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

Consolidated interim financial statements
for the quarter and nine months ended 30 September 2019 (Unaudited)

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Commercial registration number	1010164391	
Directors	H.E. Yaser Bin Othman Al-Rumayyan	- Chairman (Appointed on 28 September 2019)
	H.E. Engr. Khalid Bin Abdulaziz Al-Faleh	- Chairman (Resigned on 27 September 2019)
	H.E. Sulaiman Bin Abdulrahman Al-Gwaiz	- Vice chairman
	H.E. Engr. Abdullah Bin Ibrahim Al-Saadan	
	H.E. Engr. Khalid Bin Saleh Al-Mudaifer	
	Engr. Abdullah Bin Mohammed Al-Issa	
	Ms. Lubna Bint Suliman Al-Olayan	
	Engr. Azzam Bin Yaser Shalabi	
	Dr. Klaus Christian Kleinfeld	
	Mr. Richard O'Brien	
Registered address	Building number 395 Abi Bakr Asseddiq Road, South Exit 6, North Ring Road Riyadh 11537 Kingdom of Saudi Arabia	
Postal address	P.O. Box 68861 Riyadh 11537 Kingdom of Saudi Arabia	
Banker	The Saudi British Bank (SABB)	
Auditors	PricewaterhouseCoopers Kingdom Tower - 21st Floor King Fahad Road Riyadh 11414 Kingdom of Saudi Arabia	

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 auditor 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 30 September 2019, its financial performance, changes in equity and cash flows for the quarter and nine months then ended, in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

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

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

The management is also responsible for:

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

The consolidated interim financial statements for the quarter and nine months ended 30 September 2019 set out on pages 5 to 133, were approved and authorized for issue by the Board of Directors on 22 October 2019 and signed on their behalf by:

H.E. Engr. Abdullah Bin Ibrahim Al-Saadan Authorized by the Board	Mr. Darren C. Davis President and Chief Executive Officer (A)	Mr. Khalid Al-Rowais VP Finance and Chief Financial Officer (A)

23 Safar 1441H
22 October 2019
Riyadh
Kingdom of Saudi Arabia

pwc

Report on review of Consolidated Interim Financial Statements

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

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2019 and the related consolidated statements of profit or loss and other comprehensive income and cash flows for the three-month and nine-month periods then ended and the consolidated interim statement of changes in equity for the nine-month period ended 30 September 2019, and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 September 2019, and of its financial performance and its cash flows for the three-month and nine-month periods then ended in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Omar M. Al Sagga
License Number 369

22 October 2019

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص رقم ٢٥
س.ت: ١٠١٠٣٧١٦٢٢
PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTANTS
LICENSE NO. 25
C.R.1010371622

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Sales	8	**4,298,679,805**	3,395,985,158	**12,840,534,108**	10,346,059,305	14,170,759,920
Cost of sales	9	**(3,659,449,745)**	(2,140,530,574)	**(11,193,214,021)**	(6,505,891,057)	(9,283,779,854)
Gross profit		**639,230,060**	1,255,454,584	**1,647,320,087**	3,840,168,248	4,886,980,066
Operating expenses						
Selling, marketing and logistic expenses	10	**(197,688,362)**	(137,469,613)	**(486,894,450)**	(258,928,488)	(350,906,083)
General and administrative expenses	11	**(125,733,493)**	(121,267,637)	**(334,013,723)**	(306,769,325)	(463,470,168)
Exploration and technical services expenses	12	**(46,450,914)**	(23,407,516)	**(112,555,355)**	(64,733,468)	(95,437,950)
(Impairment) / reversal of impairment of non-current assets, net	13	**-**	-	**-**	(18,579,156)	46,480,083
Operating profit		**269,357,291**	973,309,818	**713,856,559**	3,191,157,811	4,023,645,948
Other income / (expenses)						
Income from time deposits	14	**44,763,890**	33,365,181	**159,674,673**	80,820,851	123,942,122
Finance cost	15	**(565,868,025)**	(491,471,159)	**(1,853,011,986)**	(1,255,870,474)	(1,753,403,620)
Other income / (expenses), net	16	**66,772,526**	1,597,820	**76,298,206**	(11,238,197)	(3,325,610)
Share in net profit of joint ventures that has been equity accounted	23.1.3, 23.2.3	**(22,986,341)**	66,501,807	**80,255,861**	136,989,427	143,535,306
(Loss) / profit before zakat and income tax		**(207,960,659)**	583,303,467	**(822,926,687)**	2,141,859,418	2,534,394,146
Income tax	24.1	**10,098,413**	(13,071,290)	**(165,949,371)**	(66,482,243)	(72,526,367)
Zakat expense	45.2	**(56,211,278)**	(51,440,102)	**(108,410,834)**	(172,933,507)	(216,232,355)
(Loss) / profit for the quarter / period / year		**(254,073,524)**	518,792,075	**(1,097,286,892)**	1,902,443,668	2,245,635,424
Other comprehensive loss						
Items that may be reclassified to profit or loss in subsequent periods						
Cash flow hedge – effective portion of changes in fair value	41	**(57,249,645)**	-	**(242,886,751)**	-	(26,940,863)
Items that will not be reclassified to profit or loss in subsequent periods						
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	42.1.1	**-**	-	**-**	-	(24,162,881)
Other comprehensive loss for the quarter / period / year		**(57,249,645)**	-	**(242,886,751)**	-	(51,103,744)
Total comprehensive (loss) / income for the quarter / period / year		**(311,323,169)**	518,792,075	**(1,340,173,643)**	1,902,443,668	2,194,531,680

Continued

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
(Loss) / profit for the quarter / period / year is attributable to:						
Ordinary shareholders of the parent company	17	**(92,037,703)**	414,983,753	**(462,916,785)**	1,570,909,368	1,847,917,080
Non-controlling interest	36.2	**(162,035,821)**	103,808,322	**(634,370,107)**	331,534,300	397,718,344
		(254,073,524)	518,792,075	**(1,097,286,892)**	1,902,443,668	2,245,635,424
Total comprehensive (loss) / income for the quarter / period / year is attributable to:						
Ordinary shareholders of the parent company		**(134,917,688)**	414,983,753	**(644,838,962)**	1,570,909,368	1,806,491,711
Non-controlling interest	36.2	**(176,405,481)**	103,808,322	**(695,334,681)**	331,534,300	388,039,969
		(311,323,169)	518,792,075	**(1,340,173,643)**	1,902,443,668	2,194,531,680
(Loss) / earnings per ordinary share (Saudi Riyals)						
Basic and diluted (loss) / earnings per share from continuing operations attributable to ordinary shareholders of the parent company	17	**(0.07)**	0.35	**(0.39)**	1.34	1.58

Consolidated interim statement of financial position as at 30 September 2019 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	30 September 2019	30 September 2018	31 December 2018
Assets				
Non-current assets				
Mine properties	18	**9,895,588,973**	8,846,738,445	10,045,042,854
Property, plant and equipment	19	**64,913,043,435**	43,559,198,586	66,482,353,144
Right-of-use assets	20	**1,447,702,843**	-	-
Capital work-in-progress	21	**2,427,714,164**	26,628,908,723	2,197,029,285
Intangible assets and goodwill	22	**378,243,340**	320,991,420	340,187,882
Investment in joint ventures	23	**1,181,283,526**	1,071,045,966	1,423,526,084
Deferred tax assets	24.2	**584,405,767**	480,199,854	597,837,808
Other investments	25	**40,800,000**	50,000,000	43,185,000
Other non-current assets	26	**1,032,322,762**	1,083,862,083	1,078,706,138
Total non-current assets		**81,901,104,810**	82,040,945,077	82,207,868,195
Current assets				
Other investments	25	**4,745,000**	-	4,665,000
Due from joint venture partner	27	**-**	36,907,244	36,686,041
Advances and prepayments	28	**365,092,520**	240,359,332	191,146,717
Inventories	29	**5,304,714,369**	4,041,843,296	4,311,929,714
Trade and other receivables	30	**3,292,185,613**	2,769,114,312	2,435,885,584
Time deposits	31	**2,371,422,874**	2,571,009,546	3,556,910,113
Cash and cash equivalents	32	**4,399,811,547**	3,798,945,972	5,393,162,064
Total current assets		**15,737,971,923**	13,458,179,702	15,930,385,233
Total assets		**97,639,076,733**	95,499,124,779	98,138,253,428
Equity and liabilities				
Equity				
Share capital	33	**11,684,782,610**	11,684,782,610	11,684,782,610
Statutory reserve				
Share premium	34	**8,391,351,697**	8,391,351,697	8,391,351,697
Transfer of net income	35	**1,054,251,439**	869,459,731	1,054,251,439
Retained earnings		**6,912,228,654**	6,721,554,352	6,772,344,987
Equity attributable to ordinary shareholders of the parent company		**28,042,614,400**	27,667,148,390	27,902,730,733
Non-controlling interest	36.3	**7,860,455,515**	8,735,189,846	8,791,695,515
Total equity		**35,903,069,915**	36,402,338,236	36,694,426,248
Non-current liabilities				
Deferred tax liabilities	24.3	**767,237,343**	481,319,925	607,317,644
Due to a joint venture partner	37	**-**	289,613,893	195,267,690
Long-term borrowings	38	**46,795,383,031**	49,783,641,344	51,403,730,903
Provision for decommissioning, site rehabilitation and dismantling obligations	39	**383,602,709**	282,594,051	385,625,329
Non-current portion of lease liability	40	**1,146,037,868**	12,991,797	5,720,810
Derivative financial instruments	41	**280,815,653**	-	28,888,908
Employees' benefits	42	**714,588,725**	595,759,072	618,463,740
Projects, trade and other payables	43	**97,982,126**	417,766,280	301,563,818
Total non-current liabilities		**50,185,647,455**	51,863,686,362	53,546,578,842
Current liabilities				
Projects, trade and other payables	43	**2,819,571,907**	2,288,288,993	2,215,392,112
Accrued expenses	44	**1,862,356,494**	1,568,054,261	1,909,315,871
Zakat and income tax payable	45	**120,233,721**	149,718,364	190,701,571
Severance fees payable	46	**54,152,902**	102,710,459	124,800,448
Current portion of long-term borrowings	38	**6,570,140,458**	3,102,247,878	3,435,575,366
Current portion of lease liability	40	**123,903,881**	22,080,226	21,462,970
Total current liabilities		**11,550,359,363**	7,233,100,181	7,897,248,338
Total liabilities		**61,736,006,818**	59,096,786,543	61,443,827,180
Total equity and liabilities		**97,639,076,733**	95,499,124,779	98,138,253,428
Commitments and contingent liabilities	48			

(All amounts in Saudi Riyals unless otherwise stated)

	Equity attributable to ordinary shareholders of the parent company					Non-controlling interest				
		Statutory reserve								
	Share capital (Note 33)	Share premium (Note 34)	Transfer of net income (Note 35)	Retained earnings	Sub-total	Share capital	Payments to increase share capital*	Net income attributable to non-controlling interest	Sub-total (Note 36.3)	Total equity
31 December 2017 - as previously reported	11,684,782,610	8,391,351,697	869,459,731	5,151,922,897	26,097,516,935	8,523,320,890	298,542,857	(389,401,164)	8,432,462,583	34,529,979,518
IFRS 9 adjustments on expected credit losses (Note 49.2)	-	-	-	(1,277,913)	(1,277,913)	-	-	-	-	(1,277,913)
1 January 2018 - restated	11,684,782,610	8,391,351,697	869,459,731	5,150,644,984	26,096,239,022	8,523,320,890	298,542,857	(389,401,164)	8,432,462,583	34,528,701,605
Net profit for the period	-	-	-	1,570,909,368	1,570,909,368	-	-	331,534,300	331,534,300	1,902,443,668
Other comprehensive income for the period:										
Loss attributable to the re-measurements of employees' end of service termination benefits obligation (Note 42.1.1)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,570,909,368	1,570,909,368	-	-	331,534,300	331,534,300	1,902,443,668
Dividend paid to non-controlling interest during the period	-	-	-	-	-	-	-	(28,807,037)	(28,807,037)	(28,807,037)
30 September 2018	11,684,782,610	8,391,351,697	869,459,731	6,721,554,352	27,667,148,390	8,523,320,890	298,542,857	(86,673,901)	8,735,189,846	36,402,338,236
Net profit for the remainder of the year	-	-	-	277,007,712	277,007,712	-	-	66,184,044	66,184,044	343,191,756
Other comprehensive income for the remainder of the year:										
Cash flow hedge – effective portion of changes in fair value (Note 41)	-	-	-	(20,178,706)	(20,178,706)	-	-	(6,762,157)	(6,762,157)	(26,940,863)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation (Note 42.1.1)	-	-	-	(21,246,663)	(21,246,663)	-	-	(2,916,218)	(2,916,218)	(24,162,881)
Total comprehensive income for the remainder of the year	-	-	-	235,582,343	235,582,343	-	-	56,505,669	56,505,669	292,088,012
Net income transferred to statutory reserve	-	-	184,791,708	(184,791,708)	-	-	-	-	-	-
31 December 2018	11,684,782,610	8,391,351,697	1,054,251,439	6,772,344,987	27,902,730,733	8,523,320,890	298,542,857	(30,168,232)	8,791,695,515	36,694,426,248

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Equity attributable to shareholders of the parent company					Non-controlling interest				
		Statutory reserve								
	Share capital (Note 33)	Share premium (Note 34)	Transfer of net income (Note 35)	Retained earnings	Sub-total	Share capital	Payments to increase share capital*	Net income attributable to non-controlling interest	Sub-total (Note 36.3)	Total equity
31 December 2018	11,684,782,610	8,391,351,697	1,054,251,439	6,772,344,987	27,902,730,733	8,523,320,890	298,542,857	(30,168,232)	8,791,695,515	36,694,426,248
Net loss for the period	-	-	-	(462,916,785)	(462,916,785)	-	-	(634,370,107)	(634,370,107)	(1,097,286,892)
Other comprehensive loss for the period:										
Cash flow hedge – effective portion of changes in fair value (Note 41)	-	-	-	(181,922,177)	(181,922,177)	-	-	(60,964,574)	(60,964,574)	(242,886,751)
Total comprehensive loss for the period	-	-	-	(644,838,962)	(644,838,962)	-	-	(695,334,681)	(695,334,681)	(1,340,173,643)
Additional capital contribution resulting from transfer of automotive sheet project (Note 37)	-	-	-	-	-	-	195,488,894	-	195,488,894	195,488,894
Payment to increase share capital during the period	-	-	-	-	-	-	375,000,000	-	375,000,000	375,000,000
Charge due to transfer of long-term borrowings (Note 38.2)	-	-	-	(46,682,862)	(46,682,862)	-	-	-	-	(46,682,862)
Non-controlling interest share in MRC transferred in full to Ma'aden	-	-	-	831,405,491	831,405,491	(621,820,323)	(800,876,319)	591,291,151	(831,405,491)	-
Addition resulting from the business combination during the period	-	-	-	-	-	25,011,278	-	-	25,011,278	25,011,278
30 September 2019	**11,684,782,610**	**8,391,351,697**	**1,054,251,439**	**6,912,228,654**	**28,042,614,400**	**7,926,511,845**	**68,155,432**	**(134,211,762)**	**7,860,455,515**	**35,903,069,915**

