



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

Consolidated financial statements
for the year ended December 31, 2013

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Commercial registration number 1010164391

Directors	Engr. Abdallah Bin Saif Al-Saif H.E. Soliman Bin Saad Al-Hamyd H.E. Sulaiman Bin Abdulrahman Al Gwaiz H.E. Mohammed Bin Abdullah Al-Kharashi Dr. Ziad Bin Abdulrahman Al-Sudairy Mr. Sultan Bin Jamal Shawli Engr. Khalid Saleh Al Mudaifer Mr. Mansour Bin Saleh Al-Maiman Engr. Khalid Bin Hamad Al-Senani Engr. Abdulaziz Bin Abdullah Al Sugair	- Chairman - (Resigned December 31, 2013) - (Appointed January 1, 2014*)
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Banker The Saudi British Bank (SABB)

Auditors Ernst & Young
 Al Faisaliah Office Tower, 14th Floor
 King Fahad Road
 P.O. Box 2732
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*This appointment, at the request of the General Organization for Social Insurance to change its representative on Ma'aden Board, will be presented for endorsement at the upcoming General Assembly meeting.

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, 2013, 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, 2013 set out on pages 5 to 58, were approved and authorized for issue by the Board of Directors on 20 Rabi Awal 1435H (corresponding to January 21, 2014) 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

20 Rabi Awal 1435H
January 21, 2014
Riyadh
Kingdom of Saudi Arabia



Building a better
working world

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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 December 31, 2013 and the related consolidated statements of income, changes in equity and cash flows for the year then ended and the notes from 1 to 48 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.

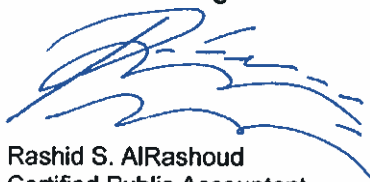
We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, 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:

- i) present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2013 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.
- ii) comply with the requirements of the Regulations for Companies and the Company's by-laws in so far as they affect the preparation and presentation of the consolidated financial statements.

For Ernst & Young



Rashid S. AlRashoud
Certified Public Accountant
Registration No. 366



Riyadh: 20 Rabi Awal 1435H
(21 January 2014)

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated statement of financial position as at December 31, 2013
(All amounts in Saudi Riyals unless otherwise stated)



	Notes	December 31, 2013	December 31, 2012
Assets			
Current assets			
Cash and cash equivalents	7	4,336,642,990	6,175,213,800
Short-term investments	8	52,437,776	3,071,348,447
Trade and other receivables	9	760,446,009	563,040,896
Inventories	10	1,883,019,869	1,089,934,377
Advances and prepayments	11	147,361,191	87,576,613
		<u>7,179,907,835</u>	<u>10,987,114,133</u>
Non-current assets			
Property, plant and equipment	12	18,130,467,596	18,589,867,952
Capital work-in-progress	13	36,993,696,476	24,383,213,964
Exploration and evaluation assets	14	145,883,817	347,290,326
Deferred stripping expense	15	33,381,669	42,353,138
Intangible assets	16	274,183,998	328,070,652
Investment in jointly a controlled entity	17	441,370,614	444,851,735
Due from joint venture partners	18	720,000,000	-
Advances and prepayments	11	32,336,297	19,187,081
		<u>56,771,320,467</u>	<u>44,154,834,848</u>
Total assets		<u>63,951,228,302</u>	<u>55,141,948,981</u>
Liabilities			
Current liabilities			
Projects and other payables	19	2,051,281,265	2,011,450,745
Accrued expenses	20	3,261,021,743	2,905,811,921
Zakat payable	21.2	54,295,070	63,600,191
Severance fees payable	22	36,430,433	91,516,753
Current portion of obligation under capital lease	23	9,881,978	-
Current portion of long-term borrowings	26.4	1,198,190,354	861,409,329
		<u>6,611,100,843</u>	<u>5,933,788,939</u>
Non-current liabilities			
Obligation under capital lease	23	50,113,352	-
Provision for mine closure and reclamation	24	83,490,623	90,743,156
Employees' benefits	25	214,830,581	170,955,102
Long-term borrowings	26.4	31,544,709,390	25,809,386,783
Due to joint venture partners	27	439,533,088	52,411,992
		<u>32,332,677,034</u>	<u>26,123,497,033</u>
Total liabilities		<u>38,943,777,877</u>	<u>32,057,285,972</u>
Equity			
Share capital	28	9,250,000,000	9,250,000,000
Statutory reserve			
Share premium	29	5,250,000,000	5,250,000,000
Transfer of net income	30	561,660,119	393,422,274
Retained earnings		<u>4,698,098,798</u>	<u>3,183,958,193</u>
Equity attributable to shareholders of the parent company		<u>19,759,758,917</u>	<u>18,077,380,467</u>
Non-controlling interest	31.5	<u>5,247,691,508</u>	<u>5,007,282,542</u>
Total equity		<u>25,007,450,425</u>	<u>23,084,663,009</u>
Total liabilities and equity		<u>63,951,228,302</u>	<u>55,141,948,981</u>
Commitments and contingent liabilities	43		

	Notes	Year ended December 31, 2013	Year ended December 31, 2012
Sales	32	6,047,264,545	5,576,655,383
Cost of sales	33	(4,471,902,878)	(2,982,429,073)
Gross profit		1,575,361,667	2,594,226,310
Operating expenses			
Selling, marketing and logistic expenses	34	(246,008,083)	(384,810,033)
General and administrative expenses	35	(513,943,670)	(324,668,780)
Exploration and technical services expenses	36	(141,835,064)	(123,713,567)
Operating income		673,574,850	1,761,033,930
Other (expenses) / income			
Share in net loss of jointly controlled entity	17.2	(3,481,121)	(3,302,365)
Income from short-term investments	37	26,627,550	65,025,678
Finance charges	38	(182,585,150)	(285,776,406)
Other income / (expense), net	39	1,357,387,711	(5,440,429)
Income before zakat		1,871,523,840	1,531,540,408
Provision for zakat	21.2	(55,448,293)	(51,713,294)
Net income for the year		1,816,075,547	1,479,827,114
Net income attributable to:			
Shareholders' of the parent company	6.1	1,682,378,450	1,090,943,970
Non-controlling interest	31.5	133,697,097	388,883,144
		1,816,075,547	1,479,827,114
Earnings per ordinary share (Saudi Riyals)			
Operating income per share inclusive of non-controlling interest's share		0.73	1.90
Basic and diluted earnings per share from continuing operations	40	1.82	1.18



Equity attributable to shareholders' of the parent company						Non-controlling interest				
Statutory reserve										
Notes	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	Total equity
January 1, 2012	9,250,000,000	5,250,000,000	284,327,877	2,202,108,620	16,986,436,497	2,783,950,191	821,488,065	113,126,199	3,718,564,455	20,705,000,952
Net income for the year	-	-	-	1,090,943,970	1,090,943,970	-	-	388,883,144	388,883,144	1,479,827,114
Net income transferred to statutory reserve	30	-	109,094,397	(109,094,397)	-	-	-	-	-	-
Payments to increase share capital during the year *	31.5	-	-	-	-	-	899,834,943	-	899,834,943	899,834,943
Increase in non-controlling interest / share capital contributed during the year	31.5	-	-	-	-	989,431,551	(989,431,551)	-	-	-
December 31, 2012	9,250,000,000	5,250,000,000	393,422,274	3,183,958,193	18,077,380,467	3,773,381,742	731,891,457	502,009,343	5,007,282,542	23,084,663,009
Dividend paid to non-controlling interest during the year	31.5	-	-	-	-	-	-	(450,000,000)	(450,000,000)	(450,000,000)
Net income for the year	-	-	-	1,682,378,450	1,682,378,450	-	-	133,697,097	133,697,097	1,816,075,547
Net income transferred to statutory reserve	30	-	168,237,845	(168,237,845)	-	-	-	-	-	-
Payments to increase share capital during the remainder of the year*	31.5	-	-	-	-	-	556,711,869	-	556,711,869	556,711,869
Increase in non-controlling interest / share capital contributed during the year	31.5	-	-	-	-	1,174,171,855	(1,174,171,855)	-	-	-
December 31, 2013	9,250,000,000	5,250,000,000	561,860,119	4,698,098,798	19,769,758,917	4,947,653,597	114,431,471	186,706,440	5,247,691,508	25,007,450,425

*These payments, to ultimately increase share capital of the applicable subsidiaries over a period of time, are treated as part of the total equity in these subsidiaries in accordance with the SOCPA clarification number 14/1 issued on March 14, 2012, although no shares have been issued yet and the Commercial Registration certificate has not yet been amended, but will be once these prepayments have been converted to share capital.

