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

Consolidated interim financial statements
for the quarter and six months ended June 30, 2014 (Unaudited)

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Commercial registration number	1010164391
Directors	Engr. Abdallah Bin Saif Al-Saif – Chairman H.E. Sulaiman Bin Abdulrahman Al Gwaiz H.E. Mohammed Bin Abdullah Al-Kharashi Dr. Ziad Bin Abdulrahman Al-Sudairy 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
Registered address	Building number 395 Abi Bakr Asseddiq Road, South Exit 6, North Ring Road Riyadh Kingdom of Saudi Arabia
Postal address	P.O. Box 68861 Riyadh 11537 Kingdom of Saudi Arabia
Banker	The Saudi British Bank (SABB)
Auditors	Ernst & Young Al Faisaliah Office Tower, 14th Floor King Fahad Road P.O. Box 2732 Riyadh 11461 Kingdom of Saudi Arabia

MA'ADEN

Statement of Directors' responsibilities for the preparation and approval of the consolidated interim financial statements for the quarter and six months ended June 30, 2014 (Unaudited)

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

Management is responsible for the preparation of the consolidated interim financial statements that present fairly the consolidated interim financial position of the Group as at June 30, 2014, the results of its operations, changes in equity and cash flows for the quarter and six months then ended, in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

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

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether SOCPA standards have been followed, subject to any material departures disclosed and explained in the consolidated interim financial statements and
- preparing and presenting the consolidated interim financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue its business for the foreseeable future.

The management is also responsible for:

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

The consolidated interim financial statements for the quarter and six months ended June 30, 2014 set out on pages 5 to 63, were approved and authorized for issue by the Board of Directors on July 15, 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

19 Ramadan 1435H
July 15, 2014
Riyadh
Kingdom of Saudi Arabia

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Independent auditor's review report to the shareholders of
Saudi Arabian Mining Company (Ma'aden)
(A Saudi Arabian Joint Stock Company)

Scope of review

We have reviewed the accompanying consolidated interim statement of financial position of Saudi Arabian Mining Company "Ma'aden" (the "Company") and its subsidiaries (collectively referred to as the "Group") as at June 30, 2014 and the related consolidated interim statements of income, changes in equity and cash flows for the quarter and the six months then ended and the notes 1 to 48 which form an integral part of the consolidated interim financial statements. These consolidated interim financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us with all the information and explanations which we required.

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

Conclusion

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

For Ernst & Young

Rashid S. AlRashoud
Certified Public Accountant
Registration No. 366

إرنست ويونغ
ترخيص مهني رقم ٤٥
5 ٥
PROFESSIONAL LICENCE No. 45
ERNST & YOUNG

Riyadh: 18 Ramadan 1435H
(15 July 2014)

Consolidated interim statement of financial position as at June 30, 2014 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	June 30, 2014	June 30, 2013	December 31, 2013
Assets				
Current assets				
Cash and cash equivalents	7	**4,688,887,566**	4,759,408,114	4,336,642,990
Short-term investments	8	**717,163,823**	2,979,731,590	52,437,776
Trade and other receivables	9	**1,086,992,051**	705,934,350	760,446,009
Inventories	10	**2,569,971,484**	1,682,966,729	1,883,019,869
Advances and prepayments	11	**271,993,713**	196,635,841	147,361,191
		9,335,008,637	10,324,676,624	7,179,907,835
Non-current assets				
Property, plant and equipment	12	**18,231,544,164**	18,263,062,279	18,130,467,596
Capital work-in-progress	13	**41,171,177,774**	30,520,293,038	36,993,696,476
Exploration and evaluation assets	14	**161,439,955**	585,611,366	145,883,817
Deferred stripping expense	15	**29,975,415**	36,409,072	33,381,669
Intangible assets	16	**278,311,357**	377,510,789	274,183,998
Investment in a jointly controlled entity	17	**440,574,967**	443,564,104	441,370,614
Due from joint venture partners	18	**720,000,000**	40,999,835	720,000,000
Advances and prepayments	11	**64,817,475**	46,563,608	32,336,297
		61,097,841,107	50,314,014,091	56,771,320,467
Total assets		**70,432,849,744**	60,638,690,715	63,951,228,302
Liabilities				
Current liabilities				
Projects and other payables	19	**2,086,712,706**	2,299,490,660	2,051,281,265
Accrued expenses	20	**2,070,869,483**	2,794,458,581	3,261,021,743
Zakat payable	21.2	**14,999,304**	22,018,860	54,295,070
Severance fees payable	22	**8,756,388**	18,081,728	36,430,433
Current portion of obligation under capital lease	25	**10,401,805**	-	9,881,978
Current portion of long-term borrowings	26.4	**4,923,320,354**	1,263,060,354	1,198,190,354
		9,115,060,040	6,397,110,183	6,611,100,843
Non-current liabilities				
Employees' benefits	23	**241,034,944**	181,658,775	214,830,581
Provision for mine closure and reclamation	24	**105,731,150**	88,857,060	83,490,623
Obligation under capital lease	25	**44,779,162**	-	50,113,352
Long-term borrowings	26.4	**33,649,669,408**	30,005,510,572	31,544,709,390
Due to joint venture partners	27	**192,930,238**	218,792,448	439,533,088
		34,234,144,902	30,494,818,855	32,332,677,034
Total liabilities		**43,349,204,942**	36,891,929,038	38,943,777,877
Equity				
Share capital	28	**9,250,000,000**	9,250,000,000	9,250,000,000
Statutory reserve				
Share premium	29	**5,250,000,000**	5,250,000,000	5,250,000,000
Transfer of net income	30	**561,660,119**	393,422,274	561,660,119
Retained earnings		**5,194,074,008**	3,464,131,793	4,698,098,798
Equity attributable to shareholders' of the parent company		**20,255,734,127**	18,357,554,067	19,759,758,917
Non-controlling interest	31.6	**6,827,910,675**	5,389,207,610	5,247,691,508
Total equity		**27,083,644,802**	23,746,761,677	25,007,450,425
Total liabilities and equity		**70,432,849,744**	60,638,690,715	63,951,228,302
Commitments and contingent liabilities	43			

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated interim statement of income for the quarter and six months ended June 30, 2014 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31 2013
Sales	32	**2,386,193,786**	1,487,008,795	**4,161,736,708**	2,983,557,837	6,047,264,545
Cost of sales	33	**(1,627,856,108)**	(1,229,432,630)	**(3,007,148,592)**	(2,165,368,181)	(4,537,780,359)
Gross profit		**758,337,678**	257,576,165	**1,154,588,116**	818,189,656	1,509,484,186
Operating expenses						
Selling, marketing and logistic expenses	34	**(107,779,837)**	(54,357,575)	**(179,438,628)**	(125,681,791)	(282,354,440)
General and administrative expenses	35	**(108,692,218)**	(70,971,901)	**(195,661,703)**	(149,519,147)	(477,597,313)
Exploration and technical services expenses	36	**(40,353,906)**	(50,309,265)	**(85,943,070)**	(78,819,851)	(141,835,064)
Operating income		**501,511,717**	81,937,424	**693,544,715**	464,168,867	607,697,369
Other (expenses) / income						
Share in net loss of a jointly controlled entity	17.2	**(502,957)**	(805,915)	**(795,647)**	(1,287,631)	(3,481,121)
Income from short-term investments	37	**2,787,216**	6,161,810	**5,309,934**	16,890,691	26,627,550
Finance charges	38	**(52,625,862)**	(45,803,962)	**(99,563,564)**	(87,032,611)	(182,585,150)
Other income / (expenses), net	39	**44,668,417**	(1,024,531)	**45,249,670**	(1,609,190)	1,423,265,192
Income before zakat		**495,838,531**	40,464,826	**643,745,108**	391,130,126	1,871,523,840
Provision for zakat, net	21.2	**(5,037,092)**	(104,448)	**(690,084)**	(23,172,083)	(55,448,293)
Net income for the quarter / period / year		**490,801,439**	40,360,378	**643,055,024**	367,958,043	1,816,075,547
Net income for the quarter / period / year attributable to:						
Shareholders' of the parent company	6.1	**370,791,562**	40,980,045	**495,975,210**	280,173,600	1,682,378,450
Non-controlling interest	31.6	**120,009,877**	(619,667)	**147,079,814**	87,784,443	133,697,097
		490,801,439	40,360,378	**643,055,024**	367,958,043	1,816,075,547
Earnings per ordinary share (Saudi Riyals)						
Operating income per share inclusive of non-controlling interest's share		**0.54**	0.09	**0.75**	0.50	0.66
Basic and diluted earnings per share from continuing operations attributable to shareholders' of the parent company	40	**0.40**	0.04	**0.54**	0.30	1.82

Consolidated interim statement of changes in equity for the six months ended June 30, 2014 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

		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, 2013		9,250,000,000	5,250,000,000	393,422,274	3,183,958,193	18,077,380,467	3,773,381,742	731,891,457	502,009,343	5,007,282,542	23,084,663,009
Net income for the period		-	-	-	280,173,600	280,173,600	-	-	87,784,443	87,784,443	367,958,043
Payments to increase share capital during the period *	31.6	-	-	-	-	-	-	294,140,625	-	294,140,625	294,140,625
Increase in non-controlling interest / share capital contributed during the period	31.6	-	-	-	-	-	798,650,611	(798,650,611)	-	-	-
June 30, 2013		9,250,000,000	5,250,000,000	393,422,274	3,464,131,793	18,357,554,067	4,572,032,353	227,381,471	589,793,786	5,389,207,610	23,746,761,677
Dividend paid to non-controlling interest during the remainder of the year	31.6	-	-	-	-	-	-	-	(450,000,000)	(450,000,000)	(450,000,000)
Net income for the remainder of the year		-	-	-	1,402,204,850	1,402,204,850	-	-	45,912,654	45,912,654	1,448,117,504
Net income transferred to statutory reserve	30	-	-	168,237,845	(168,237,845)	-	-	-	-	-	-
Payments to increase share capital during the remainder of the year*	31.6	-	-	-	-	-	-	262,571,244	-	262,571,244	262,571,244
Increase in non-controlling interest / share capital contributed during the remainder of the year	31.6	-	-	-	-	-	375,521,244	(375,521,244)	-	-	-
December 31, 2013		9,250,000,000	5,250,000,000	561,660,119	4,698,098,798	19,759,758,917	4,947,553,597	114,431,471	185,706,440	5,247,691,508	25,007,450,425

(All amounts in Saudi Riyals unless otherwise stated)

Continued

		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
December 31, 2013		9,250,000,000	5,250,000,000	561,660,119	4,698,098,798	19,759,758,917	4,947,553,597	114,431,471	185,706,440	5,247,691,508	25,007,450,425
Net income for the period		-	-	-	495,975,210	495,975,210	-	-	147,079,814	147,079,814	643,055,024
Payments to increase share capital during the period *	31.6	-	-	-	-	-	-	1,432,538,603	-	1,432,538,603	1,432,538,603
Increase in non-controlling interest / share capital contributed during the period	31.6	-	-	-	-	-	47,663,250	(47,062,500)	-	600,750	600,750
June 30, 2014		**9,250,000,000**	**5,250,000,000**	**561,660,119**	**5,194,074,008**	**20,255,734,127**	**4,995,216,847**	**1,499,907,574**	**332,786,254**	**6,827,910,675**	**27,083,644,802**

*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.