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

Consolidated interim statement of cash flows the quarter and nine months ended 30 September 2019 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Operating activities						
(Loss) / profit before zakat and income tax		**(207,960,659)**	583,303,467	**(822,926,687)**	2,141,859,418	2,534,394,146
Adjustments for non-cash flow items:						
Impairment / (reversal of impairment) of non-current assets, net	13	**-**	-	**-**	18,579,156	(46,480,083)
Income from time deposits	14	**(44,763,890)**	(33,365,181)	**(159,674,673)**	(80,820,851)	(123,942,122)
Finance cost	15	**565,868,025**	491,471,159	**1,853,011,986**	1,255,870,474	1,753,403,620
Adjustment to mine properties	18	**-**			24,000	-
Depreciation of mine properties	18.1	**227,087,652**	142,498,329	**550,486,376**	461,814,327	626,381,829
Adjustment to property, plant and equipment	19	**97,718,750**	-	**97,718,750**	-	3,702,425
Depreciation of property, plant and equipment	19.1	**888,711,555**	603,799,902	**2,696,303,827**	1,812,903,660	2,529,349,845
Adjustment to right-of-use assets and the related lease liability	20,40.1, 40.2	**397,167**	-	**205,384**	-	-
Depreciation of right-of-use assets	20.1	**44,171,619**	-	**153,948,893**	-	-
Amortisation of intangible assets	22.1	**8,754,835**	7,690,391	**25,610,316**	23,331,381	37,499,762
Share in net profit of joint ventures	23.1.3, 23.2.3	**22,986,341**	(66,501,807)	**(80,255,861)**	(136,989,427)	(143,535,306)
Obsolete and slow moving spare parts and consumable materials written-off	29	**-**	-	**-**	-	1,386,960
Finished goods inventory written-off to net realizable value	29	**16,849,928**	-	**80,663,687**	-	-
(Reversal) / provision for allowance for inventory obsolescence	29.1	**-**	11,665,365	**(1,983,451)**	31,665,365	46,012,092
ECL (reversal) / allowance on trade and other receivables	30.1	**-**	-	**(224,160)**	-	185,390
ECL allowance on time deposits	31.1	**-**	-	**-**	-	1,259,666
Current service cost of employees' termination benefits	42.1	**31,028,275**	39,856,475	**80,314,398**	81,622,733	93,617,211
Contribution for the employees' savings plan	42.2	**10,290,072**	13,702,556	**31,111,626**	34,258,078	41,620,333
Provision for severance fees	46	**36,216,528**	35,333,206	**52,031,609**	101,702,364	123,792,353
Changes in working capital:						
Advances and prepayments	26,28	**(176,355,706)**	(52,413,907)	**(169,973,521)**	(192,213,043)	(36,906,474)
Inventories	26,29	**(311,040,709)**	(225,754,988)	**(625,900,012)**	(601,947,529)	(907,661,150)
Trade and other receivables	26,30	**(291,293,097)**	(239,239,589)	**(696,212,372)**	(664,993,399)	(307,569,638)
Projects and other payables – Trade	43	**333,002,031**	50,326,545	**505,747,562**	(207,526,206)	(95,369,611)
Accrued expenses – Trade	44	**3,187,232**	3,917,964	**154,601,336**	(157,791,615)	292,161,416
Derivative interest paid	41	**-**	-	**(3,932,408)**	-	-
Employees' termination benefits paid	42.1	**(5,696,779)**	(9,123,070)	**(19,493,922)**	(36,113,542)	(58,010,555)
Employees' savings plan withdrawal	42.2	**(7,316,974)**	(10,689,036)	**(11,963,380)**	(31,202,589)	(38,447,347)
Zakat paid	45.2	**-**	-	**(181,784,447)**	(142,676,352)	(142,676,352)
Income tax paid	45.5	**(464,212)**	-	**(464,212)**	(14,311,791)	(14,311,791)
Severance fees paid	46	**-**	-	**(122,679,155)**	(72,071,259)	(72,071,259)
Finance cost paid		**(446,165,468)**	(553,546,413)	**(1,608,309,279)**	(1,395,686,489)	(2,118,196,406)
Net cash generated from operating activities		**795,212,516**	792,931,368	**1,775,978,210**	2,229,286,864	3,979,588,954
Investing activities						
Income received from time deposits		**46,136,608**	26,994,120	**161,661,912**	76,234,615	114,195,653
Acquisition of a subsidiary net of cash acquired	5	**(343,635,514)**		**(343,635,514)**	-	-
Additions to mine properties	18	**(318,380,234)**	(38,285,592)	**(446,172,206)**	(178,988,368)	(275,145,829)
Additions to property, plant and equipment	19	**(16,976,189)**	4,697,229	**(47,461,946)**	(169,101,288)	(278,774,359)
Additions to capital work-in-progress	21	**(433,299,825)**	(280,389,969)	**(1,214,781,983)**	(629,600,581)	(1,142,246,955)
Additions to intangible assets	22	**(9,148,426)**	(95,173)	**(9,148,426)**	(115,173)	(115,173)
Settlement of additional contribution to equity in a joint venture	23.1.3	**209,998,419**	-	**322,498,419**	-	-
Other investments	25	**-**	-	**2,305,000**	-	2,150,000
Due from joint venture partners	27	**-**	(15,284,993)	**36,686,041**	(23,255,169)	(23,033,966)
Decrease / (increase) in time deposits	31	**717,750,000**	347,000,000	**1,183,500,000**	(313,000,000)	(1,295,000,000)
(Increase) / decrease in restricted cash	32	**(2,973,098)**	(3,013,520)	**(19,148,246)**	(3,055,489)	(3,172,986)
Projects and other payables - Projects	43	**(271,342,477)**	(80,174,009)	**(432,985,936)**	(82,144,184)	(394,251,198)
Accrued expenses - Projects	44	**(28,917,826)**	(36,227,329)	**(201,560,713)**	(99,388,322)	(317,067,159)
Net cash utilized in investing activities		**(450,788,562)**	(74,779,236)	**(1,008,243,598)**	(1,422,413,959)	(3,612,461,972)

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Financing activities						
Payment to increase share capital of non-controlling interest	36.3	**-**	-	**375,000,000**	-	-
Due to a joint venture partner, net	37	**-**	15,284,993	**221,204**	23,255,169	23,033,966
Proceeds from long-term borrowings received	38	**3,026,448,079**	4,252,347,361	**3,373,141,829**	7,779,839,531	10,012,202,039
Repayment of long-term borrowings	38	**(3,355,192,647)**	(4,615,334,151)	**(5,360,680,511)**	(9,136,726,973)	(9,326,726,973)
Lease liability	40.1	**(50,018,919)**	(9,655,709)	**(167,915,897)**	(28,967,179)	(37,263,966)
Net cash (utilized in) / generated from financing activities		**(378,763,487)**	(357,357,506)	**(1,780,233,375)**	(1,362,599,452)	671,245,066
Net change in cash and cash equivalents		**(34,339,533)**	360,794,626	**(1,012,498,763)**	(555,726,547)	1,038,372,048
Unrestricted cash and cash equivalents at the beginning of the quarter / period / year	32	**4,341,956,977**	3,365,222,986	**5,320,116,207**	4,281,744,159	4,281,744,159
Unrestricted cash and cash equivalents at the end of the quarter / period / year	32	**4,307,617,444**	3,726,017,612	**4,307,617,444**	3,726,017,612	5,320,116,207
Non-cash flow transactions						
Transfer to mine properties from capital work-in-progress	18,21	**-**	-	**-**	85,067,479	1,258,519,456
Transfer to property, plant and equipment from mine properties	19,18	**-**	101,289	**-**	15,770,005	15,101,390
Transfer to property, plant and equipment from capital work-in-progress	19,21	**847,338,797**	51,027,859	**1,013,358,691**	768,443,472	24,310,225,995
Transfer to right-of-use assets from mine properties	20,18	**-**	-	**26,890,003**	-	-
Transfer to right-of-use assets from intangible assets	20,22	**-**	-	**203,367,336**	-	-
IFRS 16 adjustment - Initial recognition / adjustment to right-of-use assets and the corresponding lease liability	20,40.1, 40.2	**-**	-	**1,349,501,035**	-	-
Addition to right of use assets and the corresponding lease liability	20,40.1, 40.2	**(81,675,963)**	-	**32,011,126**	-	-
Borrowing cost capitalized as part of capital work-in-progress	21, 15.1	**-**	83,436,659	**-**	377,542,372	549,836,633
Depreciation of property, plant and equipment capitalized as part of capital-work-in-progress	21,19	**-**	11,048,341	**-**	32,145,307	39,629,118
Amortization of intangible assets capitalized as part of capital-work-in-progress	21, 22.1	**-**	748,799	**-**	2,231,246	3,030,044
Amortization of transaction cost capitalised as part of capital work-in-progress	21, 38.10	**-**	10,660,004	**-**	32,245,605	29,464,834
Transfer to intangible assets from capital work-in-progress	22,21	**-**	-	**826,452**	815,414	34,979,055
ECL allowance on adoption of IFRS 9 charged to trade and other receivables and opening retained earnings	30.1	**-**	-	**-**	-	336,385
ECL allowance on adoption of IFRS 9 charged to time deposits and other receivables and opening retained earnings	31.1	**-**	-	**-**	-	941,528
Dividend paid to non-controlling interest	36.3,30	**-**	-	**-**	-	28,807,037
Share of joint venture partner in impairment of capital work-in-progress	37,21	**-**	-	**-**	-	94,125,000
Transfer from due to joint venture partner to payment to increase share capital	37,36.3	**-**	-	**195,488,894**	-	-
Adjustment of the provision for decommissioning, site rehabilitation and dismantling obligation	39.2, 39.3	**-**	-	**18,249,708**	19,163,361	73,406,497
Loss / (gains) attributable to re-measurement of employees' end of service termination benefits obligation capitalized as part of capital work-in-progress	42.1.1, 21	**-**	-	**-**	-	2,076,230

(All amounts in Saudi Riyals unless otherwise stated)

1 General information

Saudi Arabian Mining Company ("Ma'aden") (the "Company") was formed as a Saudi Arabian joint stock company, following the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to 17 March 1997) and incorporated in the Kingdom of Saudi Arabia pursuant to the Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to 23 March 1997) with Commercial Registration No. 1010164391, dated 10 Zul Qaida 1421H (corresponding to 4 February 2001). The Company has an authorized and issued share capital of Saudi Riyals ("SAR") 11,684,782,610 divided into 1,168,478,261 ordinary shares with a nominal value of SAR 10 each (Note 33).

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

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

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

2 Group structure

The Company has the following subsidiaries and joint ventures:

		Effective ownership		
Subsidiaries incorporated in the Kingdom of Saudi Arabia	**Type of company**	**30 Sep. 2019**	**30 Sep. 2018**	**31 Dec. 2018**
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 Marketing and Distribution Company ("MMDC")	Limited liability company	**100%**	-	-
Ma'aden Rolling Company ("MRC")	Limited liability company	**100%**	74.9%	74.9%
Ma'aden Aluminium Company ("MAC")	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 ("MWSPC")	Limited liability company	**60%**	60%	60%
Joint ventures incorporated in the Kingdom of Saudi Arabia				
Ma'aden Barrick Copper Company ("MBCC")	Limited liability company	**50%**	50%	50%
Sahara and Ma'aden Petrochemicals Company ("SAMAPCO")	Limited liability company	**50%**	50%	50%

(All amounts in Saudi Riyals unless otherwise stated)

2 Group structure (continued)

Subsidiaries incorporated outside the Kingdom of Saudi Arabia	Type of company	Effective ownership 30 Sep. 2019	30 Sep. 2018	31 Dec. 2018
Meridian Consolidated Investments Limited ("MCIL") – Incorporated in Mauritius	Limited liability company	**85%**	-	-
MCIL has following subsidiaries in which Ma'aden has an indirect ownership:				
Incorporated in Mauritius:				
Agroserve S.A.	Limited liability company	**85%**	-	-
MCFI (Africa) Ltd	Limited liability company	**85%**	-	-
Meridian Commodities Limited	Limited liability company	**85%**	-	-
Meridian Group Services Limited	Limited liability company	**85%**	-	-
V&M Grain Mauritius Limited	Limited liability company	**85%**	-	-
Incorporated in Malawi:			-	-
Agora Limited	Limited liability company	**85%**	-	-
Farmers World Holding Limited	Limited liability company	**85%**	-	-
Farmers World Limited	Limited liability company	**85%**	-	-
Grain Securities Limited	Limited liability company	**85%**	-	-
Liwonde Property Investments Limited	Limited liability company	**42.5%**	-	-
Malawi Fertilizer Company Limited	Limited liability company	**85%**	-	-
Optichem (2000) Limited	Limited liability company	**85%**	-	-
Incorporated in Mozambique:				
Mozambique Fertilizer Company, Limitada	Limited liability company	**85%**	-	-
Transalt, Limitada	Limited liability company	**85%**	-	-
Transcargo , Limitada	Limited liability company	**85%**	-	-
MozGrain Limitada	Limited liability company	**85%**	-	-
Incorporated in Zimbabwe:				
Ferts Seed and Grain (Private) Limited	Limited liability company	**85%**	-	-
FSG Trust	Trust	**85%**	-	-
Others:				
MG Administration Services Proprietary Limited – incorporated in South Africa	Limited liability company	**85%**	-	-
African Investment Group Limited – incorporated in Seychelles	Limited liability company	**85%**	-	-
Fert Seed and Grain Limited – incorporated in Zambia	Limited liability company	**85%**	-	-

The financial year end of all the subsidiaries and joint ventures incorporated inside the Kingdom of Saudi Arabia coincide with that of the parent company ("Ma'aden), whereas the financial year end of all the subsidiaries incorporated outside the Kingdom of Saudi Arabia is 31st March.

2.1 MGBM

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

- the exploration and mining of gold and associated minerals within their existing mining lease areas by way of drilling, mining and concentrating and
- construct, operate and maintain all mines, buildings, highways, pipelines, refineries, treatment plants, communication systems, power plants and other facilities necessary or suitable for the purposes of the leases.

2.2 MIC

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

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

2.3 IMC

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

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

The company currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine at Al-Ghazallah and the processing plants at Al-Madinah Al-Munawarah. The Multiple Hearth Furnace "(MHF)" processing plant is fully operational and the Vertical Shaft Kiln "(VSK)" plant commenced commercial production on 1 August 2017.

2.4 MMDC

The company was incorporated on 13 February 2019 in the Kingdom of Saudi Arabia, which is also its principal place of business. MMDC which will be a vehicle for Ma'aden to build a fertilizer distribution business in the most important global fertilizer markets.

Also MMDC has signed an agreement, dated 18 April 2019, to acquire 85% of the Meridian Group ("Meridian"), a leading fertilizer distribution company operating in East Africa. Meridian already sells close to half a million tonnes of fertilizer every year through its network of facilities including fertilizer granulation and blending plants, warehouses and port facilities across Malawi, Zimbabwe, Zambia and Mozambique. On 8 August 2019, acquisition of 85% of the Meridian was completed after obtaining all the necessary regulatory and legal approvals.

2.5 MRC

The company was incorporated on 10 October 2010 in the Kingdom of Saudi Arabia, which is also its principal place of business and until 26 June 2019 was owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Rolling Inversiones S.L. ("ASRI"), a foreign shareholder, a company wholly owned by Alcoa Corporation, which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 36.1).

The company declared commercial production on 9 December 2018, however, the automotive sheet project commenced commercial production on 1 September 2019.

On 26 June 2019, an "Asset Transfer Agreement" was signed between Ma'aden, MRC and ASRI resolving to transfer the ownership of automotive sheet project to MRC at carrying amount of assets and in consideration, the capital contribution of Ma'aden and ASRI was increased in MRC (Note 37).

The objectives of the company are the production of:

- can body sheets,
- can ends stock and
- automotive heat treated and non-heat treated sheet.

Furthermore, on 26 June 2019, Ma'aden and ASRI signed an agreement for the transfer of shares whereby ASRI transferred shares of the company representing 25.1% of the share capital in MRC to Ma'aden (Note 36.3).

2.6 MAC

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

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Smelting Inversiones S.L. ("ASSI"), a foreign shareholder, a company wholly owned by Alcoa Corporation, which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 36.1).

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

- Ingots,
- T shape ingots,
- slabs and
- billets.

2.7 MBAC

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

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by AWA Saudi Limited ("AWA"), a foreign shareholder, which is owned 60% by Alcoa Corporation and 40% by Alumina Limited, an unrelated third party, which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 36.1).

The objectives of the company are to:

- exploit the Al-Ba'itha bauxite deposits,
- produce and refine bauxite and
- produce alumina.

2.8 MPC

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

- 70% by Saudi Arabian Mining Company ("Ma'aden") and
- 30% by Saudi Basic Industries Corporation ("SABIC"), which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 36.1).

The objectives of the company are to:

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

2.9 MWSPC

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

- 60% by Saudi Arabian Mining Company ("Ma'aden"),
- 25% by Mosaic Phosphate B.V., a foreign shareholder, a limited liability company registered in Netherlands wholly owned by The Mosaic Company ("Mosaic"), which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 36.1) and
- 15% by Saudi Basic Industries Corporation ("SABIC"), which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 36.1).

The objectives of the Company are the production of:

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

The company declared commercial production on 2 December 2018, except for the ammonia plant for which commercial production was declared on 1 January 2017.

2.10 SAMAPCO

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

- 50% by Saudi Arabian Mining Company ("Ma'aden") (Note 23.2.3) and
- 50% by Sahara Petrochemical Company.

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

The objectives of the company are the production of:

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

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

- Concentrated caustic soda (CCS) feedstock to the alumina refinery at MBAC and to sell any excess production not taken up by Ma'aden in the wholesale and retail market and
- Ethylene dichloride (EDC) in the wholesale and retail market.

2.11 MBCC

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

- 50% by Saudi Arabian Mining Company ("Ma'aden") (Note 23.1.3) and
- 50% by Barrick Middle East PTY Limited ("Barrick"), a foreign shareholder.

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

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

3 Basis of preparation

Statement of compliance

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

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

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

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

The consolidated interim financial statements have been prepared on the historical cost basis except where IFRS requires other measurement basis as disclosed in the applicable accounting policies in Note 4 – Summary of significant accounting policies.

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

Impact of changes in accounting policies due to the adoption of new IFRS standards

The Group has adopted a new accounting standard for all reporting periods commencing on or after 1 January 2019, the impact of the adoption of this standard is explained below:

IFRS 16 – "Leases"

Nature of change

The IASB has issued a new standard IFRS 16 for the recognition of leases. This standard has replaced:

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

Impact of the new definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease based on whether the lessee (customer) has the exclusive right to control the use of an identified asset for a period in exchange for a consideration.

Impact of changes in accounting policies, presentation and disclosure due to the adoption of the new IFRS 16

The Group has adopted this new accounting standard for all reporting periods commencing on or after 1 January 2019.

The Group has applied IFRS 16, using the modified retrospective method, with the result that the comparative amounts are not restated and that the lease liability as at 1 January 2019 (the date of transition) is calculated as the present value of the outstanding rentals due under the remaining term of the lease, discounted using the Company's incremental borrowing rate as at the date of the transition. The equal and opposite side of the lease liability calculated like this, is the right-of-use("RoU") asset. Therefore, there is no adjustment against opening retained earnings as at the transition date.

The financial information presented for the year ended 31 December 2018 does not reflect the requirements of IFRS 16, but that of its predecessor IAS 17 and is therefore not comparable to the financial information presented under IFRS 16 for the quarter and nine months ended 30 September 2019.

(All amounts in Saudi Riyals unless otherwise stated)

3 Basis of preparation (continued)

Impact on lessee accounting

Former operating lease

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

- recognizes RoU assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the remaining future lease payments,
- recognizes depreciation of RoU assets and interest on lease liabilities in the consolidated statement of profit or loss and other comprehensive income and
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Under IFRS 16, RoU assets are tested for impairment in accordance with IAS 36- Impairment of assets. This replaces the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (a lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the consolidated statement of profit or loss and other comprehensive income.