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated statement of cash flows for the year ended December 31, 2013
(All amounts in Saudi Riyals unless otherwise stated)



	Notes	Year ended December 31, 2013	Year ended December 31, 2012
Operating activities			
Income before zakat		1,871,523,840	1,531,540,408
<u>Adjustments for non-cash flow items:</u>			
Provision for inventory loss	10	65,877,481	-
Reversal of allowance for inventory obsolescence	10	(2,265,620)	(151,305)
Depreciation	12	1,018,792,418	1,002,437,569
Adjustment / written-off property, plant and equipment	12	(46,932)	2,243,151
Deferred stripping expense	15	71,975,210	41,616,258
Amortization of intangible assets	16	20,011,009	22,651,640
Adjustment / written-off intangible assets	16	59,648,530	-
Share in net loss of a jointly controlled entity	17.2	3,481,121	3,302,365
Provision for severance fees	22	37,828,408	92,603,068
Provision for employees' termination benefits	25.1	52,392,909	41,252,535
Contribution for the employees' savings plan	25.2	13,759,930	13,100,119
Income from short term investments	37	(26,627,550)	(65,025,678)
<u>Changes in working capital:</u>			
Trade and other receivables	9	(197,405,113)	(81,526,686)
Inventories	10	(1,007,678,445)	(527,986,400)
Advances and prepayments	11	(72,933,794)	(62,239,754)
Projects and other payables – Trade	19	(20,541,484)	188,594
Accrued expenses – Trade	20	113,255,547	398,783,554
Zakat paid	21.2	(64,753,414)	(129,221,227)
Severance fees paid	22	(92,914,728)	(84,520,304)
Provision for mine closure and reclamation paid	24.1	(7,252,533)	(1,691,643)
Employees' termination benefits paid	25.1	(14,903,351)	(15,114,502)
Employees' savings plan withdrawal	25.2	(7,374,009)	(7,798,074)
Net cash generated from operating activities		1,813,849,430	2,174,443,688
Investing activities			
Income received from short-term investments		41,774,971	66,584,245
Short-term investments	8	3,003,763,250	3,108,178,493
Additions to property, plant and equipment	12	(62,688,826)	(40,756,214)
Additions to capital work-in-progress	13	(12,543,035,254)	(13,587,865,440)
Additions to exploration and evaluation assets	14	(236,749,472)	(228,062,545)
Additions to deferred stripping expense	15	(63,003,741)	(30,730,376)
Additions to intangible assets	16	(739,374)	(50,875,753)
Due from joint venture partners	18	(720,000,000)	-
Projects and other payables – Projects	19	60,372,004	678,767,106
Accrued expenses – Projects	20	241,954,275	995,870,906
Net cash utilized in investing activities		(10,278,352,167)	(9,088,889,578)



Continued

	Notes	Year ended December 31, 2013	Year ended December 31, 2012
Financing activities			
Obligation under capital lease	23	59,995,330	-
Net proceeds from long-term borrowings received	26, 4	6,072,103,632	7,092,934,574
Due to joint venture partners	27	387,121,096	52,411,992
Payments to increase share capital by non-controlling interest, net	31, 5	556,711,869	899,834,943
Dividend paid to non-controlling interest	31, 5	(450,000,000)	-
Net cash generated from financing activities		6,625,931,927	8,045,181,509
Net change in cash and cash equivalents		(1,838,570,810)	1,130,735,619
Cash and cash equivalents at beginning of the year	7	6,175,213,800	5,044,478,181
Cash and cash equivalents at end of the year	7	4,336,642,990	6,175,213,800
Non-cash flow transactions			
Transfer from inventory to capital work-in-progress	10, 13	150,981,092	-
Transfer from property, plant and equipment to intangible assets, net	12, 17	-	190,787,575
Provision for mine closure charged to property, plant and equipment	12, 24, 2	-	1,550,000
Transfer from capital work-in-progress to property, plant and equipment	13, 12	-	12,237,210,804
Transfer from capital work-in-progress to intangible assets	13, 16	25,033,511	71,121,759
Transfer from exploration and evaluation assets to capital work-in-progress	14, 13	438,155,981	24,102,527
Transfer from payments to increase share capital to non-controlling interest	31	1,174,171,855	989,431,551

1. General information

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

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

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

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

The Group is involved in the following two major projects, both of which are in their development stages:

Aluminum project

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

On February 14, 2012 the Board of Directors approved a plan developed by Ma'aden in collaboration with their joint venture partner Alcoa Inc. (Note 27) 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

Phosphate production facility

On March 19, 2013, Ma'aden signed Heads of Agreement with The Mosaic Company ("Mosaic") and SABIC to jointly develop a fully integrated phosphate production facility located at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City, in the Northern Region, near the city of Turayf in the Kingdom of Saudi Arabia. Ma'aden, Mosaic and SABIC will own 60%, 25% and 15% of the joint venture respectively. On August 5, 2013, the shareholders agreement to jointly develop a fully integrated phosphate production facility was signed by Ma'aden, Mosaic and SABIC (Note 27 and 39).

This project is based on the exploitation of the Al-Khabra phosphate deposit for which Ma'aden owns the mining license and includes the utilization of captive national resources such as groundwater and sulfur, and taking advantage of the existing railway infrastructure, linking the Northern Borders Province to Ras Al Khair in the Eastern Province to have access to the port facilities at the Arabian Gulf. The project is in the development stage and the estimated capital cost of the project is SR 26 billion.

2. Group structure

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

Subsidiaries	Type of company	Effective ownership as at December 31,	
		2013	2012
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	100%	100%
Industrial Minerals Company ("IMC")	Limited liability company	100%	100%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	100%	100%
Ma'aden Phosphate Company ("MPC")	Limited liability company	70%	70%
Ma'aden Aluminum Company ("MAC")	Limited liability company	74.9%	74.9%
Ma'aden Rolling Company ("MRC")	Limited liability company	74.9%	74.9%
Ma'aden Bauxite and Alumina Company ("MBAC")	Limited liability company	74.9%	74.9%
Jointly controlled entity			
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Limited liability company	50%	50%

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

MGBM

The company was incorporated in the Kingdom of Saudi Arabia, on August 9, 1989. The objectives of the company are:

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

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 and processing plant at Al Madinah Al Munawarah which partially commenced operations during 2011 and the remaining project is still in development stage.

MIC

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

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

MPC

The company was incorporated in the Kingdom of Saudi Arabia on January 1, 2008 and is owned:

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

The objectives of the company are to:

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

MAC

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

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

The objectives of the company are the production of:

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

The company is currently in its project development phase.

MRC

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

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Rolling Inversiones S.L. ("ASRI"), a 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.

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 project development phase.

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 Petrochemicals.

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. SAMAPCO is currently in its project development phase.

3. Basis of preparation

The accompanying consolidated financial statements have been prepared under the historic cost convention on the accrual basis of accounting and in compliance with the accounting standards promulgated by SOCPA.

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

4. Summary of significant accounting policies

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

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

Jointly controlled entity

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

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

4.2 Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated 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 balance includes cash on hand, cash in banks and time deposits with an original maturity of three months or less at the date of acquisition.

4.4 Short-term investments

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

4.5 Trade receivables

Trade receivables are carried at the original sales invoice amount less an allowance for doubtful debts (if any). An allowance for doubtful debts is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivables. Such allowances are charged to the consolidated 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

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

Production costs include:

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

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

Work-in-process

The cost of work-in-process is determined using weighted average basis.

Ore stockpiles

Ore stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence because it exceeds the mine's cut-off grade and due to economic viability, it is valued at the lower of net cost of production or net realizable value. Quantities of stockpiles and work-in-process are assessed primarily through surveys and assays.

Spare parts and consumable materials

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

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

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

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

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

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 a start-up period are capitalized where the asset is available for use but incapable of operating at normal levels during the commissioning period net of the proceeds from the sale of any production during the development period. Capital work-in-progress is not depreciated.

4.10 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 a potentially mineralized;
- topographical, geological, geochemical and geophysical studies;
- exploration drilling;
- trenching;
- sampling; and
- other work involved in searching for ore.

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

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

All exploration and evaluation costs are expensed until it is concluded that a future economic benefit is more likely to be realized than not, i.e. 'probable'. The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body. Exploration and evaluation expenditures are capitalized if management determines that probable future economic benefits will be generated as a result of the expenditures.

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

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

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

For the purposes of exploration and evaluation assets only, one or more of the following facts and circumstances are considered for identifying that exploration and evaluation asset that may be impaired. These include the following:

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

Once it has been identified that exploration and evaluation asset may be impaired, asset impairment policy as specified in note 4.13 is followed.

4.11 Intangible assets

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

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

4.12 Stripping ratio and deferred stripping costs

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

$$\text{Average ratio of waste to ore mined} \times \text{Quantity of ore mined} \times \text{Average unit cost of total tonnes mined}$$

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.