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Quarter ended June 30, 2014	June 30, 2013	Six months ended June 30, 2014	June 30, 2013	Year ended December 31, 2013
Operating activities						
Income before zakat		**495,838,531**	40,464,826	**643,745,108**	391,130,126	1,871,523,840
Adjustments for non-cash flow items:						
Reversal of allowance for inventory obsolescence	10	**-**	-	**-**	-	(2,265,620)
Depreciation	12	**283,302,721**	265,376,451	**548,589,342**	526,762,939	1,018,792,418
Adjustment / written-off property, plant and equipment	12	**(2,054,310)**	(58,538)	**(1,367,534)**	(58,538)	(46,932)
Deferred stripping expense	15	**11,744,612**	20,659,189	**25,671,855**	37,366,742	71,975,210
Amortization of intangible assets	16	**5,815,361**	5,149,133	**10,763,979**	10,257,042	20,011,009
Adjustment / written-off intangible assets	16	**-**	-	**-**	-	118,606,335
Share in net loss of a jointly controlled entity	17.2	**502,957**	805,915	**795,647**	1,287,631	3,481,121
Provision for severance fees	22	**7,318,970**	12,554,499	**14,097,868**	19,479,703	37,828,408
Provision for employees' termination benefits	23.1	**14,034,447**	9,636,429	**27,186,838**	19,463,034	52,392,909
Contribution for the employees' savings plan	23.2	**4,500,925**	4,447,468	**9,051,970**	11,426,234	13,759,930
Provision for inventory loss	33	**-**	-	**43,918,321**	-	65,877,481
Income from short term investments	37	**(2,787,216)**	(6,161,810)	**(5,309,934)**	(16,890,691)	(26,627,550)
Changes in working capital:						
Trade and other receivables	9	**7,789,614**	(52,334,202)	**(326,546,042)**	(183,893,289)	(197,405,113)
Inventories	10	**(279,361,425)**	(87,584,185)	**(730,869,936)**	(593,032,352)	(1,007,678,445)
Advances and prepayments	11	**(42,134,670)**	(9,223,600)	**(157,113,700)**	(95,435,919)	(72,933,794)
Projects and other payables – Trade	19	**144,358,906**	(95,646,324)	**150,681,372**	(69,562,600)	(20,541,484)
Accrued expenses – Trade	20	**(28,066,296)**	17,310,571	**(26,852,357)**	198,695,572	113,255,547
Zakat paid	21.2	**(8,100,549)**	(64,753,414)	**(39,985,850)**	(64,753,414)	(64,753,414)
Severance fees paid	22	**(39,504,635)**	(92,914,728)	**(41,771,913)**	(92,914,728)	(92,914,728)
Employee s' termination benefits paid	23.1	**(4,051,962)**	(5,507,665)	**(7,575,078)**	(11,391,592)	(14,903,351)
Employees' savings plan withdrawal	23.2	**(783,673)**	(7,330,765)	**(2,459,367)**	(8,794,003)	(7,374,009)
Provision for mine closure and reclamation utilized	24.1	**(4,560,659)**	(1,762,760)	**(7,073,191)**	(1,886,096)	(7,252,533)
Net cash generated from / (utilized in) operating activities		**563,801,649**	(46,873,510)	**127,577,398**	77,255,801	1,872,807,235
Investing activities						
Income received from short-term investments		**2,924,169**	11,956,205	**5,327,637**	31,869,298	41,774,971
Short-term investments	8	**(523,500,000)**	(47,307,665)	**(664,743,750)**	76,638,250	3,003,763,250
Additions to property, plant and equipment	12	**-**	-	**(661,972)**	-	(62,688,826)
Additions to capital work-in-progress	13	**(2,678,034,268)**	(3,417,538,760)	**(4,805,743,642)**	(6,336,977,802)	(12,476,701,450)
Additions to exploration and evaluation assets	14	**(12,427,288)**	(171,780,870)	**(15,556,138)**	(238,321,040)	(303,083,276)
Additions to deferred stripping expense	15	**(9,363,193)**	(14,585,152)	**(22,265,601)**	(31,422,676)	(63,003,741)
Additions to intangible assets	16	**(4,642,778)**	(39,138,371)	**(4,951,680)**	(59,697,179)	(59,697,179)
Due from joint venture partners		**-**	(40,999,835)	**-**	(40,999,835)	(720,000,000)
Projects and other payables – Projects	19	**(898,211,495)**	483,313,022	**(115,249,931)**	357,602,515	60,372,004
Accrued expenses – Projects	20	**(111,533,859)**	46,251,001	**(1,163,299,903)**	(310,048,912)	241,954,275
Net cash utilized in investing activities		**(4,234,788,712)**	(3,189,830,425)	**(6,787,144,980)**	(6,551,357,381)	(10,337,309,972)

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31, 2013
Financing activities						
Obligation under capital lease	25	**(2,478,237)**	-	**(4,814,363)**	-	59,995,330
Net proceeds from long-term borrowings received	26.4	**3,734,470,004**	798,242,647	**5,830,090,018**	4,597,774,814	6,072,103,632
Due to joint venture partners	27	**24,190,125**	76,380,456	**53,368,875**	166,380,456	387,121,096
Payments to increase share capital by non-controlling interest, net	31.6	**936,585,220**	-	**1,132,566,878**	294,140,624	556,711,869
Increase in share capital of non-controlling interest	31.6	-	-	**600,750**	-	-
Dividend paid to non-controlling interest	31.6	-	-	-	-	(450,000,000)
Net cash generated from financing activities		**4,692,767,112**	874,623,103	**7,011,812,158**	5,058,295,894	6,625,931,927
Net change in cash and cash equivalents		**1,021,780,049**	(2,362,080,832)	**352,244,576**	(1,415,805,686)	(1,838,570,810)
Cash and cash equivalents at beginning of the quarter / period / year *		**3,667,107,517**	7,121,488,946	**4,336,642,990**	6,175,213,800	6,175,213,800
Cash and cash equivalents at end of the quarter / period / year *	7	**4,688,887,566**	4,759,408,114	**4,688,887,566**	4,759,408,114	4,336,642,990
Non-cash flow transactions						
Transfer to property, plant and equipment from capital work-in-progress	12,13	**204,298,989**	101,074,245	**622,764,902**	199,898,726	496,656,304
Provision for mine closure capitalized in property, plant and equipment	12, 24.1	-	-	**29,313,718**	-	-
Transfer to capital work-in-progress from inventories	13,10	-	-	-	-	150,981,092
Depreciation capitalized as part of capital-work-in-progress	13,12	**2,219,999**	-	**4,442,216**	-	-
Transfer to capital work-in-progress from exploration and evaluation assets	13,14	-	-	-	-	504,489,785
Transfer to intangible assets from capital work-in-progress	16,13	-	-	**9,939,658**	-	25,033,511
Transfer from due to joint venture partners to payments to increase share capital pertaining to non-controlling interest	27, 31.6	-	-	**299,971,725**	-	-
Transfer from payments to increase share capital to share capital pertaining to non-controlling interest	31.6	**47,062,500**	181,190,625	**47,062,500**	798,650,611	1,174,171,855

* Cash and cash equivalent includes restricted cash accumulated in the debt service reserve account for the next schedule repayment of long-term borrowing, six months prior to the due date, as per the facility agreement (Note 7).

1. General information

Saudi Arabian Mining Company ("Ma'aden") (the "Company") was formed as a Saudi joint stock company pursuant to Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to March 23, 1997) and the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to March 17, 1997), with Commercial Registration No. 1010164391 dated 10 Zul Qaida 1421H (corresponding to February 4, 2001). The Company has an authorized share capital of SAR 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 SAR 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 estimated capital cost of the project is SAR 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 estimated capital cost of the project is SAR 26 billion.

(All amounts in Saudi Riyals unless otherwise stated)

2. Group structure

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

		Effective ownership		
Subsidiaries	**Type of company**	**June 30, 2014**	**June 30, 2013**	**December 31, 2013**
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	**100%**	100%	100%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	**100%**	100%	100%
Industrial Minerals Company ("IMC")	Limited liability company	**100%**	100%	100%
Ma'aden Aluminum Company ("MAC")	Limited liability company	**74.9%**	74.9%	74.9%
Ma'aden Rolling Company ("MRC")	Limited liability company	**74.9%**	74.9%	74.9%
Ma'aden Bauxite and Alumina Company ("MBAC")	Limited liability company	**74.9%**	74.9%	74.9%
Ma'aden Phosphate Company ("MPC")	Limited liability company	**70%**	70%	70%
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWASPC")	Limited liability company	**60%**	-	-
Jointly controlled entity				
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Limited liability company	**50%**	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.

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.

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.

MAC

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

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

The objectives of the company are the production of:

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

The company is currently in its project development phase.

MRC

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

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

The objectives of the company are the production of:

- can body stock; and
- can ends stock.

The company is currently in its project development phase.

MBAC

The company was incorporated in the Kingdom of Saudi Arabia on January 22, 2011 and is owned:

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

The objectives of the company are to:

- produce and refine bauxite; and
- produce alumina.

The company is currently in its project development phase.

MPC

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

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

The objectives of the company are to:

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

MWASPC

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

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

The objectives of the Company are the production of:

- purified phosphoric acid,
- phosphoric acid,
- sodium tripolyphosphate,
- Di-calcium and Mono-calcium phosphate,
- Di-ammonium and Mono-ammonium phosphate,
- ammonia,
- nitro phosphate and nitro phosphate potash,
- sulphuric acid,
- products used in the manufacturing of lime; and
- purified phosphate rock.

SAMAPCO

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

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

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

The objectives of the company are the production of:

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

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

3. Basis of preparation

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

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

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

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

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated interim financial statements are set out below. These policies have been consistently applied to all periods / year 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 interim statement of financial position. Goodwill is tested annually for impairment and carried at cost, net of any accumulated amortization and impairment losses, if any.

Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies of the subsidiaries are in consistency with those 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 interim statement of financial position date, adjusted to conform with the accounting polices of the Group, if any. Intragroup gains on transactions are eliminated to the extent of the Group's interest in the investee. Intragroup losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

4.2 Foreign currency translation

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

4.3 Cash and cash equivalents

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

4.4 Short-term investments

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

4.5 Trade receivables

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

4.6 Inventories

Finished goods

Finished goods 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 interim statement of financial position principally include cash and cash equivalents, short-term investments, trade and other receivables, projects and other payables, accrued expenses and borrowings.

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

(All amounts in Saudi Riyals unless otherwise stated)

4.8 Property, plant and equipment

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

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

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

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

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

4.9 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 feasibilities 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 consolidated interim 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 Stripping ratio and deferred stripping costs

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

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

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

4.12 Intangible assets

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

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

4.13 Asset impairment

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

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

4.14 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 interim statement of income. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined. Foreign shareholders in subsidiaries are subject to income tax which is included in non-controlling interest in the consolidated interim statement of income.

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

4.16 Severance fees

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

The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated interim 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 interim 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 Article 145 of the Labor Regulations, and in furtherance to Article 76 of the Company's Internal Work Regulation approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to July 19, 1999) issued by 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 SAR 300. The Group will contribute an amount equaling 10% of the monthly savings of each member per annum for the first year and increase it by 10% in the year after it reaches 100% at the 10th year, which will in turn be credited to the savings accounts of the member. The Group's portion is charged to the consolidated interim statement of income on a monthly basis. The Group's portion will only be paid upon termination or resignation of the employee.

4.21 Leasing

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

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

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

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

4.22 Borrowings

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

4.23 Revenue recognition

Revenue is recognized when all the following conditions are met:

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

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

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

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

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

4.24 Selling, marketing and logistic expenses

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

4.25 General and administrative expenses

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

5. Critical accounting estimates, assumptions and judgments

The preparation of consolidated interim financial statements in conformity with generally accepted accounting standards requires management to make estimates and assumptions that affect amounts reported in the consolidated interim financial statements and accompanying notes. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

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

- ore reserve and mineral resource estimates;
- economic useful lives of property, plant and equipment;
- impairment and reversal of impairment of assets;
- allowances;
- mine closure and environmental 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 June 30, 2014, the allowance for obsolete slow-moving items amounted to SAR 16 million (June 30, 2013: SAR 19 million and December 31, 2013: SAR 16 million) (Note 10). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated interim statement of financial position date to the extent that such events confirm conditions existing at the end of the period / 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-mime estimates could affect the carrying amount of this provision.