Former finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. This change did not have a material effect on the Group's consolidated financial statements.

Impact on lessor accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the RoU asset arising from the head lease and not by referencing to the underlying assets as was the case under IAS 17.

Summary of the impact on the consolidated interim financial statements following the implementation of IFRS 16

Consolidated statement of financial position as at 1 January 2019

The Group, as a lessee, had a significant portfolio of operating leases that were off-balance sheet under IAS 17. Most of these leases are now recognized on-balance sheet under IFRS 16.

The Group has opted for a separate line item presentation in the consolidated statement of financial position for the RoU assets under the non-current assets and lease liability under both the non-current and current liabilities.

The adoption of IFRs 16 has resulted in recognising the following RoU assets and their corresponding liability:

	Notes	1 January 2019
Right-of-use assets	20	1,349,501,035
Lease liability	40.1,40.2	(1,349,501,035)

3 Basis of preparation (continued)

Consolidated interim statement of profit or loss and other comprehensive income for the quarter and nine months ended 30 September 2019

The new IFRS 16 has resulted in a change in the amount and presentation of expenses related to leases formerly classified as operating leases (where the Group is a lessee). Under IAS 17, operating lease expenses were mainly presented as part of production costs included within cost of sales.

Applying IFRS 16, the expense is split into financing cost and a depreciation expense. Consequently, key performance indicators (KPIs) such as gross profit, operating profit and EBITDA, which is reported by the Group have been affected.

Any rental payments not included in the initial measurement of the liability (example: variable lease payments) are classified as operating expenses, as well as the expenses relating to short-term lease and low-value lease contracts for which the Group, as a lessee, makes uses of the available exemption.

Initial direct costs incurred by the Group upon entering a lease, as a lessee, are included in the cost of the RoU asset. Accordingly, these costs are now amortized over the lease term whereas they may have been expensed as incurred for operating leases under IAS 17.

The adoption of IFRS 16 did not affect other comprehensive income.

Consolidated interim statement of cash flows **for the quarter and nine months ended 30 September 2019**

Whereas under IAS 17, payments under operating leases were presented as part of cash flows from operating activities, under IFRS 16, lease payments are split between cash payments for interest portion of the lease liability and repayment of a principal portion. As required by IFRS 16, the Group presents repayment of principal portion within cash flows from financing activities.

As permitted by IAS 7 and in accordance with the Group's accounting policy, interest paid is classified as part of cash flows from operating activities.

4 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented except for policy on leases which was changed due to the adoption of the new accounting standard (Refer note 3).

4.1 Basis of consolidation and equity accounting

Subsidiaries

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

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

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

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

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

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

4.1 Basis of consolidation and equity accounting (continued)

Business combinations

The Group accounts for the business combinations using the acquisition method when control is transferred to the Group.The Group measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in earnings.

Non-controlling interest is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. If the business combination is achieved in stages, the carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group.

Transaction costs that the Company incurs in connection with a business combination are expensed as incurred.

***Joint* ventures**

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

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

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

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

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

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 4.11.

4.2 Foreign currency translation

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

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

4.3 Revenue recognition

Revenue comprises of sales to third parties and is measured based on the considerations specified in contracts with customers and excludes rebates and amounts, if any, collected on behalf of third parties. Revenue is recognised, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer (buyer), when the seller has transferred to the customer (buyer) control over the promised goods and services, either:

- at a point in time or
- over a time basis equivalent to the stage of completion of the service.

The Group recognizes revenue from the following main sources:

a) Sale of the following goods directly to the customers:
   - Phosphate fertilizer, ammonia and industrial minerals
   - Alumina, primary aluminium products and flat rolled products
   - Gold bullion (including by-products like copper, zinc and silver concentrate)

b) Rendering of the following services directly to the customers:
   - Transportation of goods

The timing and measurement of revenue recognition for the above-mentioned main sources of revenue i.e. sales of goods and rendering of services directly to customers are as follows:

Sales of phosphate fertilizer, ammonia and industrial minerals

The Group, as principal, sells phosphate fertilizer, ammonia and industrial minerals products directly to customers and also through two marketing agents SABIC and The Mosaic Company, acting as agents, for the sale of phosphate fertilizer and ammonia.

The Group sells a significant proportion of its goods on Cost and freight ocean transport (“CFR”) International Commercial terms (“Incoterms”) and therefore, the Group is responsible for providing shipping services after the date at which control over the promised goods have passed to the customer at the loading port. The Group is therefore, responsible for the satisfaction of two performance obligations under its CFR contracts with the customers and recognizes revenue as follows:

- sale and delivery of goods at the loading port resulting in the transfer of control over such promised goods to the customer and recognizing the related revenue at a point in time basis and
- shipping services for the delivery of the promised goods to the customer’s port of destination and recognizing the related revenue over a time basis, equivalent to the stage of completion of the services.

At the loading port, quality and quantity control of the promised goods are carried out by independent internationally accredited consultants before the loading of the vessel, in accordance with the specifications contained in the contract. The physical loading of the approved promised goods on the vessel, satisfies the Group’s performance obligation and triggers the recognition of revenue at a point in time. Ma’aden has full discretion over the price to sell the goods.

The selling price includes revenue generated for the sale of goods and transportation services depending on the Incoterms contained in the contract with the customer. The selling price is therefore unbundled or disaggregated into these two performance obligations, being the sale of the promised goods and the transportation thereof and it is being disclosed separately.

The Group recognizes a trade receivable for the sale and delivery of the promised goods when the goods, delivered to the loading port, are loaded on to the vessel as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. However, the trade receivable related to the transportation service are recognized over time, if material, based on the stage of completion of service which is assessed at the end of each reporting period. The disaggregation between separate performance obligations is done based on the standalone selling price.

All shipping and handling costs incurred by the Group, in relation to the satisfaction of performance obligation for the transportation of the promised goods, under CFR contracts with the customers, are recognized as cost of sales in the consolidated statement of profit or loss.

Sale of alumina, primary aluminium products and flat rolled products

The Group, as principal, sells alumina, primary aluminium products and flat rolled products directly to customers and in accordance with the contract, the promised goods are provisionally priced. The sales price is not settled until a predetermined future date and is based on the market price at a time or over a pre-defined period of time. Revenue on these sales is initially recognized (when all the above criteria are met), at a provisional price based on the pricing mechanism as specified in the contract. Provisionally priced sales are marked-to-market at each reporting date using the forward price for the period equivalent to that outlined in the contract.

4.3 Revenue recognition (continued)

Sale of gold bullion and concentrates

The Group, as principal, sells gold bullion and by-products like copper, zinc and silver concentrate directly to customers under contract, which vary in tenure and pricing mechanisms. The Group's primary product is gold and the concentrates produced as part of the extraction process are considered to be by-products arising from the production of gold. Revenues from by-product sales are insignificant and are credited to production cost applicable to gold bullion sales as a by-product credit.

- **Gold bullion sales**

The Group primarily sell gold bullion in the spot market. The selling price is fixed on the date of sale based on the gold spot price and the revenue and related trade receivable is recognized, at a point in time basis, when the gold bullion is delivered to the airport, which is also the date, the place and the time that the control over the gold bullion is transferred to the customer.

Sales revenue is commonly subject to a quantity adjustment based on a fire assay of the gold bullion upon arrival at the refinery of the customer.

The sales revenue of a bullion bar is based on provisionally invoiced quantities. The Group uses the "expected value method" to recognize revenue on provisionally invoiced quantities. The revenue recognized is based on probability of gold content and includes in a range of possible consideration amounts.

- **Metal concentrate sales**

Revenue from the sale of metal concentrates (copper, zinc and silver) is based on selling prices that are provisionally set, for a specified future date after shipment, based on ruling market prices. Sales revenue and the related trade receivable is recognized, at a point in time basis, at the time of shipment, which is also the date that the control transfers to the customer.

The final selling price on such concentrates is settled within a predetermined future date and is based on the ruling market price at that time or over a quotation period stipulated in the contract. Revenue for provisionally priced metal concentrates is initially recognized at the current market price. However, subsequently at each reporting date, such provisionally priced sales are marked-to-market using the relevant forward market prices for the period stipulated in the contract. This marked-to-market adjustment is directly recognized in sales and in the carrying amount of the outstanding trade receivable.

Income from time deposits

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

4.4 Selling, marketing and logistic expenses

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

4.5 General and administrative expenses

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

4.6 Earnings per share

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

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

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

4.7 Mine properties and property, plant and equipment

Mine properties and property, plant and equipment

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

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

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

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

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is charged to the consolidated statement of profit or loss using the straight line method. Significant components of an item of mine properties and property, plant and equipment are separately identified and depreciated using the economic useful life of the component.

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

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

Categories of assets	Number of years
• Mine properties	Using UOP method over the economically recoverable proven and probable reserves or straight line method over the economic useful life, whichever is shorter
• Civil works	4 – 50
• Buildings	9 – 40
• Heavy equipment	5 – 40
• Other equipment including mobile and workshop equipment, laboratory and safety equipment and computer equipment	4 – 40
• Fixed plant	4 – 20
• Office equipment	4 – 10
• Furniture and fittings	4 – 10
• Motor vehicles	4

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

The assets' residual values and estimated economic useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.7 Mine properties and property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Exploration and evaluation assets

Exploration and evaluation expenditure is expensed in the year in which it is incurred.

Exploration expenditures relates to the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with:

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

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

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

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

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

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

4.7 Mine properties and property, plant and equipment (continued)

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

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

Once it has been identified that an exploration and evaluation asset may be impaired, the entity performs impairment and reversal of impairment on exploration and evaluation assets as specified in Note 4.11. Based on the final technical scope, receipt of mining license and commercial feasibility, if the economic benefit will be realized and management intends to develop and execute the mine, the exploration and evaluation asset is transferred to “Mine under construction”.

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

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

Stripping activity asset and stripping activity expense

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

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

Stripping activities during production stage generally creates two types of benefits being as follows:

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

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

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

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

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

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

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

4.7 Mine properties and property, plant and equipment (continued)

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

4.8 Right-of-use assets and lease liability

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets (RoU)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of the lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the economic useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

4.8 Right-of-use assets and lease liability (continued)

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 - Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 4.11.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the consolidated statement of profit or loss.

4.9 Capital work-in-progress

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

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

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

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

Capital work-in-progress is not depreciated.

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

4.10 Intangible assets

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

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

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

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

Categories of intangible assets	Number of years
• Infrastructure (Contractual right-to-use)	35
• Internally developed software (ERP System)	4 - 10
• Technical development	5 - 7
• Software and licenses (mine related)	Over life-of-mine using straight line method

The Group tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount either annually or whenever there is an indication that the intangible asset may be impaired.

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

4.11 Impairment of mine properties, property, plant and equipment, right-of-use assets, capital work-in-progress and intangible assets

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

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

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

Assets or CGUs (other than the goodwill component) for which an impairment loss had been previously recorded, could reverse the impairment loss allocated if, and only if, there has been a change in the estimates used in determining the asset's or CGU's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized for the asset or CGU. A reversal of an impairment loss is recognized in the operating section of the consolidated statement of profit or loss.

4.12 Inventories

Finished goods

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

Cost assigned to saleable inventories on hand at the reporting date, arising from the conversion process, is determined by the unit cost of production and comprises of:

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

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

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

Work-in-process

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

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

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

4.12 inventories (continued)

Ore stockpiles

Ore stockpiles represent ore that has been extracted from the mine, and considered to be of future economic benefits under current prices and is available for further processing. If the ore stockpiles is not expected to be processed in the next 12 months after the reporting date, it is included in non-current assets. Cost of ore stockpiles is determined by using the weighted average cost method. If the ore is considered not to be economically viable it is expensed immediately.

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

Spares and consumables

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

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

Raw materials

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

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

4.13 Trade and other receivables

Trade receivables

Trade receivables are carried at the transaction price related to a performance obligation less an allowance for doubtful debts.

The Group assesses on a forward looking basis the allowance for doubtful debts using an expected credit losses ("ECL") approach over the lifetime of the assets. Such allowances for doubtful debt are charged to the consolidated statement of profit or loss and reported under "General and administrative expenses".

When a trade receivable is uncollectible, it is written-off against the allowance for the doubtful debts in the consolidated statement of profit or loss. When a subsequent event causes the amount of allowance for doubtful debts to decrease, the decrease in the allowance for doubtful debts is reversed through the consolidated statement of profit or loss as per the staging criteria logic defined in the Group's policy.

Employees' home ownership program receivable

Certain companies of the Group have established an employees' home ownership program (HOP) that offers eligible employees the opportunity to buy housing units constructed by the company through a series of payments over a particular number of years. Ownership of the housing unit is transferred to the employee upon completion of the full payment (Note 4.21).

Under the HOP, the housing units are classified under other non-current assets as long-term employees' home ownership program receivable upon signing of the sales contract with the eligible employees. The monthly installments paid by the employee towards the housing unit are repayable back to the employee in case the employee discontinues employment to the extent of the amounts paid in addition to the monthly housing allowance and the house is returned back to the company.

4.14 Time deposits

Time deposits include placements with banks and other short term highly liquid investments, with original maturities of more than three months but not more than one year from the date of acquisition. Time deposits are placed with financial institutions with investment grade rating, which are considered to have low credit risk, hence a provision is recognised at an amount equal to 12 month's ECL, unless there is evidence of significant increase in credit risk of the counter party.

4.15 Cash and cash equivalents

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

Restricted cash and cash equivalents that are not available for use by the Group and are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows. Restricted cash and cash equivalents are related to the employees' savings plan program, see Notes 4.21 and 32.

4.16 Financial instruments and financial assets and financial liabilities

The Group recognizes a financial asset or a financial liability in its consolidated statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument. The Group recognizes all of its contractual rights and obligations under derivatives in its consolidated statement of financial position as assets and liabilities.

Derivative instruments

The Group utilizes derivative instruments to manage certain market risk exposures. The Group does not use derivative financial instruments for speculative purposes, however it may choose not to designate certain derivatives as hedges for accounting purposes.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Interest rate swap contracts

The Group uses interest rate swap contracts to manage its exposure to interest rate movements on its long term-borrowings (Note 49.1.2).

In respect of financial assets the Group's policy is to invest free cash at floating rates of interest and to maintain cash reserves in time deposits (less than one year) in order to maintain liquidity.

Other financial liabilities (excluding long term-borrowings and obligations under leases) are primarily non-interest bearing.

Forward exchange contracts

Foreign currency exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of movements in foreign exchange rates. The Saudi Riyal is pegged at SAR 3.75:USD 1, therefore the Group is not exposed to any risks from USD denominated financial instruments (Note 49.1.1).

The Group's transactions are principally in SAR and US Dollars. Virtually all commodity sales contracts are with international customers (Note 8.3) and are USD priced and equally so is the bulk of the procurement and capital expenditure contracts.

The Group does not use forward exchange contracts.

Commodity contracts

The Group's earnings are exposed to movements in the prices of the commodities it produces (Note 49.1.3).

The Group's policy at the moment is to sell its products at prevailing market prices and not to hedge commodity price risk.

Provisional price contracts

Certain of the Group's sales are provisionally priced, meaning that the final selling price is determined normally 30 to 180 days after the delivery to the customer, based on the quoted market price stipulated in the contract and as a result are susceptible to future commodity price movements.

At each reporting date, subsequent to the initial sale, the provisionally priced trade receivables are marked-to-market using the relevant forward market prices for the period stipulated in the contract. This marked-to-market adjustment is directly recognized in sales and the carrying amount of the outstanding trade receivable.

4.16 Financial instruments and financial assets and financial liabilities (continued)

Financial assets and financial liabilities

The Group's principal financial assets include:

- jointly controlled entities (equity accounted for) - (Accounting policy 4.1),
- other investment in securities, where the Group's intention is to hold it to maturity,
- derivative financial instruments,
- trade and other receivables – excluding pre-payments and zakat / income tax receivables - (Accounting policy 4.13),
- time deposits (Accounting policy 4.14) and
- cash and cash equivalents (Accounting policy 4.15)

They are derived directly from the Group's operations.

The Group's principal financial liabilities comprise of:

- long-term borrowings (Accounting policy 4.17),
- lease liability (Accounting policy 4.20),
- derivative financial instruments,
- projects, trade and other payables – excluding zakat / income tax liabilities and employees' end of service termination benefits obligations - (Accounting policy 4.22) and
- accrued expenses (Accounting policy 4.22)

The main purpose of these financial liabilities is to finance the Group's operations and to guarantees support for the operations.

Recognition

Financial assets are initially recognized at fair value on the trade date, including directly attributable transaction costs.

A trade receivable without a significant financing component is recognized at its transaction price.

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

Subsequently, financial assets are carried at fair value or at amortized cost less impairment.

Financial liabilities are initially recognized at fair value of the consideration received net of any directly attributable transaction costs, as appropriate. Subsequently, financial liabilities are carried at amortized cost.

Long-term borrowings are initially recognized at the fair value (being proceeds received, net of eligible transaction costs incurred, if any).

Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss over the period of the long-term borrowings using the effective interest rate method.

Classification

Financial assets are classified into one of the following three categories, based on the business model in which the financial asset and its contractual cash flow characteristics are managed:

- measured at amortized cost ("AC"),
- fair value through profit or loss ("FVTPL") and
- fair value through other comprehensive income ("FVOCI").

Derivatives embedded in contracts where the host is a financial asset is never bifurcated and the whole hybrid instrument is assessed for classification.

4.16 Financial instruments and financial assets and financial liabilities (continued)

Financial liabilities are classified and subsequently measured at amortized cost except for the following:

- financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies,
- financial guarantee contracts which are measured at the higher of the amount of loss allowance and the amount initially recognized and
- commitments to provide a loan at below market interest rate which shall be measured at the higher of the amount of loss allowance, the amount initially recognized and the contingent consideration in case of a business combination.