4.13 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.

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 in which such reversal is determined.

4.14 Projects, other payable and accrued expenses

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

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

4.16 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 33).

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 Mine closure and reclamation

The mining, extraction and processing activities of the Group normally give rise to obligations for site closure or 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;
- the operating license conditions; and
- the environment in which the mine operates.

The full estimated costs are capitalized as part of mining assets, under property, plant and equipment and then depreciated as an expense over the expected life-of-mine on straight-line basis. Adjustments to the estimated amount and timing of future closure and 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; and
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation.

4.19 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.

4.20 Employees' savings plan program

In accordance with clause 137 of the Labor Regulations, and in furtherance to clause 76 of the Company's Internal Work Regulation approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to July 19, 1999) issued by H.H. Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Group to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Group.

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

4.21 Borrowings

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

4.22 Revenue recognition

Revenue is recognized when all the following conditions are met:

- the significant risks and rewards of ownership of the product have been transferred to the buyer;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the Group; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

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

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

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

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

4.23 Selling, marketing and logistic expenses

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

4.24 General and administrative expenses

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

4.25 Leasing

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

5. Critical accounting estimates, assumptions and judgments

The preparation of consolidated financial statements in conformity with generally accepted accounting standards requires 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.

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

- ore reserve and mineral resource estimates;
- economic useful lives of property, plant and equipment;
- impairment and reversal of impairment of assets;
- allowances;
- mine closure and environmental obligation;
- zakat and income taxes; and
- contingencies.

Ore reserve and mineral resource estimates

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

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

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

Economic useful lives of property, plant and equipment

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

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

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

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

Impairment and reversal of impairment of assets

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

Allowances

The Group also creates an allowance for obsolete and slow-moving spare parts. At December 31, 2013, the allowance for obsolete slow-moving items amounted to SR 16 million (December 31, 2012: SR 19 million). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year.

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.

Zakat and income taxes

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

Contingencies

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

6. Segmental information

Segment reporting

6.1 Business segment

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

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

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

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

Automotive sheet project include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet. The project is in the development stage (Note 1).

Phosphate project at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City is based on the exploitation of the Al-Khabra and Umm Wu'al phosphate deposits. The project is in the development stage (Note 1).

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

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

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

Notes to the consolidated financial statements for the year ended December 31, 2013

(All amounts in Saudi Riyals unless otherwise stated)



6.1 Business segment (continued)

	Note	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Consolidation adjustments and eliminations	Total
December 31, 2013									
Sales									
Gross profit	32	-	709,253,627	4,171,555,563	1,016,155,586	150,551,491	165,886,373	(165,138,195)	6,047,264,545
Income from short-term investments		-	353,241,837	1,030,988,716	122,314,302	97,101,906	61,797,336	(90,083,030)	1,575,361,667
Net income / (loss) attributable to shareholders' of the parent company	37	7,464,853	4,059,283	14,287,545	-	218,142	597,727	-	26,627,550
		1,818,998,770	171,727,657	333,405,591	(27,426,570)	83,219,524	59,748,494	(757,295,016)	1,682,378,450
Property, plant and equipment	12	142,221,162	134,495,123	16,924,862,606	62,677,113	234,063,888	714,638,313	(82,290,599)	18,130,467,596
Capital work-in-progress	13	1,477,998,081	1,051,446,195	475,477,535	33,984,155,794	86,094,284	225,195,111	(306,670,524)	36,993,696,476
Exploration and evaluation assets	14	40,268,139	105,615,678	-	-	-	-	-	145,883,817
Intangible assets	16	3,023,394	222,422	14,756,608	-	-	256,181,574	-	274,183,998
Investment in jointly a controlled entity	17	441,370,614	-	-	-	-	-	-	441,370,614
Total assets		21,352,382,403	1,636,856,389	20,520,148,656	37,012,274,166	559,971,303	1,454,220,051	(18,584,624,656)	63,951,228,302
December 31, 2012									
Sales									
Gross profit	32	-	1,001,542,755	4,447,735,066	-	125,867,379	106,326,672	(104,816,489)	5,576,655,383
Income from short-term investments		-	595,718,308	1,942,643,869	-	61,973,376	40,148,577	(46,257,820)	2,594,226,310
Net income / (loss) attributable to shareholders' of the parent company	37	33,353,175	8,894,264	22,652,599	-	70,981	54,659	-	65,025,678
		1,137,168,013	440,540,927	916,203,266	(11,266,032)	50,696,299	39,150,191	(1,481,548,694)	1,090,943,970
Property, plant and equipment	12	149,433,570	164,910,200	17,586,366,477	1,745,322	250,352,181	519,350,801	(82,290,599)	18,589,867,952
Capital work-in-progress	13	289,351,426	426,359,292	241,178,209	23,290,928,361	81,116,854	270,867,316	(216,587,494)	24,383,213,964
Exploration and evaluation assets	14	25,956,610	127,306,058	194,027,658	-	-	-	-	347,290,326
Intangible assets	16	63,936,924	456,996	19,542,535	-	-	244,134,197	-	328,070,652
Investment in jointly a controlled entity	17	444,851,735	-	-	-	-	-	-	444,851,735
Total assets		18,661,769,752	1,876,906,824	22,708,214,221	27,486,821,124	463,572,073	1,088,258,436	(17,143,593,449)	55,141,948,981

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

6.2 Geographical segment

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

7. Cash and cash equivalents

	December 31, 2013	December 31, 2012
Term deposits with original maturities equal to or less than three months at date of acquisition	3,828,089,649	4,328,500,000
Cash and bank balances – unrestricted	497,529,466	1,435,334,648
Cash and bank balances – restricted	11,023,875	411,379,152
Total	4,336,642,990	6,175,213,800

Cash and bank balance includes SR 21,391,928 (2012: SR 15,006,007) relating to employees' savings plan obligation (Note 25.2).

Restricted cash and bank balances is related to the cash accumulated in the debt service reserve account for the next schedule repayment of long-term borrowing of SR 461,530,177 (December 31, 2012: SR 411,379,152), six months prior to the due date, as per the facility agreement. Balance portion of SR 450,506,302 (December 31, 2012: Nil) of this restricted cash is invested and included in short-term deposits

8. Short-term investments

	December 31, 2013	December 31, 2012
Term deposits with original maturities of more than three months and less than a year at acquisition	50,000,000	3,053,763,250
Investment income receivable	2,437,776	17,585,197
	52,437,776	3,071,348,447

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

9. Trade and other receivables

	December 31, 2013	December 31, 2012
Trade	611,889,000	507,061,628
Due from SAMAPCO (Note 41.2)	47,998,419	47,994,670
Other	100,558,590	7,984,598
Total	760,446,009	563,040,896

Trade receivables includes:

Due from Alcoa Inc. (Note 41.2)	23,948,991	-
Due from Saudi Mining Polytechnic (Note 41.2)	50,464,149	7,418,761
Due from SABIC (Note 41.2)	242,382,717	446,823,500

Other receivables include insurance claim of SR 98,300,773 related 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. MAC is actively working to restore the pot line which is expected to be completed during second quarter of 2014.

10. Inventories

	December 31, 2013	December 31, 2012
Finished goods – ready for sale	327,909,607	331,156,109
Work-in-progress at net production cost	401,906,829	140,764,639
Stockpile of mined ore	105,632,033	66,132,540
Raw materials	410,777,566	237,239,111
By-products	3,764,780	11,779,907
Provision for inventory loss	(65,877,481)	-
Sub-total	1,184,113,334	787,072,306
Spare parts and consumables materials	715,312,264	321,533,420
Allowance for obsolete slow-moving spare parts and consumable materials	(16,405,729)	(18,671,349)
Sub-total	698,906,535	302,862,071
Total	1,883,019,869	1,089,934,377

The spare parts inventory primarily relates to plant and machinery and, accordingly, this inventory is expected to be utilized over a period not exceeding one year.