Zakat and income taxes

During the period ended June 30, 2014 an amount of SAR 31.9 million was paid to DZIT pertaining to the year ended December 31, 2013 but no zakat assessments were finalized by the DZIT. Where the final zakat outcome of these matters is different from the amounts that were initially recorded, such differences will impact the zakat provisions in the period / 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).

- **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, As Suq mines and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia. The segment also include Ad Duwayhi mine which is in development stage.

- **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.

  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 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 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 started commercial operation on July 1, 2014.

- **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.

(All amounts in Saudi Riyals unless otherwise stated)

6.1 Business segment (continued)

	Notes	Corporate	Gold	Phosphate	Industrial minerals	Aluminum	Infra-structure	Consolidation adjustments and eliminations	Total
June 30, 2014									
Sales	32	**1,227,565,063**	**355,641,407**	**2,492,138,369**	**86,145,873**	**-**	**100,146,069**	**(99,900,073)**	**4,161,736,708**
Gross profit		**217,365,795**	**157,200,317**	**741,162,151**	**54,527,424**	**-**	**41,439,033**	**(57,106,603)**	**1,154,588,116**
Income from short-term investments	37	**2,274,650**	**557,704**	**1,594,310**	**158,278**	**-**	**724,992**	**-**	**5,309,934**
Net income / (loss) attributable to shareholders' of the parent company		**567,540,312**	**47,734,642**	**350,136,185**	**43,217,211**	**(8,888,187)**	**40,734,131**	**(544,499,084)**	**495,975,210**
Property, plant and equipment	12	**170,397,174**	**396,632,456**	**16,687,769,619**	**225,003,402**	**59,077,239**	**772,708,062**	**(80,043,788)**	**18,231,544,164**
Capital work-in-progress	13	**830,100,280**	**1,297,666,022**	**2,851,128,992**	**88,192,041**	**36,351,733,768**	**214,487,200**	**(462,130,529)**	**41,171,177,774**
Exploration and evaluation assets	14	**41,642,747**	**119,797,208**	**-**	**-**	**-**	**-**	**-**	**161,439,955**
Deferred stripping expense	15	**-**	**4,350,733**	**25,624,682**	**-**	**-**	**-**	**-**	**29,975,415**
Intangible assets	16	**7,073,009**	**707,279**	**21,436,559**	**-**	**-**	**249,094,510**	**-**	**278,311,357**
Investment in a jointly controlled entity	17	**440,574,967**	**-**	**-**	**-**	**-**	**-**	**-**	**440,574,967**
Total assets		**25,059,323,419**	**2,651,242,508**	**23,796,409,934**	**487,588,152**	**39,900,048,612**	**1,345,883,640**	**(22,807,646,521)**	**70,432,849,744**
June 30, 2013									
Sales	32	396,228,653	350,364,460	2,177,935,219	58,370,018	-	78,202,275	(77,542,788)	2,983,557,837
Gross profit		48,759,596	201,370,197	542,908,161	36,112,458	-	29,859,480	(40,820,236)	818,189,656
Income from short-term investments	37	2,579,318	3,379,774	10,770,218	11,500	-	149,881	-	16,890,691
Net income / (loss) attributable to shareholders' of the parent company		320,993,836	112,510,624	210,201,051	29,105,935	(6,868,486)	29,254,488	(415,023,848)	280,173,600
Property, plant and equipment	12	145,735,810	147,879,785	17,198,179,868	242,197,720	1,514,855	609,844,840	(82,290,599)	18,263,062,279
Capital work-in-progress	13	380,722,133	617,789,099	406,310,841	82,980,360	28,934,700,352	355,197,982	(257,407,729)	30,520,293,038
Exploration and evaluation assets	14	30,176,491	193,150,979	362,283,896	-	-	-	-	585,611,366
Deferred stripping expense	15	-	4,832,437	31,576,635	-	-	-	-	36,409,072
Intangible assets	16	122,270,166	447,186	17,149,572	-	-	237,643,865	-	377,510,789
Investment in a jointly controlled entity	17	443,564,104	-	-	-	-	-	-	443,564,104
Total assets		19,574,741,177	1,482,137,283	22,870,219,321	491,411,717	33,363,209,642	1,342,470,528	(18,485,498,953)	60,638,690,715

(All amounts in Saudi Riyals unless otherwise stated)

6.1 Business segment (continued)

December 31, 2013	Note	Corporate	Gold	Phosphate	Industrial minerals	Aluminum	Infra-structure	Consolidation adjustments and eliminations	Total
Sales	32	1,015,155,686	709,253,627	4,171,555,563	150,551,491	-	165,886,373	(165,138,195)	6,047,264,545
Gross profit		122,314,302	353,241,837	965,111,235	97,101,906	-	61,797,936	(90,083,030)	1,509,484,186
Income from short-term investments	37	7,464,853	4,059,283	14,287,545	218,142	-	597,727	-	26,627,550
Net income / (loss) attributable to shareholders' of the parent company		1,818,998,770	171,727,657	333,405,591	83,219,524	(27,426,570)	59,748,494	(757,295,016)	1,682,378,450
Property, plant and equipment	12	142,221,152	134,495,123	16,924,662,606	234,063,888	62,677,113	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	86,094,284	33,984,155,794	225,195,111	(306,670,524)	36,993,696,476
Exploration and evaluation assets	14	40,268,139	105,615,678	-	-	-	-	-	145,883,817
Deferred stripping expense	15	-	4,825,652	28,556,017	-	-	-	-	33,381,669
Intangible assets	16	3,023,394	222,422	14,756,608	-	-	256,181,574	-	274,183,998
Investment in a jointly controlled entity	17	441,370,614	-	-	-	-	-	-	441,370,614
Total assets		21,352,382,403	1,636,856,389	20,520,148,656	559,971,303	37,012,274,156	1,454,220,051	(18,584,624,656)	63,951,228,302

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

6.2 Geographical segment

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

(All amounts in Saudi Riyals unless otherwise stated)

7. Cash and cash equivalents

	June 30, 2014	June 30, 2013	December 31, 2013
Term deposits with original maturities equal to or less than three months at the date of acquisition			
- unrestricted	**3,418,239,274**	3,782,509,621	3,377,583,347
- restricted	**498,541,668**	362,323,750	450,506,302
Sub-total	**3,916,780,942**	4,144,833,371	3,828,089,649
Cash and bank balances			
- unrestricted	**771,993,115**	613,609,571	497,529,466
- restricted	**113,509**	965,172	11,023,875
Sub-total	**772,106,624**	614,574,743	508,553,341
Total	**4,688,887,566**	4,759,408,114	4,336,642,990

Restricted cash and cash equivalents are related to the following:

Cash accumulated in the debt service reserve account for the next schedule repayment of long-term borrowing, six months prior to the due date, as per the facility agreement	**113,509**	965,172	11,023,875
Balance portion accumulated for the scheduled repayment of long-term borrowings, six months prior to due date, invested and included in short-term deposits with original maturities equal to or less than three months at the date of acquisition	**498,541,668**	362,323,750	450,506,302
Total	**498,655,177**	363,288,922	461,530,177

Unrestricted cash and bank balances includes:

Employees' savings plan obligation (Note 23.2)	**27,984,531**	17,638,238	21,391,928

8. Short-term investments

	June 30, 2014	June 30, 2013	December 31, 2013
Securities and term deposits with original maturities of more than three months and less than a year at acquisition	**714,743,750**	2,977,125,000	50,000,000
Investment income receivable	**2,420,073**	2,606,590	2,437,776
	717,163,823	2,979,731,590	52,437,776

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

(All amounts in Saudi Riyals unless otherwise stated)

9. Trade and other receivables

	June 30, 2014	June 30, 2013	December 31, 2013
Trade	**834,821,478**	639,441,451	561,424,851
Due from SAMAPCO (Note 41.2)	**47,998,419**	47,998,419	47,998,419
Due from Saudi Mining Polytechnic ("SMP") (Note 41.2)	**4,293,796**	12,960,988	50,464,149
Insurance claim*	**194,044,300**	-	98,300,773
Other	**5,834,058**	5,533,492	2,257,817
Total	**1,086,992,051**	705,934,350	760,446,009

Trade receivables includes:

Due from Alcoa Inc. (Note 41.2)	**461,198**	72,792,940	23,948,991
Due from SABIC (Note 41.2)	**310,506,934**	242,618,656	242,382,717

*Insurance claim relates to:

one of the aluminum pot lines on which the production was halted in October 2013. The temporary shutdown was undertaken after a period of pot instability. The pot line has been restored during second quarter of 2014	**108,294,300**	-	98,300,773
ammonia reformer and conveyor belt claim	**85,750,000**	-	-
Total	**194,044,300**	-	98,300,773

10. Inventories

	June 30, 2014	June 30, 2013	December 31, 2013
Finished goods – ready for sale	**370,141,225**	316,727,342	303,757,498
Work-in-progress at net production cost	**534,840,603**	173,131,454	360,307,241
Stockpile of mined ore	**125,271,930**	83,167,814	105,632,033
Raw materials	**622,630,809**	478,568,405	410,651,782
By-products	**16,024,491**	20,661,957	3,764,780
Sub-total	**1,668,909,058**	1,072,256,972	1,184,113,334
Spare parts and consumables materials	**917,468,155**	629,381,106	715,312,264
Allowance for obsolete slow-moving spare parts and consumable materials	**(16,405,729)**	(18,671,349)	(16,405,729)
Sub-total	**901,062,426**	610,709,757	698,906,535
Total	**2,569,971,484**	1,682,966,729	1,883,019,869

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.

(All amounts in Saudi Riyals unless otherwise stated)

10. Inventories (continued)

Movement in the allowance for inventory obsolescence is as follows:

	June 30, 2014	June 30, 2013	December 31, 2013
January 1	**16,405,729**	18,671,349	18,671,349
Reversal of allowance for obsolescence (Note 33)	**-**	-	(2,265,620)
June 30 / December 31	**16,405,729**	18,671,349	16,405,729

11. Advances and prepayments

	June 30, 2014	June 30, 2013	December 31, 2013
Current portion:			
Advances to contractors	**123,107,280**	79,385,982	77,482,678
Advances to employees	**67,892,976**	38,899,621	13,700,858
Prepaid housing	**22,313,533**	31,190,513	28,179,145
Prepaid insurance	**48,580,579**	24,109,648	19,774,522
Other prepayments	**10,099,345**	23,050,077	8,223,988
Sub-total	**271,993,713**	196,635,841	147,361,191
Non-current portion:			
Other prepayments	**64,817,475**	46,563,608	32,336,297
Sub-total	**64,817,475**	46,563,608	32,336,297
Total	**336,811,188**	243,199,449	179,697,488

(All amounts in Saudi Riyals unless otherwise stated)

