequent to December 31, 2015 and before the date of signing the audit report, that could have a significant effect on the consolidated financial statements as at December 31, 2015.

48. Comparative figures

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

49. Contingent assets held and liabilities incurred under fiduciary administration

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

- USD 500 million for the design and construction of the basic infrastructure and required utilities of the industrial city, and
- USD 200 million for the design and construction of the housing and required social facilities for the proposed industrial city.

An additional amount of USD 250 million has been received during the year ended December 31, 2014 and these amounts have been deposited in a separate bank account and does not form part of MIC's available cash resources and has been accounted for in its own standalone accounting records and has not been integrated with MIC's accounting records. Therefore the total amount received from the USD 700 million approved by the Council of Ministers, equals USD 390 million, with the remaining balance still to be received of USD 310 million. 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 December 31, 2015 amounted to SAR 1,462,500,000 (December 31, 2014: SAR 1,462,500,000).

50. Detailed information about the subsidiaries and jointly controlled entities

Subsidiary	Nature of business	Issued, paid-up and partly paid-up share capital		Effective group interest %		Cost of investment by parent company	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Ma'aden Gold and Base Metals Company ("MGBM")	Gold mining	867,000,000	867,000,000	100	100	867,000,000	867,000,000
Ma'aden Infrastructure Company ("MIC")	Manage and develop infrastructure projects	500,000	500,000	100	100	500,000	500,000
Industrial Minerals Company ("IMC")	Kaolin, low grade bauxite and magnesite mining	344,855,200	344,855,200	100	100	344,855,200	344,855,200
Ma'aden Aluminum Company ("MAC")	Aluminum ingots, t-bars, slabs and billets	6,573,750,000	6,573,750,000	74.9	74.9	4,923,738,750	4,923,738,750
Ma'aden Rolling Company ("MRC")	Aluminum sheets for can body and lids	2,449,008,348	2,449,008,348	74.9	74.9	1,834,307,253	1,834,307,253
Ma'aden Bauxite and Alumina Company ("MBAC")	Bauxite mining and refining	4,806,784,758	4,474,999,888	74.9	74.9	3,600,281,784	3,351,774,916
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 Wa'ad Al Shamal Phosphate Company ("MWASPC")	Phosphate mining and fertilizer producer	5,505,001,875	2,130,001,875	60	60	3,303,001,125	1,278,001,125
Total						19,219,620,112	16,946,113,244
Jointly controlled entities							
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
Ma'aden Barrick Copper Company ("MBCC")	Production of copper, silver, zinc, nickel, gold, lead, sulphur and cobalt	404,965,291	10,000,000	50	50	202,482,646	5,000,000
Total						652,482,646	455,000,000

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