Movement in the allowance for inventory obsolescence is as follows:

	2013	2012
January 1	18,671,349	18,822,654
Reversal of allowance for obsolescence (Note 33)	(2,265,620)	(151,305)
December 31	16,405,729	18,671,349

11. Advances and prepayments

	December 31, 2013	December 31, 2012
Current portion:		
Advances to vendors	77,482,678	31,550,553
Advances to employees	13,700,858	6,421,772
Prepaid housing	28,179,145	19,531,321
Prepaid insurance	19,774,522	23,483,608
Other prepayments	8,223,988	6,589,359
Sub-total	147,361,191	87,576,613
Non-current portion:		
Other prepayments	32,336,297	19,187,081
Sub-total	32,336,297	19,187,081
Total	179,697,488	106,763,694

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

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12. Property, plant and equipment

Cost	Notes	Land	Mining assets	Motor vehicles	Heavy equipment	Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
January 1, 2012		22,550,000	59,468,120	25,729,265	216,523,390	6,960,753,262	426,642,855	628,544,126	58,921,196	46,265,567	23,508,910	8,468,906,691
Additions during the year		39,000,000	-	-	-	-	-	-	-	1,756,214	-	40,756,214
Transfer from capital work-in-progress	13	-	-	1,655,314	9,299,225	11,042,608,915	1,127,919,455	34,550,802	4,666,080	2,432,378	14,078,635	12,237,210,804
Transfer to intangible assets *	16	-	-	-	-	-	-	(207,804,853)	-	-	-	(207,804,853)
Provision for mine closure and reclamation	24.2	-	1,550,000	-	-	-	-	-	-	-	-	-
Adjustments / write-offs		-	-	(1,747,389)	(7,246,655)	(760,440)	1,407,659	(76,545)	10,366,256	(15,200,723)	(4,061,299)	1,550,000
December 31, 2012		61,550,000	61,018,120	25,637,190	218,575,960	18,002,601,737	1,555,969,969	455,213,530	73,953,532	35,253,436	33,526,246	20,523,299,720
Additions during the year		-	-	60,781,150	-	-	-	-	-	1,907,676	-	62,688,826
Transfer from capital work-in-progress	13	-	-	3,678,979	28,549,783	1,086,952	408,282,435	35,653,736	4,711,102	2,107,429	12,585,888	496,656,304
Adjustments / write-offs		-	-	-	-	-	-	-	104,984	(27,070)	(618,774)	(540,860)
December 31, 2013		61,550,000	61,018,120	90,087,319	247,126,743	18,003,688,689	1,964,252,404	490,867,266	76,769,618	39,241,471	45,493,360	21,082,103,990
Accumulated depreciation												
January 1, 2012		-	36,200,564	20,320,193	51,414,708	460,729,074	73,378,832	253,871,433	30,371,478	29,750,555	11,536,927	967,573,764
Charge for the year		-	4,052,952	2,313,449	16,804,512	877,022,693	69,042,371	18,147,618	5,858,912	4,259,214	4,935,848	1,002,437,569
Transfer to intangible assets *	16	-	-	-	-	-	-	(17,017,278)	-	-	-	(17,017,278)
Adjustments / write-offs		-	-	(751,470)	(97,209)	-	1,407,659	(2,472,673)	(289,684)	(15,079,789)	(2,279,121)	(19,562,287)
December 31, 2012		-	40,253,516	21,882,172	68,122,011	1,337,751,767	143,828,862	252,529,100	35,940,706	18,929,980	14,193,654	1,933,431,768
Charge for the year		-	4,255,225	2,718,152	19,525,437	882,405,988	63,085,149	21,392,892	11,937,355	4,908,269	8,563,951	1,018,792,418
Adjustments / write-offs		-	-	-	-	-	-	-	10,531	(4,549)	(593,774)	(587,792)
December 31, 2013		-	44,508,741	24,600,324	87,647,448	2,220,157,755	206,914,011	273,921,992	47,888,592	23,833,700	22,163,831	2,951,636,394
Net book value												
December 31, 2012		61,550,000	20,764,604	3,755,018	150,453,949	16,664,849,970	1,412,141,107	202,684,430	38,012,826	16,323,456	19,332,592	18,589,867,952
December 31, 2013		61,550,000	16,509,379	66,496,995	159,478,295	15,783,530,934	1,767,338,393	216,945,274	30,881,026	15,407,771	23,329,529	18,130,467,696



12. Property, plant and equipment (continued)

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

Property, plant and equipment of MPC, MAC and MBAC with a net book value at December 31, 2013 of SR 16,987,339,719 (December 31, 2012: SR 17,588,111,799) are pledged as security to lenders under the Common Term Financing Agreement (Note 26.7).

Notes

Allocation of depreciation charge for the year to:

	Year ended December 31, 2013	2012
Cost of sales	1,004,164,132	989,557,298
General and administrative expenses	14,628,286	12,880,271
Total	1,018,792,418	1,002,437,569



13. Capital work-in-progress

Cost	Notes	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Total
January 1, 2012		19,146,154	27,262,877	12,018,934,354	10,707,918,922	74,335,961	231,980,292	23,079,578,560
Additions during the year		214,934,257	410,044,283	356,517,577	12,144,932,391	6,780,893	278,769,001	13,411,978,402
Transfer to property, plant and equipment	12	(9,953,048)	(30,125,060)	(12,014,193,835)	-	-	(182,938,861)	(12,237,210,804)
Transfer from exploration and evaluation assets	14	4,925,335	19,177,192	-	-	-	-	24,102,527
Transfer to intangible assets	16	-	-	(6,083,733)	-	-	(65,038,026)	(71,121,759)
Credit for pre-commercial production revenue net of cost *	41 1	-	-	(46,523,650)	-	-	-	(46,523,650)
Advances to contractors, net		60,298,728	-	(67,472,504)	221,489,554	-	8,094,910	222,410,688
December 31, 2012		289,351,426	426,359,292	241,178,209	23,074,340,867	81,116,854	270,867,316	24,383,213,964
Additions during the year		680,695,789	562,184,996	324,317,694	10,792,799,836	4,977,430	188,684,006	12,553,659,751
Transferred from inventories during the year		-	-	150,981,092	-	-	-	150,981,092
Transfer to property, plant and equipment	12	(1,020,987)	(12,970,178)	(239,917,991)	-	-	(242,747,148)	(496,656,304)
Transfer from exploration and evaluation assets	14	362,283,896	75,872,085	-	-	-	-	438,155,981
Transfer to intangible assets	16	-	-	-	-	-	(25,033,511)	(25,033,511)
Advances to contractors, net		146,687,957	-	(1,081,469)	(189,655,433)	-	33,424,448	(10,624,497)
December 31, 2013		1,477,998,081	1,051,446,195	475,477,535	33,677,485,270	86,094,284	225,195,111	36,993,696,476
Advances to contractors capitalized as part of additions to capital work-in-progress								
December 31, 2012		62,841,809	-	10,199,469	682,126,349	-	17,858,690	773,026,317
December 31, 2013		209,529,766	-	9,118,000	492,470,916	-	51,283,138	762,401,820



13. Capital work-in-progress (continued)

Borrowing cost capitalized as part of additions to capital work-in-progress during the year	Notes	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Total
December 31, 2012	38.1	-	-	10,686,829	481,062,901	-	-	491,749,730
December 31, 2013	38.1	-	-	-	481,163,536	-	-	481,163,536

Capital work-in-progress includes the borrowing cost relating to qualifying assets of MPC, MAC, MRC and MBAC with a book value before consolidation elimination at December 31, 2013 of SR 34,459,633,329 (December 31, 2012: SR 23,532,106,570) are pledged as security to the lenders under the Common Term Financing Agreement (Note 26.7).

* DAP pre-commercial production revenue net of production cost (Note 41.1)

14. Exploration and evaluation assets

Notes	Corporate	Gold	Phosphate	Aluminum	Total
January 1, 2012					
Additions during the year	62,130	61,143,912	82,124,266	-	143,330,308
Transfer to capital work-in-progress	25,894,480	85,339,338	111,903,392	4,925,335	228,062,545
	-	(19,177,192)	-	(4,925,335)	(24,102,527)
December 31, 2012	25,956,610	127,306,058	194,027,658	-	347,290,326
Additions during the year	14,311,529	54,181,705	168,256,238	-	236,749,472
Transfer to capital work-in-progress	-	(75,872,085)	(362,283,896)	-	(438,155,981)
December 31, 2013	40,268,139	105,615,678	-	-	145,883,817

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15. Deferred stripping expense

	Notes	Gold	Phosphate	Total
Cost				
January 1, 2012		23,269,389	32,894,275	56,163,664
Stripping cost incurred during the year		11,969,575	42,772,606	54,742,181
Adjustment		(24,011,805)	-	(24,011,805)
December 31, 2012		11,227,159	75,666,881	86,894,040
Stripping cost incurred during the year		-	63,003,741	63,003,741
December 31, 2013		11,227,159	138,670,622	149,897,781
Accumulated amortization				
January 1, 2012		2,924,644	-	2,924,644
Expensed to cost of sales during the year	33	2,778,203	38,838,055	41,616,258
December 31, 2012		5,702,847	38,838,055	44,540,902
Expensed to cost of sales during the year	33	698,660	71,276,550	71,975,210
December 31, 2013		6,401,507	110,114,605	116,516,112
Net book value				
December 31, 2012		5,524,312	36,828,826	42,353,138
December 31, 2013		4,825,652	28,556,017	33,381,669