12. Property, plant and equipment

	Notes	Land	Mining assets	Motor vehicles	Heavy equipment	Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
Cost												
January 1, 2013		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
Transfer from capital work-in-progress	13	-	-	-	21,301,060	17,932	152,963,202	17,897,610	1,694,190	221,254	5,803,480	199,898,728
Adjustments / write-offs		-	-	-	-	-	-	-	104,984	(27,070)	(618,774)	(540,860)
June 30, 2013		61,550,000	61,018,120	25,637,190	239,877,020	18,002,619,669	1,708,933,171	473,111,140	75,752,706	35,447,620	38,710,952	20,722,657,588
Additions during remainder of the year		-	-	60,781,150	-	-	-	-	-	1,907,676	-	62,688,826
Transfer from capital work-in-progress	13	-	-	3,678,979	6,528,723	1,789,020	255,319,233	17,756,126	3,016,912	1,886,175	6,782,408	296,757,576
December 31, 2013		61,550,000	61,018,120	90,097,319	246,405,743	18,004,408,689	1,964,252,404	490,867,266	78,769,618	39,241,471	45,493,360	21,082,103,990
Additions during the period		-	-	-	-	-	-	-	-	661,972	-	661,972
Transfer from capital work-in-progress	13	-	-	542,500	14,256,888	299,988,829	184,763,214	91,404,550	10,695,857	643,953	20,469,111	622,764,902
Provision for mine closure capitalized	24.1	-	29,313,718	-	-	-	-	-	-	-	-	29,313,718
Adjustments / write-offs		-	-	(2,692,117)	-	(932,576)	-	-	(107,833)	(829,058)	7,833	(4,553,751)
June 30, 2014		**61,550,000**	**90,331,838**	**87,947,702**	**260,662,631**	**18,303,464,942**	**2,149,015,618**	**582,271,816**	**89,357,642**	**39,718,338**	**65,970,304**	**21,730,290,831**
Accumulated depreciation												
January 1, 2013		-	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 period		-	1,974,105	1,133,779	7,697,701	456,193,786	39,351,260	7,692,815	6,369,075	2,274,771	4,075,647	526,762,939
Adjustments / write-offs		-	-	-	-	-	-	-	10,531	(16,155)	(593,774)	(599,398)
June 30, 2013		-	42,227,621	23,015,951	75,819,712	1,793,945,553	183,180,122	260,221,915	42,320,312	21,188,596	17,675,527	2,459,595,309
Charge for the remainder of the year		-	2,281,120	1,584,373	11,827,736	426,212,202	29,078,515	8,355,451	5,568,280	2,633,498	4,488,304	492,029,479
Adjustments / write-offs		-	-	-	-	-	-	-	-	11,606	-	11,606
December 31, 2013		-	44,508,741	24,600,324	87,647,448	2,220,157,755	212,258,637	268,577,366	47,888,592	23,833,700	22,163,831	2,951,636,394
Charge for the period		-	4,202,650	5,156,630	10,943,620	413,327,637	82,381,824	8,923,077	16,657,333	2,444,391	8,994,396	553,031,558
Adjustments / write-offs		-	-	(2,692,117)	-	(2,326,141)	-	-	(100,000)	(803,027)	-	(5,921,285)
June 30, 2014		**-**	**48,711,391**	**27,064,837**	**98,591,068**	**2,631,159,251**	**294,640,461**	**277,500,443**	**64,445,925**	**25,475,064**	**31,158,227**	**3,498,746,667**
Net book value												
June 30, 2013		61,550,000	18,790,499	2,621,239	164,057,308	16,208,674,116	1,525,753,049	212,889,225	33,432,394	14,259,024	21,035,425	18,263,062,279
December 31, 2013		61,550,000	16,509,379	65,496,995	158,758,295	15,784,250,934	1,751,993,767	222,289,900	30,881,026	15,407,771	23,329,529	18,130,467,596
June 30, 2014		**61,550,000**	**41,620,447**	**60,882,865**	**162,071,563**	**15,672,305,691**	**1,854,375,157**	**304,771,373**	**24,911,717**	**14,243,274**	**34,812,077**	**18,231,544,164**

(All amounts in Saudi Riyals unless otherwise stated)

12. Property, plant and equipment (continued)

Property, plant and equipment of MPC and MAC with a net book value at June 30, 2014 of SAR 16,690,500,575 (June 30, 2013: SAR 17,199,694,723 and December 31, 2013: SAR 16,927,194,164) are pledged as security to lenders under the Common Term Financing Agreement (Note 26.7).

Property, plant and equipment of MBAC with a net book value at June 30, 2014 of SAR 56,346,283 (June 30, 2013: Nil and December 31, 2013: SAR 60,145,555) was acquired under a capital lease and are pledged as security to the lessor (Note 25).

	Notes	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31, 2013
Allocation of depreciation charge for the quarter / period / year to:						
Capital work-in-progress	13	**2,219,999**	-	**4,442,216**	-	-
Cost of sales	33	**276,028,264**	261,569,947	**537,065,795**	519,095,276	1,004,164,132
General and administrative expenses	35	**7,274,457**	3,806,504	**11,523,547**	7,667,663	14,628,286
Total		**285,522,720**	265,376,451	**553,031,558**	526,762,939	1,018,792,418

(All amounts in Saudi Riyals unless otherwise stated)

13. Capital work-in-progress

	Notes	Corporate	Gold	Phosphate	Industrial minerals	Aluminum	Infra-structure	Total
Cost								
January 1, 2013		289,140,819	426,359,292	241,388,816	81,116,854	23,074,340,867	270,867,316	24,383,213,964
Additions during the period		77,027,977	193,245,292	261,363,149	1,863,506	5,822,159,978	147,479,095	6,503,138,997
Transfer to property, plant and equipment	12	(511,389)	(1,815,485)	(86,241,655)	-	-	(111,330,199)	(199,898,728)
Advances to contractors, net		15,064,726	-	(10,199,469)	-	(219,208,222)	48,181,770	(166,161,195)
June 30, 2013		380,722,133	617,789,099	406,310,841	82,980,360	28,677,292,623	355,197,982	30,520,293,038
Additions during the remainder of the year		309,079,975	302,605,901	357,542,381	3,113,924	5,159,570,757	41,204,911	6,173,117,849
Transfer to property, plant and equipment	12	(509,597)	(11,154,694)	(153,676,336)	-	-	(131,416,949)	(296,757,576)
Transfer to intangible assets	16	-	-	-	-	-	(25,033,511)	(25,033,511)
Transfer from inventory		-	-	150,981,092	-	-	-	150,981,092
Transfer from exploration and evaluation assets	14	-	142,205,889	362,283,896	-	-	-	504,489,785
Advances to contractors, net		(41,904,780)	-	182,646,011	-	(159,378,110)	(14,757,322)	(33,394,201)
December 31, 2013		647,387,731	1,051,446,195	1,306,087,885	86,094,284	33,677,485,270	225,195,111	36,993,696,476
Additions during the period		236,581,369	498,492,450	1,188,692,189	2,097,757	2,307,444,666	95,855,908	4,329,164,339
Transfer to property, plant and equipment	12	(34,906,346)	(266,731,123)	(234,473,400)	-	-	(86,654,033)	(622,764,902)
Transfer to intangible assets	16	-	-	(9,939,658)	-	-	-	(9,939,658)
Advances to contractors, net		(18,962,474)	-	600,761,976	-	(80,868197)	(19,909,786)	481,021,519
June 30, 2014		**830,100,280**	**1,283,207,522**	**2,851,128,992**	**88,192,041**	**35,904,061,739**	**214,487,200**	**41,171,177,774**
Advances to contractors capitalized as part of additions to capital work-in-progress								
June 30, 2013		77,906,535	-	-	-	399,484,710	66,040,459	543,431,704
December 31, 2013		36,001,755	-	182,646,011	-	240,106,600	51,283,138	510,037,504
June 30, 2014		**17,039,281**	**-**	**783,407,987**	**-**	**159,238,403**	**31,373,351**	**991,059,022**

(All amounts in Saudi Riyals unless otherwise stated)

13. Capital work-in-progress (continued)

	Notes	Corporate	Gold	Phosphate	Industrial minerals	Aluminum	Infra-structure	Total
Borrowing cost capitalized as part of capital work-in-progress during the period / year								
June 30, 2013	38.1	-	-	-	-	266,466,490	-	266,466,490
December 31, 2013	38.1	-	-	-	-	481,163,536	-	481,163,536
June 30, 2014	38.1	-	-	-	-	**187,945,900**	-	**187,945,900**

Capital work-in-progress includes borrowing cost relating to the qualifying assets of MAC, MRC and MBAC with a book value before consolidation elimination at June 30, 2014 of SAR 36,887,583,288 (June 30, 2013: SAR 29,340,800,586 and December 31, 2013: SAR 34,459,633,329) are pledged as security to the lenders under the Common Term Financing Agreement (Note 26.7).

	Notes	Corporate	Gold	Phosphate	Industrial minerals	Aluminum	Infra-structure	Total
Depreciation capitalized as part of capital work-in-progress during the period / year								
June 30, 2013	12	-	-	-	-	-	-	-
December 31, 2013	12	-	-	-	-	-	-	-
June 30, 2014	12	-	-	-	-	**4,261,846**	**180,370**	**4,442,216**

14. Exploration and evaluation assets

	Note	Corporate	Gold	Phosphate	Total
January 1, 2013		25,956,610	127,306,058	194,027,658	347,290,326
Additions during the period		4,219,881	65,844,921	168,256,238	238,321,040
June 30, 2013		30,176,491	193,150,979	362,283,896	585,611,366
Additions during the remainder of the year		10,091,648	54,670,588	-	64,762,236
Transfer to capital work-in-progress	13	-	(142,205,889)	(362,283,896)	(504,489,785)
December 31, 2013		40,268,139	105,615,678	-	145,883,817
Additions during the period		1,374,608	14,181,530	-	15,556,138
June 30, 2014		**41,642,747**	**119,797,208**	-	**161,439,955**

(All amounts in Saudi Riyals unless otherwise stated)

15. Deferred stripping expense

	Notes	Gold	Phosphate	Total
Cost				
January 1, 2013		11,227,159	75,666,881	86,894,040
Stripping cost incurred during the period		-	31,422,676	31,422,676
June 30, 2013		11,227,159	107,089,557	118,316,716
Stripping cost incurred during the remainder of the year		-	31,581,065	31,581,065
December 31, 2013		11,227,159	138,670,622	149,897,781
Stripping cost incurred during the period		-	22,265,601	22,265,601
June 30, 2014		**11,227,159**	**160,936,223**	**172,163,382**
Accumulated amortization				
January 1, 2013		5,702,847	38,838,055	44,540,902
Expensed to cost of sales during the period	33	691,875	36,674,867	37,366,742
June 30, 2013		6,394,722	75,512,922	81,907,644
Expensed to cost of sales during the remainder of the year	33	6,785	34,601,683	34,608,468
December 31, 2013		6,401,507	110,114,605	116,516,112
Expensed to cost of sales during the period	33	474,919	25,196,936	25,671,855
June 30, 2014		**6,876,426**	**135,311,541**	**142,187,967**
Net book value				
June 30, 2013		4,832,437	31,576,635	36,409,072
December 31, 2013		4,825,652	28,556,017	33,381,669
June 30, 2014		**4,350,733**	**25,624,682**	**29,975,415**

(All amounts in Saudi Riyals unless otherwise stated)

16. Intangible assets

	Note	Corporate	Gold	Phosphate	Infra-structure	Total
Cost						
January 1, 2013		70,328,710	5,902,120	23,929,635	272,842,879	373,003,344
Additions during the period		58,957,805	739,374	-	-	59,697,179
June 30, 2013		129,286,515	6,641,494	23,929,635	272,842,879	432,700,523
Transfer from capital work-in-progress	13	-	-	-	25,033,511	25,033,511
Adjustments / write-offs		(125,302,560)	-	-	-	(125,302,560)
December 31, 2013		3,983,955	6,641,494	23,929,635	297,876,390	332,431,474
Additions during the period		4,355,612	596,068	-	-	4,951,680
Transfer from capital work-in-progress	13	-	-	9,939,658	-	9,939,658
June 30, 2014		**8,339,567**	**7,237,562**	**33,869,293**	**297,876,390**	**347,322,812**
Accumulated amortization						
January 1, 2013		6,391,786	5,445,124	4,387,100	28,708,682	44,932,692
Charge for the period		624,563	749,184	2,392,963	6,490,332	10,257,042
June 30, 2013		7,016,349	6,194,308	6,780,063	35,199,014	55,189,734
Charge for the remainder of the year		640,437	224,764	2,392,964	6,495,802	9,753,967
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
Charge for the period		305,997	111,211	3,259,707	7,087,064	10,763,979
June 30, 2014		**1,266,558**	**6,530,283**	**12,432,734**	**48,781,880**	**69,011,455**
Net book value						
June 30, 2013		122,270,166	447,186	17,149,572	237,643,865	377,510,789
December 31, 2013		3,023,394	222,422	14,756,608	256,181,574	274,183,998
June 30, 2014		**7,073,009**	**707,279**	**21,436,559**	**249,094,510**	**278,311,357**