Impairment and uncollectibility of financial assets

At each reporting date, the Group measures the loss allowance for a financial asset (using the Expected credit loss model) at an amount equal to the lifetime expected credit losses, if the credit risk on that financial asset has increased significantly since initial recognition.

However, if at the reporting date, the credit risk on that financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Regardless of the change in credit risk, loss allowances on trade receivables that do not contain a significant financing component are calculated at an amount equal to lifetime expected credit losses.

Such impairment losses are recognized in the consolidated statement of profit or loss.

Offsetting a financial asset and a financial liability

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

Derecognition of financial instruments

The Group derecognizes a financial asset only when the contractual rights to receive cash flows from the financial assets have expired, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

Gains and losses arising on derecognition of financial assets are recognized in the consolidated statement of profit or loss.

The Group derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized as a gain or a loss in the consolidated statement of profit or loss.

Long-term borrowings are derecognized from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized as a gain in consolidated statement of profit or loss as other income or finance cost.

4.17 Long-term borrowings

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

Up-front fees paid on the establishment of the loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss as other income or finance cost.

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

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

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

4.18 Provisions

Provisions are recognised when the Group has:

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

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

4.19 Provision for decommissioning, site rehabilitation and dismantling obligations

The mining, extraction and processing activities of the Group normally give rise to obligations for mine closure, decommissioning, site rehabilitation and plant dismantling (collectively referred to as “decommissioning site rehabilitation and dismantling obligations”). Decommissioning and site restoration work can include:

- facility decommissioning and dismantling of plant and buildings,
- removal or treatment of waste materials and
- site and land rehabilitation.

The extent of the work required and the associated costs are dependent on the requirements of current laws and regulations.

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

4.19 Provision for decommissioning, site rehabilitation and dismantling obligations (continued)

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

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

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

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

4.20 Leasing

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

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

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

4.21 Employees' benefits

Employees' savings plan program

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

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

The Group will contribute an amount equaling 10% of the monthly savings of each member per year for the first year and increase it by 10% per year in the years there after until it reaches 100% in the 10th year and continue contributing 100% from year 11 onwards, which will in turn be credited to the savings accounts of the employee. The Group's portion is charged to consolidated statement of profit or loss on a monthly basis. The Group's portion will only be paid to the employee after the expiry of 10 years upon termination or resignation.

4.21 Employees' benefits (continued)

Other short-term obligations

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

Employees' home ownership program

The program has three categories:

Housing project

Certain companies within the Group have established employees' home ownership program (HOP) that offer eligible employees the opportunity to buy housing units constructed by these subsidiaries through a series of payments over a particular number of years. Ownership of the housing unit is transferred upon completion of full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' receivable upon signing of the sales contract with the eligible employees. The monthly installments paid by the employee towards the housing unit are repayable back to the employee in case the employee discontinues employment to the extent of the amounts paid in addition to the monthly housing allowance and the house is returned back to the Group.

Home loan

Certain companies within the Group provides an interest free loan to an eligible employee to purchase or build his own house by mortgaging the property in the company's name as a security. The repayment of the loan is deducted from the employee's salary in monthly installments.

The interest cost associated with the funding of the acquisition or construction of the employee's house is borne by the Company in accordance with the approved HOP, and expensed as part of finance cost.

HOP furniture loan

Certain companies within the Group provides a furniture loan to an eligible employee which is to be written-off equally over a 5-year period. In case the employee resigns or his services is terminated for any reason before completion of the stated period, the employee will be required to pay the remaining balance of the furniture loan.

Employees' end-of-service termination benefits obligation

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

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

The net finance cost is calculated by applying the discount rate to the net balance of the employees' end-of-service termination benefits obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

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

Changes in the present value of the employees' end-of-service termination benefits obligation resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

4.22 Projects, other payables and accrued expenses

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

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

4.23 Zakat, income tax, withholding tax and deferred tax

Companies with only Saudi shareholders

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

Mix companies with foreign shareholders

The subsidiaries with foreign shareholders are subject to zakat for their Saudi shareholders and income tax for their foreign shareholders in accordance with the regulations of the GAZT. A provision for zakat and income tax for the mix companies is charged to the consolidated statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Zakat and income tax related to the minority shareholders in certain subsidiaries is included in their share of non-controlling interest in the consolidated statement of profit or loss.

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

Current tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

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

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

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

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.

(All amounts in Saudi Riyals unless otherwise stated)

4.24 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 4 October 2004), the Group is required to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is the lower. The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated statement of profit or loss (Notes 9 and 46).

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

Minerals	Basis	Rate
Low grade bauxite	Actual metric tonnes sold	SAR 1.50 per metric tonne
Kaolin	Actual metric tonnes sold	SAR 2.25 per metric tonne
Magnesia / Dead burned magnesia / Monolithic	Actual metric tonnes sold	SAR 4.50 per metric tonne

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

(All amounts in Saudi Riyals unless otherwise stated)

5 Business combination

On 8 August 2019, the Group, through its subsidiary MMDC, completed the acquisition of 85% of issued share capital of the Meridian Group ("Meridian") carrying full voting rights, a leading fertilizer distribution company operating in East Africa, after obtaining all the necessary regulatory and legal approvals for a total consideration of SAR 436,856,535.

Ma'aden has acquired Meridian to build a fertilizer distribution business in the most important global fertilizer markets in East Africa. Meridian operations are focused on selling fertilizer through its network of facilities including fertilizer granulation and blending plants, warehouses and port facilities across Malawi, Zimbabwe, Zambia and Mozambique.

These consolidated interim financial statements include the results of the Meridian from the date the control was transferred to the Group. Revenue generated by the Meridian business for the period from the acquisition date of 8 August 2019 to 30 September 2019 was SAR 112,842,056 and net loss for the same period was SAR 951,469. However, if the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue of the Group would have increased by SAR 575,792,062 and consolidated net loss would have increased by SAR 687,056 for the nine months period ended 30 September 2019.

The acquisition has been accounted for as a business combination using the acquisition method where the acquired tangible and intangible assets and assumed liabilities are recorded at their carrying values at the date of acquisition. The Group is currently in the process of allocating the purchase consideration to the identifiable assets, liabilities and contingent liabilities acquired. However, the Group has provisionally accounted for the transaction based on the carrying values of the assets and liabilities as of the acquisition date which are summarized below:

	Notes	Carrying value On acquisition 8 August 2019
Assets		
Non-current assets		
Property, plant and equipment	19	163,892,231
Capital work-in-progress	20	30,088,039
Intangible assets	22	133,853
Deferred tax assets	24.2	3,829,980
Other non-current assets		11,143,361
		209,087,464
Current assets		
Inventories		443,393,456
Trade and other receivables		119,167,965
Cash and cash equivalents	5.1	93,221,021
		655,782,442
Total assets		**864,869,906**
Liabilities		
Non-current liabilities		
Non-current portion of financial liabilities		11,474,972
Deferred tax liabilities	24.3	11,459,194
		22,934,166
Current liabilities		
Trade and other payables		316,784,447
Current portion of financial liabilities		317,064,729
Tax payable	45.5	3,143,130
		636,992,306
Total liabilities		**659,926,472**
Total net identifiable assets	5.2	**204,943,434**

(All amounts in Saudi Riyals unless otherwise stated)

5.1 Acquisition cost net of cash and cash equivalents acquired

	Note	Total
Cash paid to Meridian Group		436,856,535
Less: Cash and cash equivalent of Meridian acquired as at the acquisition date	5	(93,221,021)
Net cash outflow as at the acquisition date of Meridian Group		**343,635,514**

5.2 Goodwill recognized as at the acquisition date

	Notes	Total
As at the acquisition date		
Total net identifiable assets	5	204,943,434
Non-controlling interest		6,741,457
Sub-total		**211,684,891**
Ma’aden share of net assets at 85% shareholding	5	179,932,156
Cash paid to Meridian Group		436,856,535
Goodwill recognized at the date of acquisition	22	**256,924,379**

6 Critical accounting judgments, estimates and assumptions

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

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

6.1 Critical accounting judgements in applying accounting standards

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

- economic useful lives of mine properties, property, plant and equipment
- impairment and the reversal of impairment
- Right-of-use assets and lease liability
- zakat and income tax
- exploration and evaluation expenditure
- stripping costs
- commercial production start date

Economic useful lives of mine properties, property, plant and equipment

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

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

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

Any of these changes could affect prospective depreciation of mine properties 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.

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

Impairment and the reversal of impairment

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

6.1 Critical accounting judgements in applying accounting standards (continued)

Right-of-use assets and lease liability

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Zakat and income tax

The Company and its three wholly owned subsidiaries are subject to zakat, whereas, the subsidiaries with foreign shareholders are subject to zakat for their Saudi shareholders and income tax for their foreign shareholders in accordance with the regulations of the GAZT.

A provision for zakat and income tax is estimated at the end of each reporting period in accordance with the regulations of the GAZT and on a yearly basis zakat and income tax returns are submitted to the GAZT. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions.

Stripping costs

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to giving access to a component of the ore body to be mined in the future, which then give rise to the creation of a stripping activity asset.

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations.

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

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

6.1 Critical accounting judgements in applying accounting standards (continued)

Commercial production start date

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

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

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

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

6.2 Key sources of estimation uncertainty

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

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

Mineral resource and ore reserve estimates

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

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

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

Mine decommissioning obligation

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

6.2 Key sources of estimation uncertainty (continued)

Allowances for obsolete and slow moving spare parts

The Group also creates an allowance for obsolete and slow-moving spare parts. At 30 September 2019, the allowance for obsolete slow-moving items amounted to SAR 90,708,927 (30 September 2018: SAR 78,345,651 and 31 December 2018: SAR 92,692,378). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year (Note 29.1).

Contingencies

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

7 Segmental information

Segment reporting

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

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

7.1 Business segment

A business segment is a component of the Group:

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

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

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

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

- **Phosphate Strategic Business Unit Segment,** consist of operations related to:
  - ***MPC*** – the mining and beneficiation of phosphate concentrated rock at Al-Jalamid. The utilization of natural gas and sulphur to produce Phosphate fertilizers as well as ammonia products at Ras-Al-Khair.
  - ***IMC*** – the mining of industrial minerals at a kaolin and low grade bauxite mine in the central zone of Az-Zabirah and a high grade magnesite mine at Al-Ghazallah and the VSK processing plant at Al-Madinah Al Munawarah.
  - ***MWSPC*** – the development of a mine to exploit the Al-Khabra phosphate deposit. The company declared commercial production on 2 December 2018, except for the ammonia plant for which commercial production was declared on 1 January 2017.
  - ***MMDC*** - a vehicle for Ma’aden to build a fertilizer distribution business in the most important global fertilizer markets.
  - ***Phosphate and Industrial Minerals division under Corporate*** – related cost and exploration expenses in Ma’aden Corporate has been allocated to this segment.
  - ***MIC*** – is responsible for the development, construction and delivery of services to Ma’aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a 33% proportionate share of MIC’s revenues, costs and assets have been allocated to this segment.

7.1 Business segment (continued)

- **Aluminium Strategic Business Unit Segment**, consists of the operations related to:
  - ***MBAC*** – the mining of bauxite at the Al-Ba'itha mine and the transportation thereof to its refinery at Ras Al Khair. The alumina from MBAC is then processed at MAC. The refinery declared commercial production on 1 October 2016.
  - ***MAC*** – operates the smelter at Ras-Al-Khair and it currently processes the alumina feedstock that it purchases from MBAC and produces aluminium products. MAC declared commercial production on 1 September 2014.
  - ***MRC*** – the construction of the rolling mill have been completed and the company has declared commercial production on 9 December 2018. MRC also include automotive sheet project which comprise of automotive heat treated and non-treated sheet, building and construction sheet and foil stock sheet. The project commenced commercial production on 1 September 2019.
  - ***Aluminium division under Corporate*** – related cost and external sales revenue have been allocated to this segment.
  - ***MIC*** – is responsible for the development, construction and delivery of services to Ma'aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a 67% proportionate share of MIC's revenues, costs and assets have been allocated to this segment.

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

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

(All amounts in Saudi Riyals unless otherwise stated)

7.2 Business segment financial information

	Notes	Phosphate	Aluminum	Precious and base metals	Corporate	Total
30 September 2019						
Sales of goods and services to external customers	7.3,8	6,111,451,701	5,352,668,881	1,376,413,526	-	12,840,534,108
Gross profit		656,062,722	611,561,119	379,696,246	-	1,647,320,087
Net (loss) / profit before zakat and income tax		(653,944,521)	(384,890,489)	333,959,763	(117,841,186)	(822,716,433)
Less: Income from time deposits	14	(36,478,637)	(10,841,458)	-	(111,698,057)	(159,018,152)
Add: Finance cost	15	928,348,481	856,820,669	36,352,804	31,490,032	1,853,011,986
Net profit / (loss) before net finance income / (cost), zakat and income tax		237,925,323	461,088,722	370,312,567	(198,049,211)	871,277,401
Operating special items and re-measurements:						
Add: Non-operating other expenses / (income), net	16	(11,140,610)	(63,828,664)	(1,062,000)	(266,932)	(76,298,206)
Less: Share in net loss / (profit) of joint ventures	23.1.3, 23.2.3	-	50,077,820	(130,333,681)	-	(80,255,861)
Underlying EBIT		226,784,713	447,337,878	238,916,886	(198,316,143)	714,723,334
Add: Depreciation and amortization		1,778,556,755	1,261,870,378	334,055,104	51,867,175	3,426,349,412
Underlying EBITDA		2,005,341,468	1,709,208,256	572,971,990	(146,448,968)	4,141,072,746
Net (loss) / profit attributable to ordinary shareholders of the parent company		(358,028,921)	(289,167,197)	329,446,152	(145,166,819)	(462,916,785)
Mine properties	18	5,864,352,598	1,397,469,654	2,633,766,721	-	9,895,588,973
Property, plant and equipment	19	33,599,020,540	31,191,622,943	3,867,959	118,531,993	64,913,043,435
Right-of-use assets	20	272,255,835	1,134,235,157	38,763,682	2,448,169	1,447,702,843
Capital work-in-progress	21	1,246,172,471	1,158,063,167	1,937,078	21,541,448	2,427,714,164
Intangible assets	22	265,072,359	55,634,473	11,975,890	45,560,618	378,243,340
Investment in joint ventures	23	-	217,108,000	964,175,526	-	1,181,283,526
Total assets		46,905,083,233	40,016,118,483	4,297,025,742	6,420,849,275	97,639,076,733
Long-term borrowings	38	28,307,608,016	23,802,348,798	919,177,932	-	53,029,134,746
Lease liability	40	213,752,174	1,014,129,039	39,581,134	2,479,402	1,269,941,749
Total liabilities		32,310,689,692	27,660,846,576	1,548,029,358	216,441,192	61,736,006,818

(All amounts in Saudi Riyals unless otherwise stated)

7.2 Business segment financial information (continued)

	Notes	Phosphate	Aluminum	Precious and base metals	Corporate	Total
30 September 2018						
Sales of goods and services to external customers	7.3,8	4,635,718,331	4,178,419,755	1,531,921,219	-	10,346,059,305
Gross profit		1,805,540,162	1,589,519,794	572,851,845	-	3,967,911,801
Net profit / (loss) before zakat and income tax		1,111,323,050	629,711,745	548,222,076	(147,397,453)	2,141,859,418
Less: Income from time deposits	14	(924)	(755,334)	-	(80,064,593)	(80,820,851)
Add: Finance cost	15	372,536,490	815,016,619	39,193,066	29,124,299	1,255,870,474
Net profit / (loss) before net finance income / (cost), zakat and income tax		1,483,858,616	1,443,973,030	587,415,142	(198,337,747)	3,316,909,041
Operating special items and re-measurements:						
Less: Impairment of non-current assets, net	13	-	-	18,579,156	-	18,579,156
Add: Non-operating other expenses / (income), net	16	6,704,043	(5,925,647)	10,198,231	261,570	11,238,197
Less: Share in net profit of a joint venture	23.1.3	-	-	(136,989,427)	-	(136,989,427)
Underlying EBIT		1,490,562,659	1,438,047,383	479,203,102	(198,076,177)	3,209,736,967
Add: Depreciation and amortization		895,315,343	1,055,083,609	335,164,212	12,486,204	2,298,049,368
Underlying EBITDA		2,385,878,002	2,493,130,992	814,367,314	(185,589,973)	5,507,786,335
Net profit / (loss) attributable to ordinary shareholders of the parent company		777,161,289	514,565,417	534,559,845	(255,377,183)	1,570,909,368
Mine properties	18	4,871,267,589	1,391,756,274	2,583,714,582	-	8,846,738,445
Property, plant and equipment	19	15,580,725,584	27,842,692,910	8,634,725	127,145,367	43,559,198,586
Capital work-in-progress	21	21,180,191,854	5,402,476,783	1,799,378	44,440,708	26,628,908,723
Intangible assets	22	81,116,495	204,077,180	18,823,093	16,974,652	320,991,420
Investment in a joint venture	23	-	-	1,071,045,966	-	1,071,045,966
Total assets		46,400,624,086	39,741,643,714	4,245,106,907	5,111,750,072	95,499,124,779
Long-term borrowings	38	27,505,628,218	24,054,068,940	1,088,110,785	-	52,647,807,943
Finance lease liability	40	-	2,567,258	32,504,765	-	35,072,023
Total liabilities		30,347,947,913	26,678,298,917	1,646,409,155	424,130,558	59,096,786,543

(All amounts in Saudi Riyals unless otherwise stated)