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16. Intangible assets

	Notes	Corporate	Gold	Phosphate	Infra-structure	Total
Cost						
January 1, 2012		24,964,036	5,902,120	12,334,823	-	43,200,979
Additions during the year		45,364,674	-	5,511,079	-	50,875,753
Transfer from property, plant and equipment	12	-	-	-	207,804,853	207,804,853
Transfer from capital work-in-progress	13	-	-	6,083,733	65,038,026	71,121,759
December 31, 2012		70,328,710	5,902,120	23,929,635	272,842,879	373,003,344
Additions during the year		-	739,374	-	-	739,374
Transfer from capital work-in-progress	13	-	-	-	25,033,511	25,033,511
Adjustments / write-offs		(66,344,755)	-	-	-	(66,344,755)
December 31, 2013		3,983,955	6,641,494	23,929,635	297,876,390	332,431,474
Accumulated amortization						
January 1, 2012		5,263,774	-	-	-	5,263,774
Transfer from property, plant and equipment	12	-	-	-	17,017,278	17,017,278
Charge for the year		1,128,012	5,445,124	4,387,100	11,691,404	22,651,640
December 31, 2012		6,391,786	5,445,124	4,387,100	28,708,682	44,932,692
Charge for the year		1,265,000	973,948	4,785,927	12,986,134	20,011,009
Adjustments / write-offs		(6,696,225)	-	-	-	(6,696,225)
December 31, 2013		960,561	6,419,072	9,173,027	41,694,816	58,247,476
Net book value						
December 31, 2012		63,936,924	456,996	19,542,535	244,134,197	328,070,652
December 31, 2013		3,023,394	222,422	14,756,608	256,181,574	274,183,998

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16. Intangible assets (continued)

	Notes	Year ended December 31,	
		2013	2012
Allocation of amortization charge for the year to:			
Cost of sales	33	18,746,009	21,523,628
General and administrative expenses	35	1,265,000	1,128,012
Total		20,011,009	22,651,640

17. Investment in jointly a controlled entity

	December 31, 2013	December 31, 2012
Investment of 50% in the issued and paid-up share capital of SAMAPCO at cost (Note 17.1)	450,000,000	450,000,000
Share of the accumulated loss (Note 17.2)	<u>(8,629,386)</u>	<u>(5,148,265)</u>
Total	<u>441,370,614</u>	<u>444,851,735</u>

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

Contribution in kind	268,269,815
Cash paid	<u>181,730,185</u>
Total	<u>450,000,000</u>

17.2 Share of the accumulated loss in jointly controlled entity

	2013	2012
January 1	(5,148,265)	(1,845,900)
Share in net loss for year	<u>(3,481,121)</u>	<u>(3,302,365)</u>
December 31	<u>(8,629,386)</u>	<u>(5,148,265)</u>

18. Due from joint venture partners

	December 31, 2013	December 31, 2012
Due from Mosaic (Note 39)	450,000,000	-
Due from SABIC (Note 39)	<u>270,000,000</u>	<u>-</u>
Total	<u>720,000,000</u>	<u>-</u>

Due from joint venture partners represents the second installment of remaining 50% of SR 1.44 billion due on June 30, 2016 as per the Shareholders Agreement signed on August 5, 2013 (Note 1 and 39).

19. Projects and other payables

	December 31, 2013	December 31, 2012
Projects	1,753,364,144	1,692,992,140
Trade	234,551,557	254,808,261
Other	63,365,564	63,650,344
Total	2,051,281,265	2,011,450,745

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

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

20. Accrued expenses

	December 31, 2013	December 31, 2012
Projects	2,543,895,556	2,224,323,712
Trade	447,109,110	412,058,437
Employees	185,300,357	107,095,483
Accrued expenses – Alcoa Inc. (Note 41.2)	83,763,220	72,646,789
Finance charges	953,500	89,687,500
Total	3,261,021,743	2,905,811,921

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

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

21. Zakat**21.1 Components of zakat base**

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

- shareholders' equity at the beginning of the year;
- provisions at the beginning of the year;
- long term borrowings;
- adjusted net income;
- spare parts inventory not for resale;
- net book value of property, plant and equipment;
- net book value of capital work-in-progress;
- net book value of exploration and evaluation assets;
- net book value of intangible assets;
- carrying value of investment in jointly controlled entity; and
- other items.

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

21.2 Zakat payable

	2013	2012
January 1	63,600,191	141,108,124
Provision for zakat	55,448,293	51,713,294
Current year	54,295,070	63,600,191
Prior year under / (over) provision	1,153,223	(11,886,897)
 Paid during the year to the authorities	 (64,753,414)	 (129,221,227)
 December 31	 54,295,070	 63,600,191

The provision for zakat for the year consist of:

	Year ended December 31, 2013	December 31, 2012
Saudi Arabian Mining Company	29,155,558	15,342,952
Ma'aden Phosphate Company	13,051,361	25,793,837
Ma'aden Gold and Base Metals Company (Note 22.2)	4,317,839	18,662,794
Industrial Minerals Company	5,125,202	1,010,423
Ma'aden Infrastructure Company	2,645,110	2,790,185
 Total	 54,295,070	 63,600,191

21.3 Status of final assessments

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

22. Severance fees payable

	2013	2012
January 1	91,516,753	83,433,989
Provision for severance fee (Note 33)	37,828,408	92,603,068
Current year (Note 22.1)	36,341,127	91,428,507
Previous year under provision	1,487,281	1,174,561
 Paid during the year to the authorities	 (92,914,728)	 (84,520,304)
 December 31	 36,430,433	 91,516,753

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

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

Severance fee for both are shown as part of cost of sales in the consolidated statement of income.

22.1 Provision for severance fees consists of:

	Year ended December 31, 2013	2012
Gold mines (Note 22.2)	34,658,401	89,952,213
Low grade bauxite	1,410,647	1,252,414
Kaolin	136,440	102,740
Magnesia	135,639	121,140
Total (Note 22)	36,341,127	91,428,507

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

	Year ended December 31, 2013	2012
Net income from operating mines before severance fee for the year	210,962,881	549,947,699
25% of the year's net income as defined	52,740,720	137,486,925
Hypothetical income tax based on year's taxable net income	38,976,240	108,615,007
Provision based on the lower of the above two computations	38,976,240	108,615,007
Provision for zakat (Note 21.2)	(4,317,839)	(18,662,794)
Net severance fee provision for the year (Note 22.1)	34,658,401	89,952,213

23. Obligation under capital leases

During 2013, MAC 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 at December 31, were as follows:

	December 31, 2013	December 31, 2012
Future minimum lease payments	76,710,325	-
Less: financial charges not yet due	<u>(16,714,995)</u>	<u>-</u>
Net present value of minimum lease payments	59,995,330	-
Current portion shown under current liabilities	<u>(9,881,978)</u>	<u>-</u>
Long term portion of obligation under capital leases	<u>50,113,352</u>	<u>-</u>

Maturity profile

Minimum lease payment falling due during years ending December 31:

2014	15,602,100	-
2015	15,602,100	-
2016	15,602,100	-
2017	15,602,100	-
2018	<u>14,301,925</u>	<u>-</u>
Total	<u>76,710,325</u>	<u>-</u>

The present value of minimum lease payments has been discounted at an effective interest rate of approximately 0.858% per month.

24. Provision for mine closure and reclamation

	December 31, 2013	December 31, 2012
Gold mines (Note 24.1)	81,440,623	88,693,156
Low grade bauxite, kaolin and magnesite mines (Note 24.2)	2,050,000	2,050,000
Total	83,490,623	90,743,156

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:

24.1 Gold mines

	Mahad mine	Al Hajar mine	Sukhaybarat mine*	Bulghah mine	Al Amar mine	Total
January 1, 2012	23,756,911	11,282,216	20,467,221	21,661,407	13,217,044	90,384,799
Utilization during the year	(1,320,627)	(371,016)	-	-	-	(1,691,643)
December 31, 2012	22,436,284	10,911,200	20,467,221	21,661,407	13,217,044	88,693,156
Utilization during the year	(1,721,053)	(5,379,390)	(152,090)	-	-	(7,252,533)
December 31, 2013	20,715,231	5,531,810	20,315,131	21,661,407	13,217,044	81,440,623
Commenced commercial production in	1988	2001	1991	2001	2008	
Expected closure date in	2018	2014 **	2017	2017	2023	

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

** The feasibility study of the Al Hajar copper project, focusing on the resources and reserves estimates was completed on May 15, 2013 and the financial module of the project is currently under evaluation. After the finalization of evaluation, the expected date will be determined.

24.2 Low grade bauxite, kaolin and magnesite mines

	Note	Az Zabirah mine	Al-Ghazallah mine	Total
January 1, 2012		300,000	200,000	500,000
Provision for the year	12	1,300,000	250,000	1,550,000
December 31, 2012		1,600,000	450,000	2,050,000
December 31, 2013		1,600,000	450,000	2,050,000
Commenced commercial production in		2008	2011	
Expected closure date in		2026	2028	

The provision for mine closure and reclamation represents the full amount of the estimated future closure and reclamation costs for the various operational mining properties, based on information currently available including closure plans and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized when determined. The provision for mine closure and reclamation relates to the Group's gold, low grade bauxite and kaolin mining activity only, as the aluminum project is currently in the development stage, and, an update estimation of the phosphate mine and plant closure and rehabilitation works including facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation is in progress.