(All amounts in Saudi Riyals unless otherwise stated)

16. Intangible assets (continued)

	Notes	Quarter ended June 30, 2014	June 30, 2013	Six months ended June 30, 2014	June 30, 2013	Year ended December 31, 2013
Allocation of amortization charge for the quarter / period / year to:						
Cost of sales	33	**5,662,363**	4,816,241	**10,457,982**	9,632,479	18,746,009
General and administrative expenses	35	**152,998**	332,892	**305,997**	624,563	1,265,000
Total		**5,815,361**	5,149,133	**10,763,979**	10,257,042	20,011,009

(All amounts in Saudi Riyals unless otherwise stated)

17. Investment in jointly controlled entity

	June 30, 2014	June 30, 2013	December 31, 2013
Investment of 50% in the issued and paid-up share capital of SAMAPCO at cost (Note 17.1)	**450,000,000**	450,000,000	450,000,000
Share of the accumulated loss (Note 17.2)	**(9,425,033)**	(6,435,896)	(8,629,386)
Total	**440,574,967**	443,564,104	441,370,614

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

Contribution in kind	268,269,815
Cash paid	181,730,185
Total	**450,000,000**

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

	Quarter ended		Six months ended		Year ended
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	December 31, 2013
April 1 / January 1	**(8,922,076)**	(5,629,981)	**(8,629,386)**	(5,148,265)	(5,148,265)
Share in net (loss) / income for the quarter / period / year	**(502,957)**	(805,915)	**(795,647)**	(1,287,631)	(3,481,121)
June 30 / December 31	**(9,425,033)**	(6,435,896)	**(9,425,033)**	(6,435,896)	(8,629,386)

18. Due from joint venture partners

	June 30, 2014	June 30, 2013	December 31, 2013
Due from Mosaic	**450,000,000**	25,624,897	450,000,000
Due from SABIC	**270,000,000**	15,374,938	270,000,000
Total	**720,000,000**	40,999,835	720,000,000

Due from joint venture partners as at December 31, 2013 represents the second installment of the remaining 50% of SAR 1.44 billion due on June 30, 2016 as per the Shareholders Agreement signed on August 5, 2013 (Note 1 and 39).

(All amounts in Saudi Riyals unless otherwise stated)

19. Projects and other payables

	June 30, 2014	June 30, 2013	December 31, 2013
Projects	**1,638,114,213**	2,050,594,655	1,753,364,144
Trade	**372,413,674**	185,522,763	234,551,557
Non-refundable contributions*	**37,000,000**	38,000,000	38,000,000
Other	**39,184,819**	25,373,242	25,365,564
Total	**2,086,712,706**	2,299,490,660	2,051,281,265

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

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

20. Accrued expenses

	June 30, 2014	June 30, 2013	December 31, 2013
Projects	**1,371,590,766**	2,076,609,089	2,543,895,556
Trade	**482,213,810**	520,896,886	447,109,110
Employees	**123,343,300**	117,974,252	185,300,357
Accrued expenses – Alcoa Inc. (Note 41.2)	**79,639,672**	77,818,437	83,763,220
Finance charges	**14,081,935**	1,159,917	953,500
Total	**2,070,869,483**	2,794,458,581	3,261,021,743

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

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

(All amounts in Saudi Riyals unless otherwise stated)

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 quarter / period / year;
- provisions at the beginning of the quarter / period / year;
- long term borrowings;
- adjusted net income;
- spare parts and consumable materials:
- net book value of property, plant and equipment;
- net book value of capital work-in-progress;
- net book value of exploration and evaluation assets;
- net book value of intangible assets;
- carrying value of investment in a jointly controlled entity; and
- other items.

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

21.2 Zakat payable

	Quarter ended		Six months ended		Year ended
	June 30, 2014	**June 30, 2013**	**June 30, 2014**	**June 30, 2013**	**December 31, 2013**
April 1 / January 1	**18,062,761**	86,667,826	**54,295,070**	63,600,191	63,600,191
Provision for zakat	**5,037,092**	104,448	**690,084**	23,172,083	55,448,293
Current quarter / period / year (Note 21.3)	**9,987,904**	(1,048,775)	**14,999,304**	22,018,860	54,295,070
Previous year (over) / under provision	**(4,950,812)**	1,153,223	**(14,309,220)**	1,153,223	1,153,223
Paid during the quarter / period / year to the authorities	**(8,100,549)**	(64,753,414)	**(39,985,850)**	(64,753,414)	(64,753,414)
June 30 / December 31	**14,999,304**	22,018,860	**14,999,304**	22,018,860	54,295,070

21.3 Provision for zakat consists of:

	Quarter ended		Six months ended		Year ended
	June 30, 2014	**June 30, 2013**	**June 30, 2014**	**June 30, 2013**	**December 31, 2013**
Saudi Arabian Mining Company	-	1,000,000	-	2,500,000	29,155,558
Ma'aden Phosphate Company	**5,106,469**	(2,179,711)	**7,560,487**	12,449,766	13,051,361
Ma'aden Gold and Base Metals Company (Note 22.2)	**1,271,215**	(1,393,786)	**2,266,379**	4,070,888	4,317,839
Industrial Minerals Company	**2,623,103**	1,146,066	**3,743,357**	2,245,189	5,125,202
Ma'aden Infrastructure Company	**987,117**	378,656	**1,429,081**	753,017	2,645,110
Total (Note 21.2)	**9,987,904**	(1,048,775)	**14,999,304**	22,018,860	54,295,070

21.4 Status of final assessments

The Company and its subsidiaries received provisional zakat certificates from the years ended December 31, 2008 to December 31, 2013, however, no zakat assessments were finalized by the DZIT.

(All amounts in Saudi Riyals unless otherwise stated)

22. Severance fees payable

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31, 2013
April 1 / January 1	**40,942,053**	98,441,957	**36,430,433**	91,516,753	91,516,753
Provision for severance fee (Note 33)	**7,318,970**	12,554,499	**14,097,868**	19,479,703	37,828,408
Current quarter / period / year (Note 22.1)	**2,472,736**	11,067,218	**8,667,082**	17,992,422	36,341,127
Previous year under provision	**4,846,234**	1,487,281	**5,430,786**	1,487,281	1,487,281
Paid during the quarter / period / year to the authorities	**(39,504,635)**	(92,914,728)	**(41,771,913)**	(92,914,728)	(92,914,728)
June 30 / December 31	**8,756,388**	18,081,728	**8,756,388**	18,081,728	36,430,433

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 fees,
- 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 interim statement of income.

22.1 Provision for severance fees consists of:

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31, 2013
Gold mines	**2,042,973**	10,693,712	**7,821,666**	17,298,609	34,658,401
Low grade bauxite	**315,964**	293,802	**668,976**	590,965	1,410,647
Kaolin	**66,353**	37,164	**91,098**	49,765	136,440
Magnesia	**47,446**	42,540	**85,342**	53,083	135,639
Total (Note 22)	**2,472,736**	11,067,218	**8,667,082**	17,992,422	36,341,127

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

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31, 2013
Net income from operating mines before severance fee for the quarter / period / year	**24,920,277**	48,712,004	**60,402,541**	112,510,624	210,962,881
25% of the quarter's / period's / year's net income as defined	**6,230,069**	12,178,001	**15,100,635**	28,127,656	52,740,720
Hypothetical income tax based on quarter's / period's / year's taxable net income	**3,314,188**	9,299,926	**10,088,045**	21,369,497	38,976,240
Provision based on the lower of the above two computations	**3,314,188**	9,299,926	**10,088,045**	21,369,497	38,976,240
Provision for zakat (Note 21.3)	**(1,271,215)**	1,393,786	**(2,266,379)**	(4,070,888)	(4,317,839)
Net severance fee provision for the quarter / period / year	**2,042,973**	10,693,712	**7,821,666**	17,298,609	34,658,401

(All amounts in Saudi Riyals unless otherwise stated)

23. Employees' benefits

	June 30, 2014	June 30, 2013	December 31, 2013
Employees' termination benefits (Note 23.1)	**213,050,413**	164,020,537	193,438,653
Employees' savings plan (Note 7 and 23.2)	**27,984,531**	17,638,238	21,391,928
Total	**241,034,944**	181,658,775	214,830,581

23.1 Employees' termination benefits

	Quarter ended		Six months ended		Year ended
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	December 31, 2013
April 1 / January 1	**203,067,928**	159,891,773	**193,438,653**	155,949,095	155,949,095
Provision for the quarter / period / year	**14,034,447**	9,636,429	**27,186,838**	19,463,034	52,392,909
Paid during the quarter / period / year	**(4,051,962)**	(5,507,665)	**(7,575,078)**	(11,391,592)	(14,903,351)
June 30 / December 31	**213,050,413**	164,020,537	**213,050,413**	164,020,537	193,438,653

23.2 Employees' savings plan

	Quarter ended		Six months ended		Year ended
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	December 31, 2013
April 1 / January 1	**24,267,279**	20,521,535	**21,391,928**	15,006,007	15,006,007
Contribution for the quarter / period / year	**4,500,925**	4,447,468	**9,051,970**	11,426,234	13,759,930
Withdrawals during the quarter / period / year	**(783,673)**	(7,330,765)	**(2,459,367)**	(8,794,003)	(7,374,009)
June 30 / December 31 (Note 4.20 and 7)	**27,984,531**	17,638,238	**27,984,531**	17,638,238	21,391,928

(All amounts in Saudi Riyals unless otherwise stated)

24. Provision for mine closure and reclamation

	June 30, 2014	June 30, 2013	December 31, 2013
Gold mines (Note 24.1)	**103,681,150**	86,807,060	81,440,623
Low grade bauxite and kaolin mines (Note 24.2)	**2,050,000**	2,050,000	2,050,000
Total	**105,731,150**	88,857,060	83,490,623

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

24.1 Gold mines	**Mahad mine**	**Al Hajar mine**	**Sukhaybarat mine***	**Bulghah mine**	**Al Amar mine**	**As Suq mine**	**Total**
January 1, 2013	22,436,284	10,911,200	20,467,221	21,661,407	13,217,044	-	88,693,156
Utilization during the period	-	(1,886,096)	-	-	-	-	(1,886,096)
June 30, 2013	22,436,284	9,025,104	20,467,221	21,661,407	13,217,044	-	86,807,060
Utilization during the remainder of the year	(1,721,053)	(3,493,294)	(152,090)	-	-	-	(5,366,437)
December 31, 2013	20,715,231	5,531,810	20,315,131	21,661,407	13,217,044	-	81,440,623
Additions during the period (Note 12)	5,047,637	1,727,802	2,045,124	2,169,438	1,323,717	17,000,000	29,313,718
Utilization during the period	-	(6,921,191)	(152,000)	-	-	-	(7,073,191)
June 30, 2014	**25,762,868**	**338,421**	**22,208,255**	**23,830,845**	**14,540,761**	**17,000,000**	**103,681,150**
Commenced commercial production in	1988	2001	1991	2001	2008	2014	
Expected closure date in	2019	2014**	2043	2020	2030	2018	

* 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 magnesia mines	**Az Zabirah mine**	**Al Ghazalah mine**	**Total**
January 1, 2013	1,600,000	450,000	2,050,000
June 30, 2013	1,600,000	450,000	2,050,000
December 31, 2013	1,600,000	450,000	2,050,000
June 30, 2014	**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.