7.2 Business segment financial information (continued)

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2018						
Sales of goods and services to external customers	7.3,8	6,526,171,154	5,668,251,288	1,976,337,478	-	14,170,759,920
Gross profit		2,249,787,473	1,962,791,410	674,401,183	-	4,886,980,066
Net profit / (loss) before zakat and income tax		1,411,641,219	750,229,795	604,412,378	(231,889,246)	2,534,394,146
Less: Income from time deposits	14	(1,868,678)	(3,132,770)	-	(118,940,674)	(123,942,122)
Add: Finance cost	15	567,155,579	1,095,315,896	51,175,867	39,756,278	1,753,403,620
Net profit / (loss) before net finance income / (cost), zakat and income tax		1,976,928,120	1,842,412,921	655,588,245	(311,073,642)	4,163,855,644
Operating special items and re-measurements:						
Less: (Reversal) / impairment of non-current assets, net	13	-	(65,059,239)	18,579,156	-	(46,480,083)
Add: Non-operating other expenses / (income), net	16	4,533,631	(12,705,194)	9,930,355	1,566,818	3,325,610
Less: Share in net profit of joint ventures	23.1.3, 23.2.3	-	-	(143,535,306)	-	(143,535,306)
Underlying EBIT		1,981,461,751	1,764,648,488	540,562,450	(309,506,824)	3,977,165,865
Add: Depreciation and amortization		1,308,644,406	1,421,577,773	442,332,758	20,676,499	3,193,231,436
Underlying EBITDA		3,290,106,157	3,186,226,261	982,895,208	(288,830,325)	7,170,397,301
Net profit / (loss) attributable to ordinary shareholders of the parent company		984,613,329	632,241,436	590,810,902	(359,748,587)	1,847,917,080
Mine properties	18	6,058,767,989	1,456,889,667	2,529,385,198	-	10,045,042,854
Property, plant and equipment	19	34,878,050,706	31,472,799,563	6,941,191	124,561,684	66,482,353,144
Capital work-in-progress	21	798,186,784	1,380,055,843	1,799,378	16,987,280	2,197,029,285
Intangible assets	22	79,112,741	199,861,130	15,938,223	45,275,788	340,187,882
Investment in joint ventures	23	-	345,934,239	1,077,591,845	-	1,423,526,084
Total assets		48,319,810,255	39,655,652,814	4,150,514,327	6,012,276,032	98,138,253,428
Long-term borrowings	38	29,524,991,096	24,040,406,366	1,001,090,866	-	54,566,488,328
Finance lease liability	40	-	-	27,183,780	-	27,183,780
Total liabilities		32,712,777,659	26,654,979,891	1,612,290,003	463,779,627	61,443,827,180

(All amounts in Saudi Riyals unless otherwise stated)

7.3 Geographical segment

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group's operations are conducted in the Kingdom of Saudi Arabia and East Africa (Note 2) and therefore all the non-current assets of the Group are located within the Kingdom of Saudi Arabia and East Africa.

The Group's geographical distribution of revenue generation by destination for the period / year ended is as follows:

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
30 September 2019						
International						
Indian subcontinent and Asia-pacific		**3,628,631,055**	**659,452,426**	**-**	**-**	**4,288,083,481**
Brazil, Singapore, GCC MENA, Africa, Europe, Latin America and North America		**1,355,437,915**	**3,339,888,968**	**3,024,115**	**-**	**4,698,350,998**
Switzerland and others		**1,082,854,267**	**747,233,811**	**1,373,389,411**	**-**	**3,203,477,489**
Sub-total		**6,066,923,237**	**4,746,575,205**	**1,376,413,526**	**-**	**12,189,911,968**
Domestic		**44,528,464**	**606,093,676**	**-**		**650,622,140**
Total	7.2,8	**6,111,451,701**	**5,352,668,881**	**1,376,413,526**	**-**	**12,840,534,108**
30 September 2018						
International						
Indian subcontinent and Asia-pacific		3,171,512,107	735,774,449	-	-	3,907,286,556
Brazil, Singapore, GCC MENA, Africa, Europe, Latin America and North America		773,726,025	1,798,004,084	4,701,854	-	2,576,431,963
Switzerland and others		659,317,568	1,030,313,933	1,527,219,365	-	3,216,850,866
Sub-total		4,604,555,700	3,564,092,466	1,531,921,219	-	9,700,569,385
Domestic		31,162,631	614,327,289	-	-	645,489,920
Total	7.2,8	4,635,718,331	4,178,419,755	1,531,921,219	-	10,346,059,305
31 December 2018						
International						
Indian subcontinent and Asia-pacific		4,608,663,724	1,319,894,504	-	-	5,928,558,228
Brazil, Singapore, GCC MENA, Africa, Europe, Latin America and North America		879,535,863	2,834,019,786	7,742,530	-	3,721,298,179
Switzerland and others		994,632,486	749,495,298	1,968,594,948	-	3,712,722,732
Sub-total		6,482,832,073	4,903,409,588	1,976,337,478	-	13,362,579,139
Domestic		43,339,081	764,841,700	-	-	808,180,781
Total	7.2,8	6,526,171,154	5,668,251,288	1,976,337,478	-	14,170,759,920

(All amounts in Saudi Riyals unless otherwise stated)

7.3 Geographical segment (continued)

The Group's geographical distribution of external revenue by major customers and by destination for the period / year ended are as follows:

	Phosphate	Aluminium	Precious and base metals	Corporate	Total
30 September 2019					
Customer No. 1 – Switzerland	**-**	**-**	**1,323,025,575**	**-**	**1,323,025,575**
Customer No. 2 – Spain	**-**	**722,232,280**	**-**	**-**	**722,232,280**
Customer No. 3 – Indian subcontinent	**559,027,500**	**-**	**-**	**-**	**559,027,500**
30 September 2018					
Customer No. 1 - Switzerland	-	-	1,433,640,351	-	1,433,640,351
Customer No. 2 - Spain	-	883,905,615	-	-	883,905,615
Customer No. 3 - Indian subcontinent	590,808,750	-	-	-	590,808,750
31 December 2018					
Customer No. 1 – Switzerland	-	-	1,845,612,416	-	1,845,612,416
Customer No. 2 – Spain	-	1,165,530,810	-	-	1,165,530,810
Customer No. 3 – Indian subcontinent	916,534,000	-	-	-	916,534,000

The Group's revenue generation by product for the period / year ended are as follows:

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
30 September 2019						
Ammonia phosphate fertilizer and ammonia		**5,989,115,482**	**-**	**-**	**-**	**5,989,115,482**
Low grade bauxite, caustic calcined magnesia, dead burned magnesia and monolithic		**90,383,365**	**-**	**-**	**-**	**90,383,365**
Primary aluminium		**-**	**2,960,657,908**	**-**	**-**	**2,960,657,908**
Alumina		**-**	**285,911,366**	**-**	**-**	**285,911,366**
Flat rolled products		**-**	**2,105,600,562**	**-**	**-**	**2,105,600,562**
Gold		**-**	**-**	**1,376,413,526**	**-**	**1,376,413,526**
Infrastructure (rendering of services)		**245,798**	**499,045**	**-**	**-**	**744,843**
Others		**31,707,056**	**-**	**-**	**-**	**31,707,056**
Total	7.2,8	**6,111,451,701**	**5,352,668,881**	**1,376,413,526**	**-**	**12,840,534,108**

(All amounts in Saudi Riyals unless otherwise stated)

7.3 Geographical segment (continued)

The Group's revenue generation by product for the period / year ended are as follows:

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
30 September 2018						
Ammonia phosphate fertilizer and ammonia		4,527,663,062	-	-	-	4,527,663,062
Low grade bauxite, caustic calcined magnesia, dead burned magnesia and monolithic		107,633,617	-	-	-	107,633,617
Primary aluminium		-	3,801,339,801	-	-	3,801,339,801
Alumina		-	376,223,873	-	-	376,223,873
Gold		-	-	1,531,921,219	-	1,531,921,219
Infrastructure (rendering of services)		421,652	856,081	-	-	1,277,733
Total	7.2, 8	4,635,718,331	4,178,419,755	1,531,921,219	-	10,346,059,305
31 December 2018						
Ammonia phosphate fertilizer and ammonia		6,379,472,645	-	-	-	6,379,472,645
Low grade bauxite, caustic calcined magnesia, dead burned magnesia and monolithic		146,207,308	-	-	-	146,207,308
Primary aluminium		-	4,952,634,955	-	-	4,952,634,955
Alumina		-	536,654,160	-	-	536,654,160
Flat rolled products		-	177,964,887	-	-	177,964,887
Gold		-	-	1,976,337,478	-	1,976,337,478
Infrastructure (rendering of services)		491,201	997,286	-	-	1,488,487
Total	7.2, 8	6,526,171,154	5,668,251,288	1,976,337,478	-	14,170,759,920

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

(All amounts in Saudi Riyals unless otherwise stated)

8 Sales

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Phosphate segment						
Ammonia phosphate fertilizer and ammonia						
• Sale of goods		**1,817,672,150**	1,558,335,526	**5,782,752,076**	4,399,919,509	6,196,963,606
• Rendering of transportation services		**54,706,934**	42,421,015	**206,363,406**	127,743,553	182,509,039
		1,872,379,084	1,600,756,541	**5,989,115,482**	4,527,663,062	6,379,472,645
Industrial minerals						
• Sale of goods		**32,608,990**	36,054,713	**89,151,963**	105,379,317	143,392,988
• Rendering of transportation services		**676,141**	686,453	**1,231,402**	2,254,300	2,814,320
		33,285,131	36,741,166	**90,383,365**	107,633,617	146,207,308
Sub-total		**1,905,664,215**	1,637,497,707	**6,079,498,847**	4,635,296,679	6,525,679,953
Aluminium segment						
Primary aluminium						
• Sale of goods		**965,604,505**	1,142,365,178	**2,944,429,497**	3,781,965,826	4,923,055,728
• Rendering of transportation services		**4,313,779**	5,267,257	**16,228,411**	19,373,975	29,579,227
Alumina						
• Sale of goods		**79,243,493**	169,262,342	**285,911,366**	376,223,873	536,654,160
Flat rolled products						
• Sale of goods		**731,394,907**	-	**2,090,432,914**	-	177,964,887
• Rendering of transportation services		**4,588,790**	-	**15,167,648**	-	-
Sub-total		**1,785,145,474**	1,316,894,777	**5,352,169,836**	4,177,563,674	5,667,254,002
Precious and base metals segment						
Gold						
• Sale of goods		**575,966,561**	441,243,257	**1,376,413,526**	1,531,921,219	1,976,337,478
Infrastructure						
Rendering of services		**196,499**	349,417	**744,843**	1,277,733	1,488,487
Others		**31,707,056**	-	**31,707,056**	-	-
Total	7.2,7.3, 8.1	**4,298,679,805**	3,395,985,158	**12,840,534,108**	10,346,059,305	14,170,759,920
8.1 Timing of revenue recognition						
At a point in time						
- sale of goods		**4,234,197,662**	3,347,261,016	**12,600,798,398**	10,195,409,744	13,954,368,847
- rendering of services		**196,499**	349,417	**744,843**	1,277,733	1,488,487
Sub-total		**4,234,394,161**	3,347,610,433	**12,601,543,241**	10,196,687,477	13,955,857,334
Over a period of time						
- rendering of transportation services		**64,285,644**	48,374,725	**238,990,867**	149,371,828	214,902,586
Total	8	**4,298,679,805**	3,395,985,158	**12,840,534,108**	10,346,059,305	14,170,759,920

(All amounts in Saudi Riyals unless otherwise stated)

8 Sales (continued)

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Gold sales analysis						
Quantity of gold ounces (Oz) sold		**105,196**	98,007	**268,648**	319,030	333,381
Average realized price per ounce (Oz) in:						
US$		**1,460**	1,201	**1,366**	1,280	1,274
Saudi Riyals (equivalent)		**5,475**	4,502	**5,132**	4,802	4,779

9 Cost of sales

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Salaries and staff related benefits		**398,327,599**	301,802,979	**1,208,189,554**	841,390,214	1,117,358,371
Contracted services		**310,958,928**	206,282,315	**915,630,877**	542,316,464	759,646,056
Repairs and maintenance		**84,480,376**	24,062,254	**218,397,229**	79,313,954	128,800,581
Consumables		**50,851,404**	51,428,501	**144,443,460**	135,254,813	191,770,765
Overheads		**145,200,809**	204,036,025	**534,288,007**	497,701,815	710,197,911
Raw material and utilities consumed		**1,581,312,844**	810,506,695	**4,933,559,855**	2,330,874,193	3,644,476,588
Sale of by-products	9.1	**(20,780,442)**	(14,604,549)	**(40,339,273)**	(61,989,831)	(73,197,088)
Obsolete and slow moving spare parts and consumable materials written-off	29	**-**	-	**-**	-	1,386,960
(Reversal) / allowance for inventory obsolescence, net	29.1	**-**	11,665,365	**(1,983,451)**	31,665,365	46,012,092
Severance fees	46	**36,216,528**	35,333,206	**52,031,609**	101,702,364	123,792,353
Total cash operating costs		**2,586,568,046**	1,630,512,791	**7,964,217,867**	4,498,229,351	6,650,244,589
Depreciation of mine properties	18.1	**227,087,652**	142,363,477	**550,486,376**	461,409,771	625,842,414
Depreciation of property, plant and equipment	19.1	**880,040,870**	594,430,352	**2,671,927,864**	1,783,603,141	2,491,025,761
Depreciation of right-of-use assets	20.1	**35,698,723**	-	**117,995,345**	-	-
Amortisation of intangible assets	22.1	**4,832,882**	6,200,039	**14,815,631**	18,581,282	24,906,059
Total operating costs		**3,734,228,173**	2,373,506,659	**11,319,443,083**	6,761,823,545	9,792,018,823
Increase in inventory	26,29	**(181,020,883)**	(294,444,586)	**(396,597,882)**	(435,124,751)	(723,141,555)
Total cost of goods sold		**3,553,207,290**	2,079,062,073	**10,922,845,201**	6,326,698,794	9,068,877,268
Cost of rendering transportation services		**106,242,455**	61,468,501	**270,368,820**	179,192,263	214,902,586
Total		**3,659,449,745**	2,140,530,574	**11,193,214,021**	6,505,891,057	9,283,779,854

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

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Zinc		**12,113,375**	4,912,264	**22,782,380**	32,005,019	36,994,356
Copper		**6,322,992**	6,499,532	**13,245,942**	24,114,122	28,749,317
Silver		**2,344,075**	3,192,753	**4,310,951**	5,870,690	7,453,415
Total	9	**20,780,442**	14,604,549	**40,339,273**	61,989,831	73,197,088

(All amounts in Saudi Riyals unless otherwise stated)

10 Selling, marketing and logistic expenses

	Quarter ended		Nine months ended		Year ended
	30 September 2019	**30 September 2018**	**30 September 2019**	**30 September 2018**	**31 December 2018**
Salaries and staff related benefits	**11,911,284**	13,208,642	**36,666,692**	35,940,219	49,198,699
Contracted services	**11,759,388**	712,673	**15,922,136**	2,787,499	10,377,094
Freight and overheads	**56,889,890**	55,763,873	**150,948,069**	93,671,572	143,244,905
Warehouse and storage	**30,966,805**	28,975,080	**59,800,786**	48,531,294	29,376,197
Consumables	**440,954**	61,106	**1,116,156**	97,129	359,171
Marketing fees and deductibles	**77,855,389**	25,758,539	**198,605,697**	56,714,296	90,145,681
Other selling expenses	**7,864,652**	12,989,700	**23,834,914**	21,186,479	28,204,336
Total	**197,688,362**	137,469,613	**486,894,450**	258,928,488	350,906,083

11 General and administrative expenses

		Quarter ended		Nine months ended		Year ended
	Notes	**30 September 2019**	**30 September 2018**	**30 September 2019**	**30 September 2018**	**31 December 2018**
Salaries and staff related benefits		**72,866,692**	70,980,338	**208,368,258**	201,733,263	268,535,969
Contracted services		**23,181,359**	24,418,982	**49,625,703**	42,950,792	96,847,935
Overheads and other		**20,831,526**	15,256,661	**39,416,233**	29,539,589	42,976,612
Consumables		**874,244**	396,767	**2,796,909**	792,054	1,690,510
Repair parts		**64,659**	229,812	**340,551**	387,677	5,077,582
Depreciation of mine properties	18.1	**-**	98,206	**-**	294,618	392,830
Depreciation of property, plant and equipment	19.1	**7,951,814**	8,396,519	**22,219,348**	26,321,233	34,339,593
Depreciation of right-of-use assets	20.1	**(3,958,754)**	-	**676,194**	-	-
Amortisation of intangible assets	22.1	**3,921,953**	1,490,352	**10,794,685**	4,750,099	12,164,081
ECL allowance		**-**	-	**(224,158)**	-	1,445,056
Trade and other receivables	30.1	**-**	-	**(224,158)**	-	185,390
Time deposits	31.1	**-**	-	**-**	-	1,259,666
Total		**125,733,493**	121,267,637	**334,013,723**	306,769,325	463,470,168

12 Exploration and technical services expenses

		Quarter ended		Nine months ended		Year ended
	Notes	**30 September 2019**	**30 September 2018**	**30 September 2019**	**30 September 2018**	**31 December 2018**
Salaries and staff related benefits		**5,439,279**	9,828,781	**24,855,683**	30,514,364	37,350,461
Contracted services		**38,536,673**	10,382,763	**79,890,665**	24,817,296	44,073,956
Overheads and other		**1,226,735**	1,500,342	**3,216,919**	3,705,491	6,165,878
Consumables		**498,089**	650,195	**2,349,100**	2,267,880	2,911,346
Repair parts		**31,267**	35,758	**86,373**	339,213	375,611
Depreciation of mine properties	18.1	**-**	36,646	**-**	109,938	146,585
Depreciation of property, plant and equipment	19.1	**718,871**	973,031	**2,156,615**	2,979,286	3,984,491
Amortisation of intangible assets	22.1	**-**	-	**-**	-	429,622
Total		**46,450,914**	23,407,516	**112,555,355**	64,733,468	95,437,950