25. Employees' benefits

	December 31, 2013	December 31, 2012
Employees' termination benefits (Note 25.1)	193,438,653	155,949,095
Employees' savings plan (Note 7 and 25.2)	21,391,928	15,006,007
Total	214,830,581	170,955,102

25.1 Employees' termination benefits

	2013	2012
January 1	155,949,095	129,811,062
Provision for the year	52,392,909	41,252,535
Paid during the year	(14,903,351)	(15,114,502)
December 31	193,438,653	155,949,095

25.2 Employees' savings plan

	2013	2012
January 1	15,006,007	9,703,962
Contribution for the year	13,759,930	13,100,119
Withdrawals during the year	(7,374,009)	(7,798,074)
December 31 (Note 4.20 and 7)	21,391,928	15,006,007

26. Long-term borrowings

26.1 Facilities approved

MPC, MAC, MRC and MBAC entered into Common Terms Agreements ("CTA") with the Public Investment Fund and consortiums of financial institutions and the Company (Ma'aden) entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement.

The Group facilities comprise of the following as at December 31, 2013:

Facilities under Common Term Agreement	MPC facilities granted June 15, 2008	MAC facilities granted Nov. 30, 2010	MRC facilities granted Nov. 30, 2010	MBAC facilities granted Nov. 27, 2011	Ma'aden facilities granted Dec. 18, 2012	Total
Public Investment Fund ("PIF")	4,000,001,250	4,875,000,000	3,078,750,000	3,750,000,000	-	15,703,751,250
Islamic and commercial banks						
Procurement*	4,269,892,500	5,047,500,000	1,041,000,000	2,690,712,844	-	13,049,105,344
Commercial*	1,491,562,500	900,000,000	-	258,750,000	-	2,650,312,500
Al-Rajhi Bank	2,343,750,000	-	-	-	-	2,343,750,000
The Export Import Bank of Korea	1,500,000,000	-	-	-	-	1,500,000,000
Korea Export Insurance Corporation	750,000,000	-	-	-	-	750,000,000
Wakala	-	787,500,000	-	768,750,000	-	1,556,250,000
	10,355,205,000	6,735,000,000	1,041,000,000	3,718,212,844	-	21,849,417,844
Saudi Industrial Development Fund ("SIDF")	600,000,000	600,000,000	600,000,000	900,000,000	-	2,700,000,000
Sub-total	14,955,206,250	12,210,000,000	4,719,750,000	8,368,212,844	-	40,253,169,094
Syndicated Revolving Credit Facility Agreement	-	-	-	-	9,000,000,000	9,000,000,000
Total facilities granted	14,955,206,250	12,210,000,000	4,719,750,000	8,368,212,844	9,000,000,000	49,253,169,094

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

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

MPC facility

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

MAC facility

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

*Standard Chartered Bank acts as inter-creditor agent and as commercial facility agent, Bank Al Jazira acts as US Dollar procurement facility agent, as Saudi Riyal procurement facility agent, as US Dollar Wakala facility agent and as Saudi Riyal Wakala facility agent, 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

SIDF has issued a letter of commitment amounting to US\$ 240 million (SR 900 million). The Company initially decided to avail only US\$ 160 million (SR 600 million), however, on October 1, 2013 it formally confirmed its acceptance to avail the entire facility of US\$ 240 million (SR 900 million). A formal contract for the said facility has not been signed as of December 31, 2013.

Saudi Arabian Mining Company ("Ma'aden")

On December 18, 2012, the Company entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement ("Murabaha Facility Agreement") and other agreements (together referred to as "financing agreements") totaling to SR 9 billion. The facility is with a syndicate of local and international financial institutions, comprising of the following financial institutions:

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

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

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

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

	December 31, 2013	December 31, 2012
Public Investment Fund	3,667,201,146	4,000,001,250
Less: Repaid during the year	<u>332,800,104</u>	<u>332,800,104</u>
Sub-total (Note 41.2)	<u>3,334,401,042</u>	<u>3,667,201,146</u>

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of LIBOR plus 0.5% per annum. Loan repayment started on June 30, 2012, on a six monthly basis, in equal principal repayments of SR 166.4 million, with the final repayment of SR 172.8 million on December 31, 2023 (Note 7).

Islamic and commercial banks

Banque Saudi Fransi – as agent for the procurement facility participants	4,099,096,800	4,269,892,500
Al-Rajhi Bank	2,250,000,000	2,343,750,000
The Export Import Bank of Korea	1,419,750,000	1,500,000,000
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	709,875,000	1,116,562,500
Korea Export Insurance Corporation	<u>1,071,900,000</u>	<u>750,000,000</u>
	9,550,621,800	9,980,205,000
Less: Repaid during the year	<u>471,609,225</u>	<u>429,583,200</u>
Sub-total	<u>9,079,012,575</u>	<u>9,550,621,800</u>

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 facilities started on June 30, 2012. All the repayments of the above facilities will be on a six monthly basis, with the final repayment due on December 31, 2023 (Note 7)

Saudi Industrial Development Fund	600,000,000	570,000,000
Less: Repaid during the year	<u>60,000,000</u>	<u>-</u>
Sub-total	<u>540,000,000</u>	<u>570,000,000</u>

The project follow-up cost paid during the drawdown amounted to SR 6.3 million. Repayment of this facility started on February 26, 2013, on a six monthly basis, with the final payment on June 19, 2019 (Note 7).

Total MPC borrowings (Note 26.4)	<u>12,953,413,617</u>	<u>13,787,822,946</u>
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26.2 Facilities utilized under the different CTAs (continued)

MAC facility

	December 31, 2013	December 31, 2012
Public Investment Fund (Note 41.2)	4,875,000,000	3,993,016,061

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

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

Islamic and commercial banks

Dollar procurement	930,000,000	737,274,310
Riyal procurement	4,117,500,000	2,861,109,923
Commercial	900,000,000	728,172,164
Wakala	787,500,000	717,486,636
Sub-total	6,735,000,000	5,044,043,033

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

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

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

Total MAC borrowings (Note 26.4)	12,030,000,000	9,457,059,094
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26.2 Facilities utilized under the different CTAs (continued)**MRC facility**

	December 31, 2013	December 31, 2012
Public Investment Fund (Note 41.2)	2,321,849,292	2,291,061,791

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

Islamic and commercial banks**Riyal procurement**

774,852,281	774,852,281
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The rate of commission on the principal amount of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.45% per annum.

The repayment of the principal amounts of loans will start from December 31, 2016. The repayments are starting at SR 10.4 million and increasing over the term of the loan with the final repayment of SR 13.5 million on June 30, 2026.

Saudi Industrial Development Fund

480,000,000	360,000,000
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Repayment of the SIDF facility will start from January 25, 2016. The repayments are starting at SR 25 million and increasing over the term of the loan with the final repayment of SR 62.5 million on July 19, 2021.

Total MRC borrowings (Note 26.4)

3,576,701,573	3,425,914,072
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26.2 Facilities utilized under the different CTAs (continued)**MBAC facility**

	December 31, 2013	December 31, 2012
Public Investment Fund (Note 41.2)	1,961,113,684	-

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

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

Islamic and commercial banks

Dollar procurement	410,114,437	-
Riyal procurement	970,123,442	-
Commercial	96,180,686	-
Wakala	745,252,305	-
Sub-total	2,221,670,870	-

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

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

Total MBAC borrowings

4,182,784,554	-
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26.3 Facilities utilized under the Syndicated Revolving Credit Facility**Ma'aden****Syndicated Revolving Credit Facility**

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

26.4 Total borrowings

	December 31, 2013	December 31, 2012
Facilities utilized under:		
CTA (Note 26.2):		
MPC	12,953,413,617	13,787,822,946
MAC	12,030,000,000	9,457,059,094
MRC	3,576,701,573	3,425,914,072
MBAC	4,182,784,554	-
Total	32,742,899,744	26,670,796,112
Current portion of borrowings		
MPC	960,185,354	861,409,329
MAC	238,005,000	-
Total	1,198,190,354	861,409,329
Long-term portion of borrowings	31,544,709,390	25,809,386,783

26.5 Maturity profile of long-term borrowings

2013	-	861,409,329
2014	1,198,190,354	1,194,190,354
2015	1,574,221,379	1,569,721,379
2016	1,706,319,904	1,701,819,904
Thereafter	28,264,168,107	21,343,655,146
Total	32,742,899,744	26,670,796,112