(All amounts in Saudi Riyals unless otherwise stated)

25. Obligation under capital lease

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

	June 30, 2014	June 30, 2013	December 31, 2013
Future minimum lease payments	**68,909,275**	-	76,710,325
Less: financial charges not yet due	**(13,728,308)**	-	(16,714,995)
Net present value of minimum lease payments	**55,180,967**	-	59,995,330
Less: Current portion shown under current liabilities	**10,401,805**	-	9,881,978
Long term portion of obligation under capital lease	**44,779,162**	-	50,113,352

Maturity profile

Minimum lease payment falling due during the period / year:

	June 30, 2014	June 30, 2013	December 31, 2013
2014	**7,801,050**	-	15,602,100
2015	**15,602,100**	-	15,602,100
2016	**15,602,100**	-	15,602,100
2017	**15,602,100**	-	15,602,100
2018	**14,301,925**	-	14,301,925
Total	**68,909,275**	-	76,710,325

The present value of minimum lease payments has been discounted at an effective interest rate of approximately 0.858% per month. The leased assets are pledged as security to the lessor (Note 12).

(All amounts in Saudi Riyals unless otherwise stated)

26. Long-term borrowings

26.1 Facilities approved

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

The Group facilities granted comprise of the following as at June 30, 2014:

	MPC June 15, 2008	MAC Nov. 30, 2010	MRC Nov. 30, 2010	MBAC Nov. 27, 2011	Ma'aden Dec. 18, 2012	MWASPC June 30, 2014	Total
Facilities under Common Term Agreement							
Public Investment Fund ("PIF")	4,000,001,250	4,875,000,000	3,078,750,000	3,750,000,000	-	7,500,000,000	23,203,751,250
Islamic and commercial banks							
Procurement*	4,269,892,500	5,047,500,000	1,041,000,000	2,690,712,844	-	4,298,853,024	17,347,958,368
Commercial*	1,491,562,500	900,000,000	-	258,750,000	-	5,450,145,349	8,100,457,849
Al-Rajhi Bank	2,343,750,000	-	-	-	-	-	2,343,750,000
The Export Import Bank of Korea	1,500,000,000	-	-	-	-	-	1,500,000,000
Korea Export Insurance Corporation	750,000,000	-	-	-	-	-	750,000,000
Wakala	-	787,500,000	-	768,750,000	-	1,650,000,000	3,206,250,000
	10,355,205,000	6,735,000,000	1,041,000,000	3,718,212,844	-	11,398,998,373	33,248,416,217
Saudi Industrial Development Fund ("SIDF")	600,000,000	600,000,000	600,000,000	900,000,000	-	-	2,700,000,000
Riyal Murabaha facility (a working capital facility)	-	375,000,000	-	-	-	-	375,000,000
Sub-total	**14,955,206,250**	**12,585,000,000**	**4,719,750,000**	**8,368,212,844**	-	**18,898,998,373**	**59,527,167,467**
Syndicated Revolving Credit Facility Agreement	-	-	-	-	9,000,000,000	-	9,000,000,000
Total facilities granted	**14,955,206,250**	**12,585,000,000**	**4,719,750,000**	**8,368,212,844**	**9,000,000,000**	**18,898,998,373**	**68,527,167,467**

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.
- restriction on the term of the short-term investment with maturities of not more than six (6) months from the date of acquisition, of any Saudi Arabian commercial bank or any other international commercial bank of recognized standing.

MPC facility

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

MAC facility

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

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

MRC facility

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

MBAC facility

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

MWASPC facility

The company is in process of approval of a loan facility with SIDF.

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

Saudi Arabian Mining Company ("Ma'aden")

On December 18, 2012, the Company entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement ("Murabaha Facility Agreement") and other agreements (together referred to as "financing agreements") totaling to SAR 9 billion. 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.

(All amounts in Saudi Riyals unless otherwise stated)

26.2 Facilities utilized under the different CTAs

MPC facility

	June 30, 2014	June 30, 2013	December 31, 2013
Public Investment Fund	**3,334,401,042**	3,667,201,146	3,667,201,146
Less: Repaid during the period / year	**166,400,052**	166,400,052	332,800,104
Sub-total (Note 41.2)	**3,168,000,990**	3,500,801,094	3,334,401,042

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

	June 30, 2014	June 30, 2013	December 31, 2013
Islamic and commercial banks			
Banque Saudi Fransi – as agent for the procurement facility participants	**3,906,951,637**	4,099,096,800	4,099,096,800
Al-Rajhi Bank	**2,144,531,250**	2,250,000,000	2,250,000,000
The Export Import Bank of Korea	**1,337,250,000**	1,419,750,000	1,419,750,000
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	**1,021,654,688**	1,071,900,000	1,071,900,000
Korea Export Insurance Corporation	**668,625,000**	709,875,000	709,875,000
	9,079,012,575	9,550,621,800	9,550,621,800
Less: Repaid during the period / year	**255,130,125**	216,479,100	471,609,225
Sub-total	**8,823,882,450**	9,334,142,700	9,079,012,575

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).

	June 30, 2014	June 30, 2013	December 31, 2013
Saudi Industrial Development Fund	**540,000,000**	570,000,000	600,000,000
Less: Repaid during the period / year	**40,000,000**	30,000,000	60,000,000
Sub-total	**500,000,000**	540,000,000	540,000,000

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

	June 30, 2014	June 30, 2013	December 31, 2013
Total MPC borrowings (Note 26.4)	**12,491,883,440**	13,374,943,794	12,953,413,617

(All amounts in Saudi Riyals unless otherwise stated)

26.2 Facilities utilized under the different CTAs (continued)

MAC facility

	June 30, 2014	June 30, 2013	December 31, 2013
Public Investment Fund (Note 41.2)	**4,875,000,000**	4,529,516,186	4,875,000,000
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 SAR 99.9 million and increasing over the term of the loan with the final repayment of SAR 1,218 million on June 30, 2026.			
Islamic and commercial banks			
Dollar procurement	**930,000,000**	837,559,059	930,000,000
Saudi Riyal procurement	**4,117,500,000**	3,250,278,923	4,117,500,000
Commercial	**900,000,000**	827,218,289	900,000,000
Wakala	**787,500,000**	757,631,878	787,500,000
Sub-total	**6,735,000,000**	5,672,688,149	6,735,000,000
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 SAR 138 million and increasing over the term of the loan with the final repayment of SAR 1,684 million on June 30, 2026.			
Saudi Industrial Development Fund	**570,000,000**	420,000,000	420,000,000
Repayment of the SIDF facility will start from February 4, 2015. The repayments are starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on June 7, 2020.			
Riyal Murabaha facility	**375,000,000**	-	-
The rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is Saudi Interbank Offered Rate ("SIBOR") plus 1.75%. The repayment of Murabaha facility is on 31 Mar 2016.			
Total MAC borrowings (Note 26.4)	**12,555,000,000**	10,622,204,335	12,030,000,000

(All amounts in Saudi Riyals unless otherwise stated)

26.2 Facilities utilized under the different CTAs (continued)

MRC facility

	June 30, 2014	June 30, 2013	December 31, 2013
Public Investment Fund (Note 41.2)	**2,321,849,292**	2,321,849,291	2,321,849,292
The rate of commission on the principal amount of the loan draw for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%.			
The repayment of the principal amount of loan will be in 20 installments on a six monthly basis starting from December 31, 2016. The repayments are starting at SAR 30.8 million and increasing over the term of the loan with the final repayment of SAR 153.9 million on June 30, 2026.			
Islamic and commercial banks			
Riyal procurement	**774,852,281**	774,852,281	774,852,281
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 SAR 10.4 million and increasing over the term of the loan with the final repayment of SAR 13.5 million on June 30, 2026.			
Saudi Industrial Development Fund	**540,000,000**	360,000,000	480,000,000
Repayment of the SIDF facility will start from January 25, 2016. The repayments are starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on July 19, 2021.			
Total MRC borrowings (Note 26.4)	**3,636,701,573**	3,456,701,572	3,576,701,573

(All amounts in Saudi Riyals unless otherwise stated)

26.2 Facilities utilized under the different CTAs (continued)

MBAC facility

	June 30, 2014	June 30, 2013	December 31, 2013
Public Investment Fund (Note 41.2)	**3,220,543,013**	1,625,265,863	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 SAR 75 million and increasing over the term of the loan with the final repayment of SAR 435 million on June 30, 2028.

	June 30, 2014	June 30, 2013	December 31, 2013
Islamic and commercial banks			
Dollar procurement	**678,624,769**	338,511,682	410,114,437
Riyal procurement	**1,605,283,155**	800,747,518	970,123,442
Commercial	**219,629,971**	109,555,808	96,180,686
Wakala	**745,323,841**	590,640,354	745,252,305
Sub-total	**3,248,861,736**	1,839,455,362	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 SAR 74 million and increasing over the term of the loan with the final repayment of SAR 431 million on June 30, 2027.

	June 30, 2014	June 30, 2013	December 31, 2013
Total MBAC borrowings (Note 26.4)	**6,469,404,749**	3,464,721,225	4,182,784,554

26.3 Facilities utilized under the Syndicated Revolving Credit Facility

Ma'aden

	June 30, 2014	June 30, 2013	December 31, 2013
Syndicated Revolving Credit Facility (Note 26.4)	**3,420,000,000**	350,000,000	-

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

26.4 Total borrowings

	June 30, 2014	June 30, 2013	December 31, 2013
Facilities utilized under:			
CTA (Note 26.2):			
MPC	**12,491,883,440**	13,374,943,794	12,953,413,617
MAC	**12,555,000,000**	10,622,204,335	12,030,000,000
MRC	**3,636,701,573**	3,456,701,572	3,576,701,573
MBAC	**6,469,404,749**	3,464,721,225	4,182,784,554
Syndicated Revolving Credit Facility (Note 26.3):			
Ma'aden	**3,420,000,000**	350,000,000	-
Total	**38,572,989,762**	31,268,570,926	32,742,899,744
Current portion of borrowings			
MPC	**1,002,310,354**	913,060,354	960,185,354
MAC	**501,010,000**	-	238,005,000
Ma'aden	**3,420,000,000**	350,000,000	-
Total	**4,923,320,354**	1,263,060,354	1,198,190,354
Long-term portion of borrowings	**33,887,674,408**	30,005,510,572	31,544,709,390

26.5 Maturity profile of long-term borrowings

	June 30, 2014	June 30, 2013	December 31, 2013
2013	-	801,530,177	-
2014	**4,181,660,177**	1,198,190,354	1,198,190,354
2015	**1,574,221,379**	1,574,221,379	1,574,221,379
2016	**2,131,319,904**	1,731,319,904	1,756,319,904
2017	**1,971,881,404**	1,936,483,904	2,105,048,418
Thereafter	**28,713,906,898**	24,026,825,208	26,109,119,689
Total	**38,572,989,762**	31,268,570,926	32,742,899,744

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:

	June 30, 2014 (US$)	June 30, 2013 (US$)	December 31, 2013 (US$)
Public Investment Fund	**3,622,771,545**	3,193,981,982	3,331,297,071
Islamic and commercial banks			
Procurement	**2,746,090,603**	2,357,220,712	2,605,180,630
Al-Rajhi Bank	**556,250,000**	587,500,000	571,875,000
The Export Import Bank of Korea	**345,600,000**	367,600,000	356,600,000
Korea Export Insurance Corporation	**172,800,000**	183,800,000	178,300,000
Commercial	**563,565,492**	529,691,426	547,835,742
US Dollar procurement	**428,966,605**	313,618,864	357,363,850
Wakala	**408,753,024**	359,539,261	398,987,639
Sub-total	**5,222,025,724**	4,698,970,263	5,016,142,861
Saudi Industrial Development Fund	**429,333,333**	352,000,000	384,000,000
Riyal Murabaha facility	**100,000,000**	-	-
Syndicated Revolving Credit Facility	**912,000,000**	93,333,333	-
Total	**10,286,130,602**	8,338,285,578	8,731,439,932

(All amounts in Saudi Riyals unless otherwise stated)

26.7 Security

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

	June 30, 2014	June 30, 2013	December 31, 2013
Property, plant and equipment (Note 12)	**16,690,500,575**	17,199,694,723	16,927,194,164
Capital work-in-progress (Note 13)	**36,887,583,288**	29,340,800,586	34,459,633,329
Total	**53,578,083,863**	46,540,495,309	51,386,827,493

27. Due to joint venture partners

	June 30, 2014	June 30, 2013	December 31, 2013
Due to Alcoa Inc.*	**192,930,238**	87,792,613	139,561,363
Due to Mosaic **	-	81,874,897	187,482,328
Due to SABIC **	-	49,124,938	112,489,397
Total	**192,930,238**	218,792,448	439,533,088

*Due to Alcoa Inc. represents their share of 25.1% in joint venture project cost to extend the product mix of their aluminum complex, currently under construction at Ras Al Khair, to include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet (Note 1).