(All amounts in Saudi Riyals unless otherwise stated)

13 (Impairment) / reversal of impairment of non-current assets, net

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Impairment of mining capital work-in-progress	18	**-**	-	**-**	(18,579,156)	(18,579,156)
Impairment of capital work-in-progress	21	**-**	-	**-**	-	(280,875,000)
Reversal of impairment of investment in a joint venture	23.2.3	**-**	-	**-**	-	345,934,239
Total	7.2	**-**	-	**-**	(18,579,156)	46,480,083

14 Income from time deposits

	Note	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Income from time deposits – measured at amortised cost	7.2	**44,763,890**	33,365,181	**159,674,673**	80,820,851	123,942,122

15 Finance cost

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Public Investment Fund		**142,571,768**	116,528,659	**526,533,944**	307,372,625	460,295,707
Saudi Riyal procurement		**35,936,197**	15,779,347	**118,063,354**	77,385,524	99,696,350
Commercial		**66,481,517**	22,201,215	**216,877,260**	62,558,856	101,423,551
US Dollar procurement		**2,811,723**	3,370,171	**9,654,250**	17,938,295	19,205,809
Wakala		**16,895,367**	6,619,925	**54,488,023**	23,051,074	31,466,030
Saudi Industrial Development Fund		**22,760,001**	4,800,001	**65,779,666**	15,283,334	20,433,468
Riyal Murabaha facility		**172,767,452**	153,132,565	**528,783,073**	392,210,157	565,951,911
Sukuk facility		**37,503,606**	32,840,668	**113,546,106**	76,981,835	113,989,474
Revolving credit facility		**4,687,500**	4,921,875	**14,062,500**	14,765,625	20,756,250
Others		**8,977,243**	18,416,892	**21,150,905**	38,487,869	32,768,962
Sub-total		**511,392,374**	378,611,318	**1,668,939,081**	1,026,035,194	1,465,987,512
Amortization of revolving loan transaction cost	26	**3,562,500**	3,562,500	**10,687,500**	10,687,500	14,250,000
Amortization of transaction cost on long-term borrowings	38.10	**23,842,436**	91,304,976	**77,903,537**	168,879,541	192,978,189
Accretion of provision for mine decommissioning obligations	39.1,39.2, 39.3,39.4	**5,495,505**	4,780,214	**16,227,088**	13,084,261	23,545,681
Accretion of future finance cost under lease liability	40.2	**10,526,943**	571,590	**39,074,085**	2,191,115	2,599,659
Net settlement of accrued derivative interest	41	**5,662,847**	-	**12,972,402**	-	1,948,045
Finance cost on employees' end of service termination benefits obligation	42.1	**5,385,420**	4,855,700	**16,156,263**	14,567,098	20,817,693
Unwinding of discount of long-term retention payable	43.1	**-**	7,784,861	**11,052,030**	20,425,765	31,276,841
Total	7.2,15.1	**565,868,025**	491,471,159	**1,853,011,986**	1,255,870,474	1,753,403,620

(All amounts in Saudi Riyals unless otherwise stated)

15.1 Summary of finance cost

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Expensed during the quarter / period / year	15	**565,868,025**	491,471,159	**1,853,011,986**	1,255,870,474	1,753,403,620
Borrowing cost capitalised as part of qualifying assets in capital work-in-progress during the quarter / period / year	21	**-**	83,436,659	**-**	377,542,372	549,836,633
Amortization of transaction cost capitalized as part of qualifying assets in capital work-in-progress during the quarter / period / year	21,38.11	**-**	10,660,004	**-**	32,245,605	29,464,834
Total		**565,868,025**	585,567,822	**1,853,011,986**	1,665,658,451	2,332,705,087

16 Other (income) / expenses, net

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Increase / (decrease) in provision for research and development fund	43.2	**-**	1,606,463	**-**	4,565,636	4,524,918
Increase / (decrease) in provision for community development fund	43.2	**-**	1,606,463	**-**	4,565,636	4,524,918
(Gain) / loss on exchange difference	49.1.1	**(3,274,426)**	(3,207,403)	**(5,054,143)**	53,080	(3,027,391)
Award payable in a legal case to a contractor		**-**	-	**-**	9,402,909	9,402,909
Purchase order price adjustment		**(394,256)**	740,572	**(805,593)**	2,626,846	1,967,810
Gain from supply of power to Saudi Ports Authority and RCJY		**(1,143,548)**	(836,180)	**(1,638,479)**	(7,821,814)	(8,479,684)
Others, net		**(61,960,296)**	(1,507,735)	**(68,799,991)**	(2,154,096)	(5,587,870)
Total	7.2	**(66,772,526)**	(1,597,820)	**(76,298,206)**	11,238,197	3,325,610

17 (Loss) / earnings per ordinary share

	Note	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
(Loss) / profit attributable to ordinary shareholders of the parent company		**(92,037,703)**	414,983,753	**(462,916,785)**	1,570,909,368	1,847,917,080
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	33	**1,168,478,261**	1,168,478,261	**1,168,478,261**	1,168,478,261	1,168,478,261
Basic and diluted (loss) / earnings per ordinary share from continuing operations		**(0.07)**	0.35	**(0.39)**	1.34	1.58

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

(All amounts in Saudi Riyals unless otherwise stated)

18 Mine properties

	Notes	Exploration and evaluation assets	Mines under construction	---- Operating mines ---- Fixed plant and heap leaching*	Mine infrastructure / buildings	Civil works	Heavy equipment*	Others*	Mine closure and rehabilitation provision	Stripping activity asset	Mining capital work-in-progress	Total
Cost												
1 January 2018		306,876,091	2,331,941,861	4,719,583,669	1,938,154,752	501,075,249	372,620,079	408,959,664	211,400,956	192,444,131	481,008,287	11,464,064,739
Additions during the period		19,458,698	1,514,986	442,099	-	-	-	-	-	41,004,064	116,568,521	178,988,368
Transfers within mine properties		-	-	(6,273,541)	21,055,030	1,609,127	7,598,172	25,716,239	-	-	(49,705,027)	-
Impairment during the period	13	-	-	-	-	-	-	-	-	-	(18,579,156)	(18,579,156)
Transfers (to) / from property, plant and equipment	19	-	-	(2,605,893)	2,331,927	(48,263,059)	5,761,720	19,432,343	-	-	-	(23,342,962)
Transfer from capital work-in-progress	21	-	-	-	-	-	-	-	-	-	85,067,479	85,067,479
Adjustment of the provision for decommissioning, site rehabilitation and dismantling obligation	39.3	-	-	-	-	-	-	-	(18,847,132)	-	-	(18,847,132)
Adjustments		-	-	-	(24,000)	-	-	-	-	-	-	(24,000)
30 September 2018		326,334,789	2,333,456,847	4,711,146,334	1,961,517,709	454,421,317	385,979,971	454,108,246	192,553,824	233,448,195	614,360,104	11,667,327,336
Additions during the remainder of the year		7,190,984	11,584,821	6,271,931	-	-	-	-	-	19,623,972	51,485,753	96,157,461
Transfers within mine properties		-	(2,345,041,668)	1,294,067,296	77,299,647	974,512,006	11,690,188	18,439,873	-	-	(30,967,342)	-
Transfers (to) / from property, plant and equipment	19	-	-	(16,000)	(24,000)	273,495	-	(428,167)	-	-	-	(194,672)
Transfer (to) / from capital work-in-progress	21	(3,032,320)	-	500,983,074	213,581,168	367,054,305	3,365,636	6,126,466	-	85,373,648	-	1,173,451,977
Increase in mine closure and rehabilitation provision	39.2, 39.3	-	-	-	-	-	-	-	73,406,497	-	-	73,406,497
Adjustment of the provision for decommissioning, site rehabilitation and dismantling obligation	39.3	-	-	-	-	-	-	-	18,847,132	-	-	18,847,132
Adjustments		-	-	-	24,000	-	-	-	-	-	-	24,000
31 December 2018		330,493,453	-	6,512,452,635	2,252,398,524	1,796,261,123	401,035,795	478,246,418	284,807,453	338,445,815	634,878,515	13,029,019,731
1 January 2019 – IFRS 16 adjustment:												
Reclassification to right-of-use assets	20	-	-	(77,386,506)	-	-	(37,992,320)	(14,495,210)	-	-	-	(129,874,036)
Sub-total		330,493,453	-	6,435,066,129	2,252,398,524	1,796,261,123	363,043,475	463,751,208	284,807,453	338,445,815	634,878,515	12,899,145,695
Additions during the period		47,154,914	-	10,505,438	5,843,442	-	-	-	-	11,816,990	370,851,422	446,172,206
Transfers within mine properties		(165,072,079)	-	290,892,239	96,543,660	23,301,585	5,642,013	9,557,063	-	-	(260,864,481)	-
Decrease in mine closure and rehabilitation provision	39.2, 39.4	-	-	-	-	-	-	-	(18,249,708)	-	-	(18,249,708)
Adjustments		-	-	-	-	-	-	(985,097)	-	-	-	(985,097)
30 September 2019		**212,576,288**	**-**	**6,736,463,806**	**2,354,785,626**	**1,819,562,708**	**368,685,488**	**472,323,174**	**266,557,745**	**350,262,805**	**744,865,456**	**13,326,083,096**

(All amounts in Saudi Riyals unless otherwise stated)

18 Mine properties (continued)

				---------- Operating mines ----------								
	Notes	**Exploration and evaluation assets**	**Mines under construction**	**Fixed plant and heap leaching***	**Mine infrastructure / buildings**	**Civil works**	**Heavy equipment***	**Others***	**Mine closure and rehabilitation provision**	**Stripping activity asset**	**Mining capital work-in-progress**	**Total**
Accumulated depreciation												
1 January 2018		-	-	1,381,226,272	549,823,244	40,622,194	129,122,687	180,055,018	53,683,471	31,498,406	-	2,366,031,292
Charge for the period	18.1	-	-	232,511,345	109,573,910	11,008,347	36,863,628	39,460,345	2,627,109	29,769,643	-	461,814,327
Transfers (to) / from property, plant and equipment	19	-	-	(4,915,001)	2,537,639	(17,818,262)	6,571,572	6,051,095	-	-	-	(7,572,957)
Adjustment of the provision for decommissioning, site rehabilitation and dismantling obligation	39.3	-	-	-	-	-	-	-	316,229	-	-	316,229
30 September 2018		-	-	1,608,822,616	661,934,793	33,812,279	172,557,887	225,566,458	56,626,809	61,268,049	-	2,820,588,891
Charge for the remainder of the year	18.1	-	-	80,125,397	35,543,204	6,949,435	11,861,427	11,555,875	6,648,044	11,884,120	-	164,567,502
Transfers (to) / from property, plant and equipment	19	-	-	-	(24,002)	-	2	(839,287)	-	-	-	(863,287)
Adjustment of the provision for decommissioning, site rehabilitation and dismantling obligation	39.3	-	-	-	-	-	-	-	(316,229)	-	-	(316,229)
31 December 2018		-	-	1,688,948,013	697,453,995	40,761,714	184,419,316	236,283,046	62,958,624	73,152,169	-	2,983,976,877
1 January 2019 – IFRS 16 adjustment:												
Reclassification to right-of-use assets	20	-	-	(68,794,630)	-	-	(24,587,984)	(9,601,419)	-	-	-	(102,984,033)
Sub-total		-	-	1,620,153,383	697,453,995	40,761,714	159,831,332	226,681,627	62,958,624	73,152,169	-	2,880,992,844
Charge for the period	18.1	-	-	284,338,608	108,486,074	42,789,819	29,223,832	34,440,614	6,013,718	45,193,711	-	550,486,376
Adjustments		-	-	-	-	-	-	(985,097)	-	-	-	(985,097)
30 September 2019		**-**	**-**	**1,904,491,991**	**805,940,069**	**83,551,533**	**189,055,164**	**260,137,144**	**68,972,342**	**118,345,880**	**-**	**3,430,494,123**
Net book value as at												
30 September 2018	7.2	326,334,789	2,333,456,847	3,102,323,718	1,299,582,916	420,609,038	213,422,084	228,541,788	135,927,015	172,180,146	614,360,104	8,846,738,445
31 December 2018	7.2	330,493,453	-	4,823,504,622	1,554,944,529	1,755,499,409	216,616,479	241,963,372	221,848,829	265,293,646	634,878,515	10,045,042,854
30 September 2019	7.2	**212,576,288**	**-**	**4,831,971,815**	**1,548,845,557**	**1,736,011,175**	**179,630,324**	**212,186,030**	**197,585,403**	**231,916,925**	**744,865,456**	**9,895,588,973**

* Mine properties as at 30 September 2018 and 31 December 2018 includes plant and equipment acquired as part of finance lease.

18 Mine properties (continued)

Initial recognition at cost

Exploration and evaluation asset

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

Mines under construction

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

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

Mine closure and rehabilitation provision

Mine closure and rehabilitation provision includes the following restoration activities:

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

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

Operating mines

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

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

Stripping activity asset

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

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

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

(All amounts in Saudi Riyals unless otherwise stated)

18 Mine properties (continued)

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

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

Mining capital work-in-progress

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

Depreciation and impairment

Exploration and evaluation assets

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

Mines under construction

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

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

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

Mining capital work-in-progress

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

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

		Quarter ended		Nine months ended		Year ended
	Notes	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
Expensed through profit or loss						
Cost of sales	9	**227,087,652**	142,363,477	**550,486,376**	461,409,771	625,842,414
General and administrative expenses	11	**-**	98,206	**-**	294,618	392,830
Exploration and technical services expenses	12	**-**	36,646	**-**	109,938	146,585
Total	18	**227,087,652**	142,498,329	**550,486,376**	461,814,327	626,381,829

18.2 Mining properties pledged as security

Mine properties with a net book value at 30 September 2019 of SAR 5,040,911,449 (30 September 2018: SAR 4,043,482,940 and 31 December 2018: SAR 5,243,258,431) are pledged as security to lenders under the Common Term Agreements (Note 38.12).

(All amounts in Saudi Riyals unless otherwise stated)

19 Property, plant and equipment

		Non – mining assets									
	Notes	**Land**	**Civil works**	**Buildings**	**Heavy equipment**	**Other equipment**	**Fixed plant**	**Office equipment**	**Furniture and fittings**	**Motor vehicles**	**Total**
Cost											
1 January 2018		61,550,000	5,286,439,144	12,525,822,658	161,088,179	2,487,967,675	33,439,747,762	83,127,920	67,042,866	44,800,694	54,157,586,898
Addition during the period		-	-	-	-	-	169,101,288	-	-	-	169,101,288
Transfer from / (to) mine properties	18	-	23,537,872	367,115	(1,736,129)	(13,356,475)	14,543,076	401,275	422,505	(836,277)	23,342,962
Transfer from capital work-in-progress during the period	21	-	11,580,084	571,621,283	-	157,172,334	27,716,312	59,773	293,678	8	768,443,472
Written-off during the period		-	-	-	-	(136,462,446)	-	-	-	-	(136,462,446)
Adjustments		-	-	24,000	-	-	-	-	-	-	24,000
30 September 2018		61,550,000	5,321,557,100	13,097,835,056	159,352,050	2,495,321,088	33,651,108,438	83,588,968	67,759,049	43,964,425	54,982,036,174
Additions during the remainder of the year		-	-	-	-	-	109,673,071	-	-	-	109,673,071
Transfer (to) / from mine properties	18	-	(273,495)	24,000	-	443,117	16,000	(71,200)	-	56,250	194,672
Transfer from capital work-in-progress during the remainder of the year	21	-	6,523,433,989	3,288,153,103	930,986,433	385,354,000	12,391,110,733	3,087,335	19,516,278	140,652	23,541,782,523
Written-off during the remainder of the year		-	-	-	-	(48,882,022)	-	-	-	-	(48,882,022)
Adjustments		-	-	(5,649,000)	-	-	-	-	(850,000)	-	(6,499,000)
31 December 2018		61,550,000	11,844,717,594	16,380,363,159	1,090,338,483	2,832,236,183	46,151,908,242	86,605,103	86,425,327	44,161,327	78,578,305,418
Additions through business combination	5	-	-	137,818,991	-	5,755,125	13,440,094	-	508,245	6,369,776	163,892,231
Addition during the period		-	-	6,922,804	-	241,639	39,919,161	-	106,943	271,399	47,461,946
Transfer from capital work-in-progress during the period	21	-	13,247,503	8,749,482	-	186,853,987	796,054,201	5,958,528	2,494,990	-	1,013,358,691
Written-off during the period		-	-	-	-	(182,404,142)	-	-	-	-	(182,404,142)
Adjustments		-	-	-	-	-	(110,625,000)	-	-	-	(110,625,000)
30 September 2019		**61,550,000**	**11,857,965,097**	**16,533,854,436**	**1,090,338,483**	**2,842,682,792**	**46,890,696,698**	**92,563,631**	**89,535,505**	**50,802,502**	**79,509,989,144**

(All amounts in Saudi Riyals unless otherwise stated)