26.6 Facilities' currency denomination

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

	December 31, 2013 (US\$)	December 31, 2012 (US\$)
Public Investment Fund	3,331,297,071	2,653,674,399
Islamic and commercial banks		
Procurement	2,605,180,630	2,062,682,401
Al-Rajhi Bank	571,875,000	600,000,000
The Export Import Bank of Korea	356,600,000	378,600,000
Korea Export Insurance Corporation	178,300,000	189,300,000
Commercial	547,835,742	480,019,244
US Dollar procurement	357,363,850	196,606,483
Wakala	398,987,639	191,329,770
Sub-total	5,016,142,861	4,098,537,898
Saudi Industrial Development Fund	384,000,000	360,000,000
Syndicated Revolving Credit Facility	-	-
Total	8,731,439,932	7,112,212,297

26.7 Security

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

	December 31, 2013	December 31, 2012
Property, plant and equipment (Note 12)	16,987,339,719	17,588,111,799
Capital work-in-progress (Note 13)	34,459,633,329	23,532,106,570
Total	51,446,973,048	41,120,218,369

27. Due to joint venture partners

	December 31, 2013	December 31, 2012
Due to Alcoa Inc. *	139,561,363	52,411,992
Due to Mosaic **	187,482,328	-
Due to SABIC **	112,489,397	-
Total	439,533,088	52,411,992

*Due to Alcoa Inc. represents the capital contribution to Ma'aden by its joint venture partner Alcoa Inc. to extend the product mix of their aluminum complex, currently under construction at Ras Al Khair (Note 1).

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

28. Share capital

	December 31, 2013	December 31, 2012
Authorized, issued and fully paid		
925,000,000 Ordinary shares, with a nominal value of SR 10 per share (Note 40)	9,250,000,000	9,250,000,000

29. Share premium

	December 31, 2013	December 31, 2012
525,000,000 ordinary shares with a nominal value of SAR 10 per share issued at a premium of SAR 10 per share	5,250,000,000	5,250,000,000

30. Transfer of net income

	2013	2012
January 1	393,422,274	284,327,877
Transfer of 10% of net income for the year	168,237,845	109,094,397
December 31	561,660,119	393,422,274

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

31. Non-controlling interest

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
31.1 Ma'aden Phosphate Company				
January 1, 2012	1,862,544,000	-	114,513,473	1,977,057,473
Share of net income for the year	-	-	392,658,543	392,658,543
December 31, 2012	1,862,544,000	-	507,172,016	2,369,716,016
Dividend paid during the year (Note 41.1)	-	-	(450,000,000)	(450,000,000)
Share of net income for the year	-	-	142,888,111	142,888,111
December 31, 2013	1,862,544,000	-	200,060,127	2,062,604,127
31.2 Ma'aden Aluminum Company				
January 1, 2012	674,892,816	518,734,210	(721,383)	1,192,905,643
Share of net loss for the year	-	-	(1,887,558)	(1,887,558)
Payments to increase share capital during the year	-	12,622,355	-	12,622,355
Increase in non-controlling interest during the year	531,356,565	(531,356,565)	-	-
December 31, 2012	1,206,249,381	-	(2,608,941)	1,203,640,440
Share of net loss for the year	-	-	(4,561,284)	(4,561,284)
Payments to increase share capital during the year	-	443,761,869	-	443,761,869
Increase in non-controlling interest during the year	443,761,869	(443,761,869)	-	-
December 31, 2013	1,650,011,250	-	(7,170,225)	1,642,841,025

31. Non-controlling interest (continued)

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
31.3 Ma'aden Rolling Company				
January 1, 2012	118,503,375	256,278,050	(249,709)	374,531,716
Share of net loss for the year	-	-	(767,251)	(767,251)
Payments to increase share capital during the year	-	175,627,645	-	175,627,645
Increase in non-controlling interest during the year	363,950,000	(363,950,000)	-	-
December 31, 2012	482,453,375	67,955,695	(1,016,960)	549,392,110
Share of net loss for the year	-	-	(1,130,129)	(1,130,129)
December 31, 2013	482,453,375	67,955,695	(2,147,089)	548,261,981
31.4 Ma'aden Bauxite and Alumina Company				
January 1, 2012	128,010,000	46,475,805	(416,182)	174,069,623
Share of net loss for the year	-	-	(1,120,590)	(1,120,590)
Payments to increase share capital during the year	-	711,584,943	-	711,584,943
Increase in non-controlling interest during the year	94,124,986	(94,124,986)	-	-
December 31, 2012	222,134,986	663,935,762	(1,536,772)	884,533,976
Share of net loss for the year	-	-	(3,499,601)	(3,499,601)
Payments to increase share capital during the year	-	112,950,000	-	112,950,000
Increase in non-controlling interest during the year	730,409,986	(730,409,986)	-	-
December 31, 2013	952,544,972	46,475,776	(5,036,373)	993,984,375
31.5 Summary total				
January 1, 2012	2,783,950,191	821,488,065	113,126,199	3,718,564,455
Share of net income for the year	-	-	388,883,144	388,883,144
Payments to increase share capital during the year (Note 41.1)	-	899,834,943	-	899,834,943
Increase in non-controlling interest during the year	989,431,551	(989,431,551)	-	-
December 31, 2012	3,773,381,742	731,891,457	502,009,343	5,007,282,542
Dividend paid during the year (Note 41.1)	-	-	(450,000,000)	(450,000,000)
Share of net income for the year	-	-	133,697,097	133,697,097
Payments to increase share capital during the year (Note 41.1)	-	556,711,869	-	556,711,869
Increase in non-controlling interest during the year	1,174,171,855	(1,174,171,855)	-	-
December 31, 2013	4,947,553,597	114,431,471	185,706,440	5,247,691,508

32. Sales

	Year ended December 31,	
	2013	2012
Phosphate segment		
Diammonium phosphate fertilizer	3,091,386,007	2,877,956,038
Ammonia	1,080,169,556	1,569,779,028
	<u>4,171,555,563</u>	<u>4,447,735,066</u>
Corporate		
Aluminum	<u>1,015,155,686</u>	<u>-</u>
Gold segment		
Gold	<u>709,253,627</u>	<u>1,001,542,755</u>
Industrial minerals		
Low grade bauxite	95,875,428	84,749,607
Caustic calcined magnesite	33,410,744	27,463,795
Kaolin	21,265,319	13,653,977
	<u>150,551,491</u>	<u>125,867,379</u>
Infrastructure		
Infrastructure revenue	<u>748,178</u>	<u>1,510,183</u>
Total	<u>6,047,264,545</u>	<u>5,576,655,383</u>
Gold sales analysis		
Quantity of gold ounces (Oz) sold	138,512	160,433
Average realized price per ounce (Oz) in:		
US\$	1,365	1,665
Saudi Riyals (equivalent)	5,121	6,243

33. Cost of sales

	Year ended December 31,	
	2013	2012
Salaries and staff related benefits	263,455,759	212,350,537
Contracted services	125,841,850	105,260,760
Repairs and maintenance	51,856,427	33,507,837
Consumables	110,807,050	92,040,878
Overheads	70,470,827	56,681,113
Raw materials and utilities consumed	3,147,614,548	1,708,155,273
Reversal of inventory obsolescence (Note 10)	(2,265,620)	(151,305)
Severance fees (Note 22)	37,828,408	92,603,068
Sale of by-products (Note 33.1)	(31,550,694)	(42,992,140)
Total cash operating costs	3,774,058,555	2,257,456,021
Depreciation (Note 12)	1,004,164,132	989,557,298
Deferred stripping expense (Note 15)	71,975,210	41,616,258
Amortization (Note 16)	18,746,009	21,523,628
Total operating costs	4,868,943,906	3,310,153,205
Increase in inventory (Note 10)	(397,041,028)	(327,724,132)
Total	4,471,902,878	2,982,429,073

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

Copper	18,218,080	27,021,740
Zinc	9,571,533	8,114,135
Silver	3,761,081	7,856,265
Total	31,550,694	42,992,140

34. Selling, marketing and logistic expenses

	Year ended December 31,	
	2013	2012
Selling, marketing and logistic expenses	246,008,083	384,810,033

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

35. General and administrative expenses

	Year ended December 31,	
	2013	2012
Salaries and staff related benefits	262,808,583	235,385,355
Contracted services	143,177,420	36,244,852
Overheads and other	87,008,705	35,891,402
Consumables	4,523,949	2,499,196
Repair parts	531,727	639,692
Depreciation (Note 12)	14,628,286	12,880,271
Amortization (Note 16)	1,265,000	1,128,012
Total	513,943,670	324,668,780