**At year ended December 31, 2013, due to Mosaic and SABIC represented their capital contribution to develop jointly a fully integrated phosphate production facility known as the Umm Wu'al phosphate project (Note 1). On January 27, 2014, a new company - MWASPC was incorporated in the Kingdom of Saudi Arabia and accordingly the capital contributions are now presented in non-controlling interest as payment to increase share capital (Note 31.5).

28. Share capital

	June 30, 2014	June 30, 2013	December 31, 2013
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	9,250,000,000

29. Share premium

	June 30, 2014	June 30, 2013	December 31, 2013
525,000,000 ordinary shares with a nominal value of SAR 10 per share issued at a premium of SAR 10 per share	**5,250,000,000**	5,250,000,000	5,250,000,000

(All amounts in Saudi Riyals unless otherwise stated)

30. Transfer of net income

	June 30, 2014	June 30, 2013	December 31, 2013
January 1	**561,660,119**	393,422,274	393,422,274
Transfer of 10% of net income for the year	-	-	168,237,845
June 30 / December 31	**561,660,119**	393,422,274	561,660,119

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of annual 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 Aluminum Company				
January 1, 2013	1,206,249,381	-	(2,608,941)	1,203,640,440
Share of net loss for the period	-	-	(1,435,226)	(1,435,226)
Payments to increase share capital during the period	-	181,190,625	-	181,190,625
Increase in non-controlling interest during the period	181,190,625	(181,190,625)	-	-
June 30, 2013	1,387,440,006	-	(4,044,167)	1,383,395,839
Share of net loss for the remainder of the year	-	-	(3,126,058)	(3,126,058)
Payments to increase share capital during the remainder of the year	-	262,571,244	-	262,571,244
Increase in non-controlling interest during the remainder of the year	262,571,244	(262,571,244)	-	-
December 31, 2013	1,650,011,250	-	(7,170,225)	1,642,841,025
Share of net loss for the period	-	-	(1,268,282)	(1,268,282)
June 30, 2014	**1,650,011,250**	-	**(8,438,507)**	**1,641,572,743**
31.2 Ma'aden Rolling Company				
January 1, 2013	482,453,375	67,955,695	(1,016,960)	549,392,110
Share of net loss for the period	-	-	(407,292)	(407,292)
June 30, 2013	482,453,375	67,955,695	(1,424,252)	548,984,818
Share of net loss for the remainder of the year	-	-	(722,837)	(722,837)
December 31, 2013	482,453,375	67,955,695	(2,147,089)	548,261,981
Share of net loss for the period	-	-	(741,191)	(741,191)
Payments to increase share capital during the period	-	85,185,220	-	85,185,220
Increase in non-controlling interest during the period	47,062,500	(47,062,500)	-	-
June 30, 2014	**529,515,875**	**106,078,415**	**(2,888,280)**	**632,706,010**

(All amounts in Saudi Riyals unless otherwise stated)

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 Bauxite and Alumina Company				
January 1, 2013	222,134,986	663,935,762	(1,536,772)	884,533,976
Share of net loss for the period	-	-	(459,204)	(459,204)
Payments to increase share capital during the period	-	112,950,000	-	112,950,000
Increase in non-controlling interest during the period	617,459,986	(617,459,986)	-	-
June 30, 2013	839,594,972	159,425,776	(1,995,976)	997,024,772
Share of net loss for the remainder of the year	-	-	(3,040,397)	(3,040,397)
Increase in non-controlling interest during the remainder of the year	112,950,000	(112,950,000)	-	-
December 31, 2013	952,544,972	46,475,776	(5,036,373)	993,984,375
Share of net loss for the period	-	-	(969,078)	(969,078)
Payments to increase share capital during the period	-	170,680,000	-	170,680,000
June 30, 2014	**952,544,972**	**217,155,776**	**(6,005,451)**	**1,163,695,297**
31.4 Ma'aden Phosphate Company				
January 1, 2013	1,862,544,000	-	507,172,016	2,369,716,016
Share of net income for the period	-	-	90,086,165	90,086,165
June 30, 2013	1,862,544,000	-	597,258,181	2,459,802,181
Dividend paid during the remainder of the year (Note 41.1)	-	-	(450,000,000)	(450,000,000)
Share of net income for the remainder of the year	-	-	52,801,946	52,801,946
December 31, 2013	1,862,544,000	-	200,060,127	2,062,604,127
Share of net income for the period	-	-	150,058,365	150,058,365
June 30, 2014	**1,862,544,000**	**-**	**350,118,492**	**2,212,662,492**
31.5 Ma'aden Wa'ad Al Shamal Phosphate Company				
January 27, 2014 – date of incorporation				
Issuance of non-controlling interest during the period	600,750	-	-	600,750
Payments to increase share capital during the period	-	1,176,673,383	-	1,176,673,383
June 30, 2014	**600,750**	**1,176,673,383**	**-**	**1,177,274,133**

(All amounts in Saudi Riyals unless otherwise stated)

31. Non-controlling interest (continued)

31.6 Summary total

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
January 1, 2013	3,773,381,742	731,891,457	502,009,343	5,007,282,542
Share of net income for the period	-	-	87,784,443	87,784,443
Payments to increase share capital during the period (Note 41.1)	-	294,140,625	-	294,140,625
Increase in non-controlling interest during the period	798,650,611	(798,650,611)	-	-
June 30, 2013	4,572,032,353	227,381,471	589,793,786	5,389,207,610
Dividend paid during the remainder of the year (Note 41.1)	-	-	(450,000,000)	(450,000,000)
Share of net income for the remainder of the year	-	-	45,912,654	45,912,654
Payments to increase share capital during the remainder of the year (Note 41.1)	-	262,571,244	-	262,571,244
Increase in non-controlling interest during the remainder of the year	375,521,244	(375,521,244)	-	-
December 31, 2013	4,947,553,597	114,431,471	185,706,440	5,247,691,508
Share of net income for the period	-	-	147,079,814	147,079,814
Payments to increase share capital during the period (Note 41.1)	-	1,432,538,603	-	1,432,538,603
Increase in non-controlling interest during the period	47,663,250	(47,062,500)	-	600,750
June 30, 2014	**4,995,216,847**	**1,499,907,574**	**332,786,254**	**6,827,910,675**

(All amounts in Saudi Riyals unless otherwise stated)

32. Sales

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June30, 2013	Year ended December 31, 2013
Phosphate segment					
Diammonium phosphate fertilizer	**1,036,068,312**	928,415,867	**1,887,073,728**	1,663,225,521	3,091,386,007
Ammonia	**305,706,168**	91,971,829	**605,064,641**	514,709,698	1,080,169,556
	1,341,774,480	1,020,387,696	**2,492,138,369**	2,177,935,219	4,171,555,563
Corporate					
Aluminum	**817,302,294**	250,080,444	**1,227,565,063**	396,228,653	1,015,155,686
Gold segment					
Gold revenue	**180,660,849**	184,352,888	**355,641,407**	350,364,460	709,253,627
Industrial minerals					
Low grade bauxite revenue	**21,984,713**	16,469,497	**46,424,624**	38,062,763	95,875,428
Caustic calcined magnesia	**13,980,240**	9,564,022	**25,469,434**	12,448,951	33,410,744
Kaolin revenue	**10,380,558**	5,896,698	**14,251,815**	7,858,304	21,265,319
	46,345,511	31,930,217	**86,145,873**	58,370,018	150,551,491
Infrastructure					
Infrastructure revenue	**110,652**	257,550	**245,996**	659,487	748,178
Total	**2,386,193,786**	1,487,008,795	**4,161,736,708**	2,983,557,837	6,047,264,545
Gold sales analysis					
Quantity of gold ounces (Oz) sold	**37,533**	33,553	**73,845**	61,430	138,512
Average realized price per ounce (Oz) in:					
US$	**1,284**	1,465	**1,284**	1,521	1,365
Saudi Riyals (equivalent)	**4,813**	5,494	**4,816**	5,703	5,121

(All amounts in Saudi Riyals unless otherwise stated)

33. Cost of sales

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June30, 2013	Year ended December 31, 2013
Salaries and staff related benefits	**76,035,471**	51,986,674	**143,469,803**	117,695,072	263,455,759
Contracted services	**37,454,810**	46,119,418	**77,911,364**	71,656,052	125,841,850
Repairs and maintenance	**9,298,147**	7,163,260	**33,219,946**	17,744,958	51,856,427
Consumables	**30,496,803**	26,959,243	**57,335,696**	60,707,435	110,807,050
Overheads	**30,110,851**	18,601,224	**47,038,127**	35,969,180	70,470,827
Raw material and utilities consumed	**1,399,867,172**	766,547,662	**2,523,940,435**	1,581,125,376	3,147,614,548
Provision for inventory loss	**-**	-	**43,918,321**	-	65,877,481
Reversal of inventory obsolescence (Note 10)	**-**	-	**-**	-	(2,265,620)
Severance fees (Note 22)	**7,318,970**	12,554,499	**14,097,868**	19,479,703	37,828,408
Sale of by-products (Note 33.1)	**(13,462,005)**	(9,392,070)	**(22,182,876)**	(19,919,426)	(31,550,694)
Total cash operating costs	**1,577,120,219**	920,539,910	**2,918,748,684**	1,884,458,350	3,839,936,036
Depreciation (Note 12)	**276,028,264**	261,569,947	**537,065,795**	519,095,276	1,004,164,132
Deferred stripping expense (Note 15)	**11,744,612**	20,659,189	**25,671,855**	37,366,742	71,975,210
Amortization (Note 16)	**5,662,363**	4,816,241	**10,457,982**	9,632,479	18,746,009
Total operating costs	**1,870,555,458**	1,207,585,287	**3,491,944,316**	2,450,552,847	4,934,821,387
(Increase) / decrease in inventory (Note 10)	**(242,699,350)**	21,847,343	**(484,795,724)**	(285,184,666)	(397,041,028)
Total	**1,627,856,108**	1,229,432,630	**3,007,148,592**	2,165,368,181	4,537,780,359

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

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June30, 2013	Year ended December 31, 2013
Copper	**3,903,668**	5,610,105	**9,232,677**	11,458,100	18,218,080
Zinc	**8,203,559**	2,821,451	**10,314,582**	5,464,247	9,571,533
Silver	**1,354,778**	960,514	**2,635,617**	2,997,079	3,761,081
Total	**13,462,005**	9,392,070	**22,182,876**	19,919,426	31,550,694

(All amounts in Saudi Riyals unless otherwise stated)

34. Selling, marketing and logistic expenses

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June30, 2013	Year ended December 31, 2013
Selling, marketing and logistic expense	**107,779,837**	54,357,575	**179,438,628**	125,681,791	282,354,440
Total	**107,779,837**	54,357,575	**179,438,628**	125,681,791	282,354,440