19 Property, plant and equipment (continued)

	Notes	Land	Civil works	Buildings	Heavy equipment	Other equipment	Fixed plant	Office equipment	Furniture and fittings	Motor vehicles	Total
		Non – mining assets									
Accumulated depreciation											
1 January 2018		-	636,945,861	1,079,223,971	60,325,466	859,548,782	6,926,391,220	49,266,062	58,170,211	36,782,537	9,706,654,110
Transfer from / (to) mine properties	18	-	11,518,329	(178,714)	(1,736,129)	(12,423,230)	10,354,414	304,532	422,505	(688,750)	7,572,957
Charge for the period	19.1	-	129,320,947	274,002,046	6,031,564	235,256,010	1,186,830,955	6,621,253	1,536,790	5,449,402	1,845,048,967
Written-off during the period		-	-	-	-	(136,462,446)	-	-	-	-	(136,462,446)
Adjustment		-	-	24,000	-	-	-	-	-	-	24,000
30 September 2018		-	777,785,137	1,353,071,303	64,620,901	945,919,116	8,123,576,589	56,191,847	60,129,506	41,543,189	11,422,837,588
Transfer (to) / from mine properties	18	-	-	24,000	-	775,477	1	(10,383)	-	74,192	863,287
Charge for the remainder of the year	19.1	-	59,973,332	99,882,415	7,866,506	75,632,344	476,885,679	1,943,126	738,798	1,007,796	723,929,996
Written-off during the remainder of the year		-	-	-	-	(48,882,022)	-	-	-	-	(48,882,022)
Adjustment		-	-	(1,946,575)	-	-	-	-	(850,000)	-	(2,796,575)
31 December 2018		-	837,758,469	1,451,031,143	72,487,407	973,444,915	8,600,462,269	58,124,590	60,018,304	42,625,177	12,095,952,274
Charge for the period	19.1	-	281,629,188	350,863,821	58,735,587	257,508,744	1,735,414,280	6,420,515	4,792,419	939,273	2,696,303,827
Written-off during the period		-	-	-	-	(182,404,142)	-	-	-	-	(182,404,142)
Adjustment		-	-	-	-	-	(12,906,250)	-	-	-	(12,906,250)
30 September 2019		**-**	**1,119,387,657**	**1,801,894,964**	**131,222,994**	**1,048,549,517**	**10,322,970,299**	**64,545,105**	**64,810,723**	**43,564,450**	**14,596,945,709**
Net book value											
30 September 2018	7.2	61,550,000	4,543,771,963	11,744,763,753	94,731,149	1,549,401,972	25,527,531,849	27,397,121	7,629,543	2,421,236	43,559,198,586
31 December 2018	7.2	61,550,000	11,006,959,125	14,929,332,016	1,017,851,076	1,858,791,268	37,551,445,973	28,480,513	26,407,023	1,536,150	66,482,353,144
30 September 2019	7.2	**61,550,000**	**10,738,577,440**	**14,731,959,472**	**959,115,489**	**1,794,133,275**	**36,567,726,399**	**28,018,526**	**24,724,782**	**7,238,052**	**64,913,043,435**

(All amounts in Saudi Riyals unless otherwise stated)

19 Property, plant and equipment (continued)

19.1 Allocation of depreciation charge for quarter / period / year to:

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Expensed through profit or loss						
Cost of sales	9	**880,040,870**	594,430,352	**2,671,927,864**	1,783,603,141	2,491,025,761
General and administrative expenses	11	**7,951,814**	8,396,519	**22,219,348**	26,321,233	34,339,593
Exploration and technical services expenses	12	**718,871**	973,031	**2,156,615**	2,979,286	3,984,491
Sub-total		**888,711,555**	603,799,902	**2,696,303,827**	1,812,903,660	2,529,349,845
Capital work-in-progress	21	**-**	11,048,341	**-**	32,145,307	39,629,118
Total	19	**888,711,555**	614,848,243	**2,696,303,827**	1,845,048,967	2,568,978,963

19.2 Property, plant and equipment pledged as security

Property, plant and equipment with a net book value at 30 September 2019 of SAR 27,461,520,326 (30 September 2018: SAR 4,583,288,791 and 31 December 2018: SAR 27,704,144,742) are pledged as security to lenders under the Common Term Agreement (Note 38.12).

(All amounts in Saudi Riyals unless otherwise stated)

20 Right-of-use assets

	Notes	Heavy equipment	Fixed plant	Motor vehicles	Land	Infrastructure	Vessels	Total
Cost								
1 January 2019 – IFRS 16 adjustment:								
Reclassification from mine properties	18	37,992,320	77,386,506	14,495,210	-	-	-	129,874,036
Reclassification from intangible assets	22	-	-	-	-	297,876,390	-	297,876,390
Initial recognition of right-of-use assets	40.1,40.2	86,224,757	941,625,228	89,978,004	105,317,550	-	126,355,496	1,349,501,035
Adjustments	40.1,40.2	-	-	(14,495,210)	-	-	-	(14,495,210)
Sub-total		124,217,077	1,019,011,734	89,978,004	105,317,550	297,876,390	126,355,496	1,762,756,251
Additions during the period	40.1,40.2	26,906,175	3,400,018	1,428,838	276,095	-	-	32,011,126
Adjustments		(341,136)	(1,369,712)	(16,239)	-	-	(3,513,125)	(5,240,212)
30 September 2019		**150,782,116**	**1,021,042,040**	**91,390,603**	**105,593,645**	**297,876,390**	**122,842,371**	**1,789,527,165**
Accumulated depreciation								
1 January 2019 – IFRS 16 adjustment:								
Reclassification from mine properties	18	24,587,984	68,794,630	9,601,419	-	-	-	102,984,033
Reclassification from intangible assets	22	-	-	-	-	94,509,054	-	94,509,054
Adjustments	40.1,40.2	-	-	(9,601,419)	-	-	-	(9,601,419)
Sub-total		24,587,984	68,794,630	-	-	94,509,054	-	187,891,668
Charge for the period	20.1	45,627,957	37,210,977	26,428,571	3,247,814	6,156,220	35,277,354	153,948,893
Adjustments		-	-	(16,239)	-	-	-	(16,239)
30 September 2019		**70,215,941**	**106,005,607**	**26,412,332**	**3,247,814**	**100,665,274**	**35,277,354**	**341,824,322**
Net book value								
1 January 2019	7.2	99,629,093	950,217,104	89,978,004	105,317,550	203,367,336	126,355,496	1,574,864,583
30 September 2019	7.2	**80,566,175**	**915,036,433**	**64,978,271**	**102,345,831**	**197,211,116**	**87,565,017**	**1,447,702,843**

(All amounts in Saudi Riyals unless otherwise stated)

20 Right-of-use assets (continued)

Right-of-use assets for infrastructure comprises the infrastructure and support services assets at Ras Al-Khair that were transferred to the Royal Commission of Jubail and Yanbu ("RCJY") as stated in the Implementation Agreement signed between Ma'aden and RCJY. The cost of the assets comprises of its construction cost and any other costs directly attributable to bringing such assets to working condition for their intended use. Such assets were carried at historical cost less accumulated amortisation, however, these assets have been recognized as right-of-use assets upon adoption of IFRS 16 on 1 January 2019 (Note 22) and depreciation is provided over the remaining period of LUSA (Land Usage and Service Agreement) term.

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

		Quarter ended		Nine months ended		Year ended
	Notes	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
Expensed through profit or loss						
Cost of sales	9	**35,698,723**	-	**117,995,345**	-	-
General and administrative expenses	11	**(3,958,754)**	-	**676,194**	-	-
Charged to subsidiaries		**12,431,650**	-	**35,277,354**	-	-
Total	22	**44,171,619**	-	**153,948,893**	-	-

(All amounts in Saudi Riyals unless otherwise stated)

21 Capital work-in-progress

		Non-mining assets				
	Notes	**Property, plant and equipment**	**Automotive sheet**	**Ammonia project 3**	**Administrative offices and others**	**Total**
1 January 2018		25,333,029,822	1,061,596,055	-	14,844,100	26,409,469,977
Additions during the period		1,017,929,918	53,442,423	-	2,392,770	1,073,765,111
Transfer to mine properties	18	(85,067,479)	-	-	-	(85,067,479)
Transfer to property, plant and equipment	19	(768,443,472)	-	-	-	(768,443,472)
Transfer to intangible assets	22	(815,414)	-	-	-	(815,414)
30 September 2018	7.2	25,496,633,375	1,115,038,478	-	17,236,870	26,628,908,723
Additions during the remainder of the year		485,245,294	35,496,903	171,515,185	261,321	692,518,703
Impairment at the end of the year*		-	(375,000,000)	-	-	(375,000,000)
Transfer (to) / from mine properties	18	(1,176,484,297)	-	3,032,320	-	(1,173,451,977)
Transfer to property, plant and equipment	19	(23,541,782,523)	-	-	-	(23,541,782,523)
Transfer to intangible assets	22	(34,163,641)	-	-	-	(34,163,641)
31 December 2018	7.2	1,229,448,208	775,535,381	174,547,505	17,498,191	2,197,029,285
Additions through business combination	5	30,088,039	-	-	-	30,088,039
Additions during the period		805,573,447	(19,854,354)	445,687,437	(16,624,547)	1,214,781,983
Transfer to property, plant and equipment	19	(257,677,664)	(755,681,027)	-	-	(1,013,358,691)
Transfer to intangible assets	22	(826,452)	-	-	-	(826,452)
30 September 2019	7.2	**1,806,605,578**	**-**	**620,234,942**	**873,644**	**2,427,714,164**

Impairment of automotive sheet project in Ma’aden Corporate

As at 31 December 2018, the Company assessed that there was an indication of impairment in the automotive sheet project and therefore the recoverable amount for the capital work-in-progress of automotive sheet project asset was calculated to determine if the carrying value needs to be impaired. This estimated recoverable amount was based on approved 5 year business plan. The calculation involved an in depth review of each key element of automotive sheet income and costs (including sales volume and prices, operating costs and capital expenditure) and included a review of historical results and also a review of third party forecasts of the automotive aluminium market.

The methodology used was the discounted cash flow analysis. Key assumptions used in this analysis included a pre-tax discount rate of 11.3% p.a. which was calculated using a Capital Asset Pricing Model (CAPM) methodology.

For the calculation of the terminal value, the Gordon Growth Method was adopted which included a growth rate assumption of 3.7% which has been estimated based on third party consultant’s forecasts for the industry.

(All amounts in Saudi Riyals unless otherwise stated)

21 Capital work-in-progress (continued)

Impairment of automotive sheet project in Ma'aden Corporate (continued)

The results of this analysis showed a deterioration in the value in use of automotive sheet project's assets and the requirement for an additional impairment charge of SAR 375,000,000 which is charged as follows:

	Notes	2018
74.9% share of the impairment is attributable to ordinary shareholders of the parent company and is charged to the consolidated statement of profit or loss	13	**280,875,000**
25.1% share of the impairment is attributable to joint venture partner in automotive sheet project and is adjusted against amount due to joint venture partner	37	**94,125,000**
Total Impairment of automotive sheet project		**375,000,000**

The Group has capitalized the following as part of capital work-in-progress during the quarter / period / year:

		Quarter ended		Nine months ended		Year ended
	Notes	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
Net borrowing cost attributable to qualifying assets	15.1	-	83,436,659	-	377,542,372	549,836,633
Amortization of transaction cost	15.1, 38.10	-	10,660,004	-	32,245,605	29,464,834
Depreciation of property, plant and equipment	19.1	-	11,048,341	-	32,145,307	39,629,118
Amortisation of intangible assets	22.1	-	748,799	-	2,231,246	3,030,044
Loss attributable to re-measurements of employees' end of service termination benefits obligation	42.1.1	-	-	-	-	2,076,230
Total		-	105,893,803	-	444,164,530	624,036,859

21.1 Capital work-in-progress pledged as security

At 30 September 2019, the net book value of SAR 1,014,753,342 (30 September 2018: SAR 24,742,260,695 and 31 December 2018: SAR 606,061,169) are pledged as security to the lenders (Note 38.12).

(All amounts in Saudi Riyals unless otherwise stated)

22 Intangible assets and goodwill

	Notes	Goodwill	Infrastructure	Software and licenses	Internally developed software	Technical development	Total
Cost							
1 January 2018		-	297,876,390	207,485,175	24,369,462	17,705,112	547,436,139
Additions during the period		-	-	115,173	-	-	115,173
Transfer from capital work-in-progress during the period	21	-	-	815,414	-	-	815,414
30 September 2018		-	297,876,390	208,415,762	24,369,462	17,705,112	548,366,726
Transfer from capital work-in-progress during the remainder of the year	21	-	-	34,163,641	-	-	34,163,641
31 December 2018		-	297,876,390	242,579,403	24,369,462	17,705,112	582,530,367
1 January 2019 – IFRS 16 adjustment:							
Reclassification to right-of-use assets	20	-	(297,876,390)	-	-	-	(297,876,390)
Sub-total		-	-	242,579,403	24,369,462	17,705,112	284,653,977
Additions during the period		-	-	9,148,426	-	-	9,148,426
Additions through business combination	5	256,924,379	-	133,853	-	-	257,058,232
Transfer from capital work-in-progress during the period	21	-	-	826,452	-	-	826,452
30 September 2019		**256,924,379**	**-**	**252,688,134**	**24,369,462**	**17,705,112**	**551,687,087**
Accumulated amortisation							
1 January 2018		-	86,300,761	90,372,912	17,930,497	7,208,509	201,812,679
Charge for the period	22.1	-	6,156,220	15,512,608	2,091,673	1,802,126	25,562,627
30 September 2018		-	92,456,981	105,885,520	20,022,170	9,010,635	227,375,306
Charge for the remainder of the year	22.1	-	2,052,073	11,617,172	697,224	600,710	14,967,179
31 December 2018 – as previously reported		-	94,509,054	117,502,692	20,719,394	9,611,345	242,342,485
1 January 2019 – IFRS 16 adjustment:							
Reclassification to right-of-use assets	20	-	(94,509,054)	-	-	-	(94,509,054)
Sub-total		-	-	117,502,692	20,719,394	9,611,345	147,833,431
Charge for the period	22.1	-	-	21,724,609	2,083,580	1,802,127	25,610,316
30 September 2019		-	**-**	**139,227,301**	**22,802,974**	**11,413,472**	**173,443,747**
Net book value							
30 September 2018	7.2	-	205,419,409	102,530,242	4,347,292	8,694,477	320,991,420
31 December 2018	7.2	-	203,367,336	125,076,711	3,650,068	8,093,767	340,187,882
30 September 2019	7.2	**256,924,379**	**-**	**113,460,833**	**1,566,488**	**6,291,640**	**378,243,340**

(All amounts in Saudi Riyals unless otherwise stated)

22 Intangible assets (continued)

Intangible assets with a net book value at 30 September 2019 of SAR 12,041,209 (30 September 2018: SAR 14,490,268 and 31 December 2018: SAR 13,878,004) are pledged as security to lenders under the Common Term Financing Agreement (Note 38.11).

Intangible assets for infrastructure comprises the infrastructure and support services assets at Ras Al-Khair that were transferred to the 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 of its construction cost and any other 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. These assets have been recognized as right-of-use assets upon adoption of IFRS 16 on 1 January 2019 (Note 20).

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

		Quarter ended		Nine months ended		Year ended
	Notes	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
Expensed through profit or loss						
Cost of sales	9	**4,832,882**	6,200,039	**14,815,631**	18,581,282	24,906,059
General and administrative expenses	11	**3,921,953**	1,490,352	**10,794,685**	4,750,099	12,164,081
Exploration and technical services expenses	12	**-**	-	**-**	-	429,622
Sub-total		**8,754,835**	7,690,391	**25,610,316**	23,331,381	37,499,762
Capital work-in-progress	21	**-**	748,799	**-**	2,231,246	3,030,044
Total	22	**8,754,835**	8,439,190	**25,610,316**	25,562,627	40,529,806

(All amounts in Saudi Riyals unless otherwise stated)

23 Investment in joint ventures

	Notes	30 September 2019	30 September 2018	31 December 2018
MBCC	23.1.3	**964,175,526**	1,071,045,966	1,077,591,845
SAMAPCO	23.2.3	**217,108,000**	-	345,934,239
Total	7.2	**1,181,283,526**	1,071,045,966	1,423,526,084

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

Summarised financial information related to joint ventures

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

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

23.1 MBCC

23.1.1 Summarised statement of profit or loss and other comprehensive income

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Sales and other operating revenues		**255,685,542**	405,907,588	**867,849,937**	857,607,161	1,113,361,783
Finance cost		**(302,711)**	(2,418,639)	**(3,276,701)**	(6,812,951)	(8,685,588)
Depreciation and amortization		**(35,522,149)**	(35,686,891)	**(121,594,982)**	(108,964,243)	(128,516,517)
Other expenses		**(139,038,362)**	(243,603,901)	**(373,594,062)**	(442,680,111)	(587,597,122)
Profit before zakat, severance fees and income tax		**80,822,320**	124,198,157	**369,384,192**	299,149,856	388,562,556
Zakat and severance fees		**(28,958,001)**	4,402,728	**(45,432,458)**	(12,180,697)	(44,247,027)
Income tax		**(12,171,971)**	(10,854,645)	**(39,885,863)**	(27,439,502)	(44,477,385)
Profit for the quarter / period / year from continuing operations		**39,692,348**	117,746,240	**284,065,871**	259,529,657	299,838,144
Other comprehensive (loss) / income		**-**	-	**(744,000)**	-	(972,178)
Total comprehensive income		**39,692,348**	117,746,240	**283,321,871**	259,529,657	298,865,966
Group's share of total comprehensive income for the quarter / period / year *	7.2, 23.1.3	**11,463,659**	66,501,807	**130,333,681**	136,989,427	143,535,306

*Ma'aden's share in net income is reduced by zakat and severance fees which is applicable to the Saudi shareholder only. Furthermore, share in net income is calculated based on the available draft of the MBCC financial statements at the time of issuance of the Ma'aden consolidated interim financial statements. This sometimes may lead to minor variation which is adjusted in the next period.