36. Exploration and technical services expenses

	Year ended December 31,	
	2013	2012
Salaries and staff related benefits	45,570,625	44,501,391
Contracted services	71,694,410	65,724,399
Overheads and other	13,144,135	9,121,788
Consumables	9,821,878	3,488,859
Repair parts	1,604,016	877,130
Total	141,835,064	123,713,567

37. Income from short-term investments

	Year ended December 31,	
	2013	2012
Income received and accrued on short-term investments	26,627,550	65,025,678

38. Finance charges

	Year ended December 31,	
	2013	2012
Public Investment Fund	35,096,061	48,029,945
Banque Saudi Fransi – as agent for the procurement facility participants	50,691,813	58,847,261
Al-Rajhi Bank	28,432,241	37,664,630
The Export Import Bank of Korea	14,382,631	19,052,039
Korea Export Insurance Corporation	7,532,282	8,804,106
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	16,524,306	17,384,618
Saudi Industrial Development Fund	5,650,000	6,306,307
Arrangement fee and administrative charges for Revolving Credit Facility	-	89,687,500
Murabaha fee for Revolving Credit Facility	24,275,816	-
Total	182,585,150	285,776,406

38.1 Summary of borrowing cost

	Year ended December 31,	
	2013	2012
Expensed during the year	182,585,150	285,776,406
Capitalized as part of qualifying assets in capital work-in-progress during the year (Note 13)	481,163,536	491,749,730
Total	663,748,686	777,526,136

39. Other income / (expenses), net

	Year ended December 31,	
	2013	2012
Other income / (expenses), net	1,357,387,711	(5,440,429)

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 1).

As per the agreement Mosaic and SABIC are liable to pay contractual dues to Ma'aden of SR 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 SR 1.44 billion, is received by Ma'aden during the year ended December 31, 2013 while the second installment of remaining 50% of the amount is due on June 30, 2016 (Note 18).

40. Earnings per ordinary share

	Year ended December 31,	
	2013	2012
Net income attributable to the shareholders of the parent company	1,682,378,450	1,090,943,970
Weighted average number of ordinary shares in issue during the year (Note 28)	925,000,000	925,000,000
Basic and diluted earnings per ordinary share from continuing operations	1.82	1.18

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

41. Related party transactions and balances

41.1 Related party transactions

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

	Year ended December 31,	
	2013	2012
Sales of MPC through SABIC during the year		
• Since commencement of commercial production on October 1, 2011 for Ammonia and on February 1, 2012 for all other plants, disclosed in the income statement as part of sales	2,626,763,424	3,818,121,916
• Before date of commencement of commercial production, the pre-commercial production revenue, net of cost of production during the year ended December 31, 2013 amounting to Nil (December 31, 2012: SR 46,523,650) has been credited against capital work-in-progress (Note 13)	-	154,560,262
Total	2,626,763,424	3,972,682,178
Sales to Alcoa Inc. during the year	327,839,306	-
Dividend paid to SABIC during the year (Note 31.1)	450,000,000	-
Payments to increase share capital received from Alcoa Inc. (Note 31.5)	556,711,869	899,834,943
Saudi Mining Polytechnic – contracted services and others	50,464,149	7,418,761

41.2 Related party balances

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

	December 31, 2013	December 31, 2012
Receivables from related party		
Due from Alcoa Inc. (Note 9)	23,948,991	-
Due from SABIC (Note 9)	242,382,717	446,823,500
Due from SAMAPCO (Note 9)	47,998,419	47,994,670
Due from Saudi Mining Polytechnic (Note 9)	50,464,149	7,418,761
Total	364,794,276	502,236,931
Payable to related party		
Accrued expenses – Alcoa Inc. (Note 20)	83,763,220	72,646,789
Payments to increase share capital received from Alcoa Inc. (Note 31.5)	114,431,471	731,891,457
Total	198,194,691	804,538,246
Long-term borrowings from PIF, a 50% shareholder in Ma'aden		
Due to PIF for the financing of the :		
MPC facility (Note 26.2)	3,334,401,042	3,667,201,146
MAC facility (Note 26.2)	4,875,000,000	3,993,016,061
MRC facility (Note 26.2)	2,321,849,292	2,291,061,791
MBAC facility (Note 26.2)	1,961,113,684	-
Total	12,492,364,018	9,951,278,998

42. Operating lease agreements

	Year ended December 31,	
	2013	2012
Payments under operating leases recognized as an expense during the year	<u>15,142,551</u>	<u>19,481,415</u>
Future minimum operating lease commitments due under these operating leases are as follows:		
2013	-	16,056,083
2014	<u>9,213,856</u>	<u>15,996,083</u>
2015	<u>3,728,856</u>	<u>9,561,083</u>
2016	<u>3,728,856</u>	<u>4,336,083</u>
2017 through 2029	<u>49,809,744</u>	<u>44,389,258</u>
Total	<u>66,481,312</u>	<u>90,338,590</u>

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.

43. Commitments and contingent liabilities

	Year ended December 31,	
	2013	2012
Capital expenditures:		
Contracted for	<u>12,717,132,437</u>	<u>15,571,333,296</u>
Guarantees:		
Guarantees in favor of Saudi Aramco, for future diesel and gas feedstock supplies	<u>220,962,362</u>	<u>171,000,000</u>
Guarantees for the development of aluminum project	<u>225,000,000</u>	<u>225,000,000</u>
Others	<u>321,445</u>	<u>157,080</u>
Total	<u>446,283,807</u>	<u>396,157,080</u>

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

Ma'aden has also provided guarantees to SIDF for financing facilities available to MAC and MRC to the extent of its shareholding of 74.9% and to MPC to the extent of its shareholding of 70% (Note 26.1 and 26.2).

44. 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.

44.1 Currency risk

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.

44.2 Fair value

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

44.3 Commission rate risk

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.

The effect on net income of a 1% movement in the US Dollar LIBOR commission rate on the net debt outstanding would be SR 284 million (December 31, 2012: SR 174 million). These balances will not remain consistent throughout 2013.

44.4 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.

44.5 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk from its operating activities (pertaining to trade receivables mainly). However, the cash collection is made at time of sales delivery and from its financing activities, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management. Cash and short-term investments are substantially placed with commercial banks with sound credit ratings.

The Group currently has two major customers which account for sales of approximately SR 709 million, representing 12% of the Group's sales for the year ended December 31, 2013 (December 31, 2012: SR 1,001 million representing 19% of Group's sales from two major customers). Trade receivables are carried net of allowance for doubtful debts, if needed.

44.6 Liquidity risk

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.

45. Events after the reporting date

No events have arisen subsequent to December 31, 2013 and before the date of signing the audit report, that could have a significant effect on the consolidated financial statements as at December 31, 2013.

46. 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.

47. Contingent assets held and liabilities incurred under fiduciary administration

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

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

The amounts received have been deposited in a separate bank account and does not form part of MIC's available cash resources and has been accounted for in its own standalone accounting records and has not been integrated with MIC's accounting records. The amounts can only be utilized for the designated purpose in accordance with the Council of Ministers Resolution and replenished based on the presentation of supporting documents for the expenditures incurred, in accordance with the applicable Governments Regulations. Total net assets of the project as of December 31, 2013 amounted to SR 525 million (December 31, 2012: Nil).

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

Subsidiary	Nature of business	Issued and paid-up Share capital		Effective group interest %		Cost of investment by parent company	
		December 31, 2013	December 31, 2012	2013	2012	December 31, 2013	December 31, 2012
Ma'aden Gold and Base Metals Company ("MGBM")	Gold mining	300,000,000	300,000,000	100	100	300,000,000	300,000,000
Industrial Minerals Company ("IMC")	Kaolin, low grade bauxite and magnesite mining	500,000	500,000	100	100	500,000	500,000
Ma'aden Infrastructure Company ("MIC")	Manage and develop infrastructure projects	344,855,200	500,000	100	100	344,855,200	500,000
Ma'aden Phosphate Company ("MPC")	Phosphate mining and fertilizer producer	6,208,480,000	6,208,480,000	70	70	4,345,936,000	4,345,936,000
Ma'aden Aluminum Company ("MAC")	Aluminum ingots, t-bars, slabs and billets	6,573,750,000	4,805,774,426	74.9	74.9	4,923,738,750	3,599,525,045
Ma'aden Rolling Company ("MRC")	Aluminum sheets for can body and lids	1,922,125,000	1,922,125,000	74.9	74.9	1,439,671,625	1,439,671,625
Ma'aden Bauxite and Alumina Company ("MBAC")	Bauxite mining and refining	3,794,999,888	884,999,944	74.9	74.9	2,842,454,916	662,864,958
Jointly controlled entity							
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Production of concentrated caustic soda and ethylene dichloride	900,000,000	900,000,000	50	50	450,000,000	450,000,000
All the subsidiaries and jointly controlled entity listed above are incorporated in the Kingdom of Saudi Arabia.							
						14,197,156,491	10,348,997,628