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

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31, 2013
Salaries and staff related benefits	**75,205,776**	53,267,146	**134,795,853**	110,630,420	241,184,415
Contracted services	**16,992,750**	6,157,766	**25,274,272**	14,454,202	140,560,114
Overheads and other	**8,018,432**	6,894,397	**21,612,404**	14,701,008	75,091,817
Consumables	**887,849**	463,247	**1,882,311**	1,165,493	4,335,954
Repair parts	**159,956**	49,949	**267,319**	275,798	531,727
Depreciation (Note 12)	**7,274,457**	3,806,504	**11,523,547**	7,667,663	14,628,286
Amortization (Note 16)	**152,998**	332,892	**305,997**	624,563	1,265,000
Total	**108,692,218**	70,971,901	**195,661,703**	149,519,147	477,597,313

36. Exploration and technical services expenses

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31, 2013
Salaries and staff related benefits	**14,973,939**	12,030,333	**26,892,221**	23,848,789	45,570,625
Contracted services	**23,643,458**	30,884,085	**52,188,749**	42,018,207	71,694,410
Overheads and other	**1,558,458**	4,735,658	**4,594,676**	7,687,760	13,144,135
Consumables	**93,411**	2,527,326	**1,618,188**	4,945,399	9,821,878
Repair parts	**84,640**	131,863	**649,236**	319,696	1,604,016
Total	**40,353,906**	50,309,265	**85,943,070**	78,819,851	141,835,064

37. Income from short-term investments

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31, 2013
Income received and accrued on short-term investment	**2,787,216**	6,161,810	**5,309,934**	16,890,691	26,627,550

(All amounts in Saudi Riyals unless otherwise stated)

38. Finance charges

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31, 2013
Public Investment Fund	**7,116,585**	9,210,520	**14,233,169**	18,421,039	35,096,061
Banque Saudi Fransi – as agent for the procurement facility participants	**12,806,294**	11,921,482	**25,190,712**	23,044,403	50,691,813
Al-Rajhi Bank	**6,686,532**	6,659,469	**13,467,001**	13,291,250	28,432,241
The Export Import Bank of Korea	**2,996,786**	3,744,127	**5,993,572**	7,488,254	14,382,631
Korea Export Insurance Corporation	**1,760,111**	1,957,607	**3,339,686**	3,914,610	7,532,282
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	**3,509,356**	4,300,696	**7,215,736**	8,307,204	16,524,306
Saudi Industrial Development Fund	**1,458,000**	1,411,667	**5,832,000**	1,886,667	5,650,000
Revolving Credit Facility	**16,292,198**	6,598,394	**24,291,688**	10,679,184	24,275,816
Total	**52,625,862**	45,803,962	**99,563,564**	87,032,611	182,585,150

38.1 Summary of borrowing cost

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31, 2013
Expensed during the quarter / period / year	**52,625,862**	45,803,962	**99,563,564**	87,032,611	182,585,150
Capitalized as part of qualifying assets in capital work-in-progress during the quarter / period / year (Note 13)	**96,035,386**	187,134,074	**187,945,900**	266,466,490	481,163,536
Total	**148,661,248**	232,938,036	**287,509,464**	353,499,101	663,748,686

39. Other income / (expenses), net

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31, 2013
Other income / (expenses), net	**44,668,417**	(1,024,531)	**45,249,670**	(1,609,190)	1,423,265,192

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 SAR 1.44 billion in two installments and thereby recorded as other income. This amount is in addition to the historical cost incurred by Ma'aden on the project. First installment, 50% of SAR 1.44 billion, is received by Ma'aden during the year ended December 31, 2013 while the second installment of remaining 50% of the amount is due on June 30, 2016 (Note 18).

(All amounts in Saudi Riyals unless otherwise stated)

40. Earnings per ordinary share

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31, 2013
Net income attributable to the shareholders of the parent company	**370,791,562**	40,980,045	**495,975,210**	280,173,600	1,682,378,450
Weighted average number of ordinary shares in issue during the quarter / period / year (Note 28)	**925,000,000**	925,000,000	**925,000,000**	925,000,000	925,000,000
Basic and diluted earnings per ordinary share from continuing operations	**0.40**	0.04	**0.54**	0.30	1.82

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

41. Related party transactions and balances

41.1 Related party transactions

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

	June 30, 2014	June 30, 2013	December 31, 2013
Sales through SABIC	**1,586,478,326**	1,404,148,327	2,626,763,424
Sales to Alcoa	**408,152,473**	153,568,928	327,839,306
Cost of seconded employees from Alcoa Inc.	**239,646,372**	248,423,381	410,233,253
Dividend paid to SABIC (Note 31.4 and 31.6)	-	-	450,000,000
Payments to increase share capital received from:			
Alcoa Inc.	**255,865,220**	294,140,625	556,711,869
Mosaic	**735,420,864**	-	-
SABIC	**441,252,519**	-	-
Total (Note 31.6)	**1,432,538,603**	294,140,625	556,711,869

41.2 Related party balances

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

	June 30, 2014	June 30, 2013	December 31, 2013
Receivables from related parties			
Due from Alcoa Inc. (Note 9)	**461,198**	72,792,940	23,948,991
Due from SABIC (Note 9)	**310,506,934**	242,618,656	242,382,717
Due from SAMAPCO (Note 9)	**47,998,419**	47,998,419	47,998,419
Due from Saudi Mining Polytechnic (Note 9)	**4,293,796**	12,960,988	50,464,149
Total	**363,260,347**	376,371,003	364,794,276

(All amounts in Saudi Riyals unless otherwise stated)

41.2 Related party balances (continued)

	June 30, 2014	June 30, 2013	December 31, 2013
Payable to related parties			
Accrued expenses – Alcoa Inc. (Note 20)	**79,639,672**	77,818,437	83,763,220
Payments to increase share capital received from:			
Alcoa Inc.	**323,234,191**	227,381,471	114,431,471
Mosaic	**735,420,864**	-	-
SABIC	**441,252,519**	-	-
Sub-total (Note 31.6)	**1,499,907,574**	227,381,471	114,431,471
Total	**1,579,547,246**	305,199,908	198,194,691
Long-term borrowings from PIF, a 50% shareholder in Ma'aden			
Due to PIF for the financing of the :			
MPC facility (Note 26.2)	**3,168,000,990**	3,500,801,094	3,334,401,042
MAC facility (Note 26.2)	**4,875,000,000**	4,529,516,186	4,875,000,000
MRC facility (Note 26.2)	**2,321,849,292**	2,321,849,291	2,321,849,292
MBAC facility (Note 26.2)	**3,220,543,013**	1,625,265,863	1,961,113,684
Total	**13,585,393,295**	11,977,432,434	12,492,364,018

42. Operating leases

	Quarter ended		Six months ended		Year ended
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	December 31, 2013
Payments under operating leases recognized as an expense during the quarter / period / year	**4,718,375**	3,536,989	**9,876,683**	7,137,510	19,782,551

Future minimum operating lease commitments due under these operating leases are as follows:

	June 30, 2014	June 30, 2013	December 31, 2013
2013	-	8,376,683	-
2014	**7,725,696**	15,996,083	20,088,856
2015	**8,048,856**	9,561,083	8,428,856
2016	**8,048,856**	4,336,083	8,428,856
2017	**8,048,856**	4,336,083	7,928,856
2018 through 2041	**40,346,432**	36,176,071	45,405,288
Total	**72,218,696**	78,782,086	90,280,712

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

	June 30, 2014	June 30, 2013	December 31, 2013
Capital expenditures:			
Contracted for	**17,148,555,189**	12,062,736,455	12,717,132,437
Guarantees:			
Guarantees in favor of Saudi Aramco, for future diesel and gas feedstock supplies	**220,962,362**	220,962,362	220,962,362
Guarantees for the development of aluminum project*	**225,000,000**	225,000,000	225,000,000
Others	**157,080**	157,080	321,445
Total	**446,119,442**	446,119,442	446,283,807

*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, MRC and MBAC 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

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

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

44.3 Commission rate risk

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

Based on the Groups net debt outstanding as at June 30, 2014, the effect on net earnings of a 1% movement in the US Dollar LIBOR commission rate would be SAR 331 million (June 30, 2013: SAR 235 million and December 31, 2013: SAR 284 million). These balances will not remain consistent throughout 2014.

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

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 SAR 356 million, representing 9% of the Group's sales for the period ended June 30, 2014 (June 30, 2013: SAR 350 million representing 12% of the Group's sales and December 31, 2013: SAR 709 million representing 12% of Group's sales from two major customers). Trade receivables are carried net of allowance for doubtful debts, if needed.

44.6 Liquidity risk

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

45. Events after the reporting date

On July 13, 2014, Ma'aden announced entering into an agreement to form a joint venture with Barrick Gold Corporation ("Barrick") for the purpose of establishing a limited liability company to jointly develop and operate the Jabel Sayid copper project located in southeast of Al Madinah Al Munawarah. Ma'aden and Barrick will each own 50% of the joint venture. Ma'aden will invest approximately USD 210 million to acquire its 50% share in the project.

Other than the above mentioned, no events have arisen subsequent to June 30, 2014 and before the date of signing the review report, that could have a significant effect on the consolidated interim financial statements as at June 30, 2014.

46. Comparative figures

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

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 June 30, 2014 amounted to SAR 525 million (June 30, 2013: SAR 525 million and December 31, 2013: SAR 525 million).

(All amounts in Saudi Riyals unless otherwise stated)

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

		Issued, paid-up and partly paid-up share capital			Effective group interest %			Cost of investment by parent company		
Subsidiary	**Nature of business**	**June 30, 2014**	**June 30, 2013**	**December 31, 2013**	**June 30, 2014**	**June 30, 2013**	**December 31, 2013**	**June 30, 2014**	**June 30, 2013**	**December 31, 2013**
Ma'aden Gold and Base Metals Company ("MGBM")	Gold mining	**300,000,000**	300,000,000	300,000,000	**100**	100	100	**300,000,000**	300,000,000	300,000,000
Ma'aden Infrastructure Company ("MIC")	Manage and develop infrastructure projects	**500,000**	500,000	500,000	**100**	100	100	**500,000**	500,000	500,000
Industrial Minerals Company ("IMC")	Kaolin, low grade bauxite and magnesite mining	**344,855,200**	500,000	344,855,200	**100**	100	100	**344,855,200**	500,000	344,855,200
Ma'aden Aluminum Company ("MAC")	Aluminum ingots, t-bars, slabs and billets	**6,573,750,000**	5,527,649,426	6,573,750,000	**74.9**	74.9	74.9	**4,923,738,750**	4,140,209,420	4,923,738,750
Ma'aden Rolling Company ("MRC")	Aluminum sheets for can body and lids	**2,109,625,000**	1,922,125,000	1,922,125,000	**74.9**	74.9	74.9	**1,580,109,125**	1,439,671,625	1,439,671,625
Ma'aden Bauxite and Alumina Company ("MBAC")	Bauxite mining and refining	**3,794,999,888**	3,344,999,888	3,794,999,888	**74.9**	74.9	74.9	**2,842,454,916**	2,505,404,916	2,842,454,916
Ma'aden Phosphate Company ("MPC")	Phosphate mining and fertilizer producer	**6,208,480,000**	6,208,480,000	6,208,480,000	**70**	70	70	**4,345,936,000**	4,345,936,000	4,345,936,000
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWASPC")	Phosphate mining and fertilizer producer	**1,501,875**	-	-	**60**	-	-	**901,125**	-	-
								14,338,495,116	12,732,221,961	14,197,156,491
Jointly controlled entity										
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Production of concentrated caustic soda and ethylene dichloride	**900,000,000**	900,000,000	900,000,000	**50**	50	50	**450,000,000**	450,000,000	450,000,000

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