MBCC has also transitioned from SOCPA to IFRS effective from 1 January 2018 and the impact of IFRS transition adjustments have also been taken up by the Company during the year ended 31 December 2018.

(All amounts in Saudi Riyals unless otherwise stated)

23 Investment in joint ventures (continued)

23.1.2 Summarised statement of financial position

	Note	30 September 2019	30 September 2018	31 December 2018
Assets				
Non-current assets		**1,769,438,606**	1,811,024,758	1,824,067,838
Current assets				
Other current assets		**288,114,628**	330,344,766	240,479,634
Cash and cash equivalents		**125,364,429**	393,458,478	481,373,958
Total assets		**2,182,917,663**	2,534,828,002	2,545,921,430
Liabilities				
Non-current liabilities				
Long-term borrowings		**-**	-	-
Other non-current liabilities		**71,021,762**	58,970,628	67,087,145
Current liabilities				
Current portion of long-term borrowings		**-**	225,000,000	179,582,855
Other current liabilities		**168,070,685**	122,460,522	139,161,619
Total liabilities		**239,092,447**	406,431,150	385,831,619
Net assets		**1,943,825,216**	2,128,396,852	2,160,089,811
Group's proportionate ownership %		**50%**	50%	50%
Group's proportionate ownership share in net assets*	23.1.3	**964,175,526**	1,071,045,966	1,077,591,845

*Group's proportionate ownership share in net assets includes zakat and severance fees impact (Note 23.1.1).

23.1.3 Reconciliation to carrying amounts

The investment of 50% in the issued and paid up share capital in MBCC (Note 2.11) is as follows:

	Notes	30 September 2019	30 September 2018	31 December 2018
Shares at cost	55	**202,482,646**	202,482,646	202,482,646
Other component of equity		**382,447,939**	626,197,939	626,197,939
Total equity contribution		**584,930,585**	828,680,585	828,680,585
Share of the accumulated profit		**379,244,941**	242,365,381	248,911,260
Carrying value of investment	23, 23.1.2	**964,175,526**	1,071,045,966	1,077,591,845

Ma'aden's share of the accumulated profit in MBCC:

	Notes	Quarter ended		Nine months ended		Year ended
		30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
1 July / 1 January		**367,781,282**	175,863,574	**248,911,260**	105,375,954	105,375,954
Share in net profit for the quarter / period / year	7.2, 23.1.1	**11,463,659**	66,501,807	**130,333,681**	136,989,427	143,535,306
30 September / 31 December		**379,244,941**	242,365,381	**379,244,941**	242,365,381	248,911,260

(All amounts in Saudi Riyals unless otherwise stated)

23 Investment in joint ventures (continued)

23.2 SAMAPCO

Information disclosed in Note 23.2.1 and 23.2.2 is based on the latest available draft financial statements of SAMAPCO for the quarter and nine months ended 30 September 2019 and the year ended 31 December 2018 information is based on the draft financial statements of SAMAPCO for the eleven months ended 30 November 2018. Any impact that may arise due to December 2018 transactions will be taken up by the Company in the next reporting period.

23.2.1 Summarised statement of profit or loss

		Quarter ended		Nine months ended		Year ended
	Note	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
Sales and other operating revenues		**137,900,000**	-	**406,000,000**	-	715,000,000
Finance cost		**(69,700,000)**	-	**(144,600,000)**	-	(70,600,000)
Depreciation and amortization		**(35,200,000)**	-	**(95,100,000)**	-	(113,400,000)
Other expenses		**(101,900,000)**	-	**(252,000,000)**	-	(419,700,000)
(Loss) / profit before zakat, severance fees and income tax		**(68,900,000)**	-	**(85,700,000)**	-	111,300,000
Zakat and severance fees		**-**	-	**(2,300,000)**	-	-
(Loss) / profit for the quarter / period / year from continuing operations		**(68,900,000)**	-	**(88,000,000)**	-	111,300,000
Other comprehensive (loss) / income		**-**	-	**-**	-	-
Total comprehensive (loss) / income		**(68,900,000)**	-	**(88,000,000)**	-	111,300,000
Group's share of total comprehensive (loss) / income for the quarter / period / year *	23.2.3	**(34,450,000)**	-	**(50,077,820)**	-	55,500,000

*Ma'aden's share in net income is calculated based on the available draft of the SAMAPCO financial statements at the time of issuance of the Ma'aden consolidated interim financial statements. This sometimes may lead to minor variation which is adjusted in the next period.

(All amounts in Saudi Riyals unless otherwise stated)

23 Investment in joint ventures (continued)

23.2.2 Summarised statement of financial position

	Note	30 September 2019	30 September 2018	31 December 2018
Assets				
Non-current assets		**2,484,000,000**	-	2,475,000,000
Current assets				
Other current assets		**297,000,000**	-	354,300,000
Cash and cash equivalents		**191,000,000**	-	169,700,000
Total assets		**2,972,000,000**	-	2,999,000,000
Liabilities				
Non-current liabilities				
Long-term borrowings		**2,206,000,000**	-	1,883,000,000
Other non-current liabilities		**22,000,000**	-	40,000,000
Current liabilities				
Current portion of long-term borrowings		**22,000,000**	-	111,600,000
Other current liabilities		**226,000,000**	-	368,400,000
Total liabilities		**2,476,000,000**	-	2,403,000,000
Net assets		**496,000,000**	-	596,000,000
Group's proportionate ownership %		**50%**	50%	50%
Group's proportionate ownership share in net assets*	23.2.3	**217,108,000**	-	345,934,239

*Group's proportionate ownership share in net assets includes the impact of additional equity contribution (Note 23.2.3).

23.2.3 Reconciliation to carrying amounts

The investment of 50% in the issued and paid up share capital in SAMAPCO (Note 2.10) is as follows:

	Notes	30 September 2019	30 September 2018	31 December 2018
Shares at cost	55	**450,000,000**	450,000,000	450,000,000
Other components of equity		**-**	78,748,419	78,748,419
Total equity contribution		**450,000,000**	528,748,419	528,748,419
Total share of the accumulated loss		**(232,892,000)**	(125,224,180)	(182,814,180)
Accumulated impairment		**-**	(403,524,239)	-
Carrying value of investment	13,23, 23.2.2	**217,108,000**	-	345,934,239

Ma'aden's share of the accumulated loss in SAMAPCO:

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
1 July / 1 January		**(198,442,000)**	-	**(182,814,180)**	-	-
Share in net loss for the quarter / period / year	7.2, 23.2.1	**(34,450,000)**	-	**(50,077,820)**	-	-
Total share of accumulated losses absorbed as at 31 December 2018 due to reversal on impairment		**-**	-	**-**	-	(182,814,180)
30 September / 31 December		**(232,892,000)**	-	**(232,892,000)**	-	(182,814,180)

(All amounts in Saudi Riyals unless otherwise stated)

23 Investment in joint ventures (continued)

Ma'aden's share of the accumulated losses absorbed as at 31 December 2018 due to reversal of impairment:

	Note	Total
Accumulated loss as at the date of transition to IFRS i.e. 1 January 2016		(125,224,180)
Group's share of unabsorbed loss:		
Share in net loss for the year ended 31 December 2016 including adjustments pertaining to SAMAPCO's transition to IFRS i.e. 1 January 2016		(90,902,000)
Share in net loss for the year ended 31 December 2017		(22,188,000)
Share in net profit for the period ended 30 November 2018	23.2.1	55,500,000
Accumulated loss for the period from 1 January 2016 upto 30 November 2018		(57,590,000)
Total share of accumulated loss of SAMAPCO absorbed as at 31 December 2018		**(182,814,180)**

At the date of transition to IFRS i.e. 1 January 2016, the Company impaired its investment of 50% in the issued and paid up share capital in SAMAPCO (Note 2.10) together with the share of SAMAPCO's accumulated loss based on the impairment test done using an equity valuation model, which included an appropriate market related discount rate. The details of the impairment of investment in SAMAPCO is as follows:

	Note	Total
Shares at cost		
As at 1 January 2016	55	450,000,000
Less: share of the accumulated loss as at 1 January 2016		(125,224,180)
Sub-total – carrying value of shares previously impaired		324,775,820
Other components of equity		
Additional contribution as at 1 January 2016		47,998,419
Additional contribution during the year ended 31 December 2017		30,750,000
Sub-total – other components of equity previously impaired		78,748,419
Total impairment		**403,524,239**

As at 31 December 2018, following the SAMAPCO's resolution of a long-standing dispute with a supplier of its Ethylene feedstock, SAMAPCO's costs of production reduced substantially. This reduction in production cost was coupled with the rises in petrochemical prices which returned SAMAPCO to profitability. A revised assessment of recoverable amount of SAMAPCO was carried out which indicated the reversal of impairment in full amounting to SAR 403,524,239 and adjusting it with the Group's share of SAMAPCO's accumulated loss for the period starting from 1 January 2016 upto 30 November 2018 amounting to SAR 57,590,000 resulting in a net impairment reversal of SAR 345,934,239. The future cash flows were discounted at a rate of 8% in arriving at the recoverable amount of SAMAPCO.

The Group has issued guarantees in favor of SIDF and other financial institutions for financing facilities available to MBCC and SAMAPCO as is fully disclosed in Note 48.2.

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

(All amounts in Saudi Riyals unless otherwise stated)

24 Deferred tax

24.1 Income tax

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Deferred income tax		**7,941,477**	(12,381,345)	**(165,722,526)**	(74,365,913)	(82,725,678)
Deferred tax assets credited / (charged) to the consolidated statement of profit or loss	24.2	**58,959,626**	14,557,376	**(17,262,021)**	18,475,037	136,112,991
Deferred tax liabilities debited to the consolidated statement of profit or loss	24.3	**(51,018,149)**	(26,938,721)	**(148,460,505)**	(92,840,950)	(218,838,669)
Current income tax	45.5	**2,156,936**	(689,945)	**(226,845)**	7,883,670	10,199,311
Total income tax		**10,098,413**	(13,071,290)	**(165,949,371)**	(66,482,243)	(72,526,367)

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

24.2 Deferred tax assets

The balance comprises temporary differences attributable to:

	30 September 2019	30 September 2018	31 December 2018
Tax losses	**563,345,394**	346,830,272	493,213,908
Allowance for obsolete and slow moving spare parts and consumable materials	**3,464,955**	2,510,000	3,119,886
Property, plant and equipment, capital work-in-progress and intangible assets	**-**	112,469,899	84,281,464
Provision for decommissioning, site rehabilitation and dismantling obligations	**5,010,169**	2,937,287	1,105,914
Employees' end of service termination benefits obligation	**11,479,335**	4,696,085	11,266,650
Provision for research and development	**1,105,914**	10,756,311	4,849,986
Total deferred tax assets	**584,405,767**	480,199,854	597,837,808

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

	Note	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
1 July / 1 January		**521,616,161**	465,642,478	**597,837,808**	461,724,817	461,724,817
Addition through business combination		**3,829,980**	-	**3,829,980**	-	-
Credited / (charged) to the consolidated statement of profit or loss during the quarter / period / year	24.1	**58,959,626**	14,557,376	**(17,262,021)**	18,475,037	136,112,991
30 September / 31 December		**584,405,767**	480,199,854	**584,405,767**	480,199,854	597,837,808

(All amounts in Saudi Riyals unless otherwise stated)

24.3 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	30 September 2019	30 September 2018	31 December 2018
Property, plant and equipment, capital work-in-progress and intangible assets	**767,237,343**	481,319,925	607,317,644

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

		Quarter ended		Nine months ended		Year ended
	Note	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
1 July / 1 January		**704,760,000**	454,381,204	**607,317,644**	388,478,975	388,478,975
Addition through business combination		**11,459,194**	-	**11,459,194**	-	-
Debited to the consolidated statement of profit or loss during the quarter / period / year	24.1	**51,018,149**	26,938,721	**148,460,505**	92,840,950	218,838,669
30 September / 31 December		**767,237,343**	481,319,925	**767,237,343**	481,319,925	607,317,644

25 Other investments

	Notes	30 September 2019	30 September 2018	31 December 2018
1 January		**47,850,000**	50,000,000	50,000,000
Settlement during the period / year		**(2,305,000)**	-	(2,150,000)
30 September / 31 December	3,51	**45,545,000**	50,000,000	47,850,000
Less: Current portion of other investments		**(4,745,000)**	-	(4,665,000)
Non-current portion of other investments		**40,800,000**	50,000,000	43,185,000

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

(All amounts in Saudi Riyals unless otherwise stated)

26 Other non-current assets

	Notes	30 September 2019	30 September 2018	31 December 2018
Revolving loan transaction cost		**71,250,000**	71,250,000	71,250,000
Amortization of revolving loan transaction cost over the term of the facility	15	**(24,937,500)**	(10,687,500)	(14,250,000)
		46,312,500	60,562,500	57,000,000
Less: Current portion of revolving loan transaction cost	28	**(14,250,000)**	(14,250,000)	(14,250,000)
Sub-total		**32,062,500**	46,312,500	42,750,000
Stockpile of mined ore		**273,014,585**	247,484,996	265,879,737
Less: Current portion of stockpile of mined ore	29	**(193,919,355)**	(186,111,861)	(184,613,086)
Sub-total		**79,095,230**	61,373,135	81,266,651
Employees' home ownership program receivables		**996,685,196**	1,052,470,456	1,052,470,456
Less: Repaid during the year		**(40,269,479)**	(38,517,990)	(55,785,260)
		956,415,717	1,013,952,466	996,685,196
Less: Current portion of employees' home ownership program receivables	30	**(62,478,578)**	(60,673,526)	(62,052,523)
Sub-total		**893,937,139**	953,278,940	934,632,673
Home ownership program – furniture and home loan		**16,084,532**	22,897,508	20,056,814
Others	5	**11,143,361**	-	-
Total		**1,032,322,762**	1,083,862,083	1,078,706,138

27 Due from joint venture partner

	Notes	30 September 2019	30 September 2018	31 December 2018
Due from Alcoa Corporation	47.2,51	**-**	36,907,244	36,686,041

This represents contribution receivable from Alcoa Corporation for its share of 25.1% in the automotive sheet project (Note 21 and 37), to extend the product mix of the aluminium complex at Ras Al-Khair, to also include automotive sheet.

28 Advances and prepayments

	Note	30 September 2019	30 September 2018	31 December 2018
Advances to contractors		**120,389,182**	59,374,677	76,174,480
Advances to employees		**36,527,806**	40,433,062	26,887,307
Prepaid rent		**47,498,370**	10,843,633	2,817,365
Prepaid insurance		**87,020,199**	64,193,390	32,681,405
Advances to Saudi Electricity Company		**-**	35,000,000	-
Current portion of revolving loan transaction cost	26	**14,250,000**	14,250,000	14,250,000
Other prepayments		**59,406,963**	16,264,570	38,336,160
Total		**365,092,520**	240,359,332	191,146,717

(All amounts in Saudi Riyals unless otherwise stated)

29 Inventories

	Notes	30 September 2019	30 September 2018	31 December 2018
Saleable inventory				
Finished goods – ready for sale		**1,640,719,132**	759,053,889	965,522,780
Cost of finished goods		**1,721,382,819**	759,053,889	965,522,780
Less: Inventory written-off to net realizable value		**(80,663,687)**	-	-
Work-in-process		**998,441,490**	772,898,775	836,930,464
Current portion of stockpile of mined ore	26	**193,919,355**	186,111,861	184,613,086
By-products		**39,887**	4,769,292	3,890,775
Sub-total	9	**2,833,119,864**	1,722,833,817	1,990,957,105
Consumable inventory				
Spare parts and consumables materials				
1 January		**1,654,281,468**	1,467,224,181	1,467,224,181
Net additions during the period / year		**224,725,851**	170,281,738	187,057,287
30 September / 31 December		**1,879,007,319**	1,637,505,919	1,654,281,468
Write-off of obsolete and slow-moving spare parts and consumable materials	9	**-**	-	(1,386,960)
Allowance for obsolete and slow-moving spare parts and consumable materials	29.1	**(90,708,927)**	(78,345,651)	(92,692,378)
		1,788,298,392	1,559,160,268	1,560,202,130
Raw materials		**683,296,113**	759,849,211	760,770,479
Sub-total		**2,471,594,505**	2,319,009,479	2,320,972,609
Total		**5,304,714,369**	4,041,843,296	4,311,929,714

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

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
1 July / 1 January		**90,708,927**	66,680,286	**92,692,378**	46,680,286	46,680,286
(Reversal) / provision for allowance for obsolescence, net	9	**-**	11,665,365	**(1,983,451)**	31,665,365	46,012,092
30 September / 31 December	6.2,29	**90,708,927**	78,345,651	**90,708,927**	78,345,651	92,692,378

(All amounts in Saudi Riyals unless otherwise stated)

30 Trade and other receivables

	Notes	30 September 2019	30 September 2018	31 December 2018
Trade receivables				
Other third party receivables		**1,818,737,007**	1,928,104,237	1,648,255,068
Due from SABIC	47.2	**355,413,318**	308,999,090	323,184,232
Due from The Mosaic Company	47.2	**141,816,509**	-	29,807,095
Due from Alcoa Inespal, S.A.	47.2	**76,717,652**	126,015,229	93,099,730
Due from Alcoa Warrick LLC	47.2	**186,643,609**	55,774,640	6,644,548
		2,579,328,095	2,418,893,196	2,100,990,673
Less: Allowance for expected credit losses	30.1	**(297,615)**	(336,385)	(521,775)
Sub-total	49.1.3, 49.2	**2,579,030,480**	2,418,556,811	2,100,468,898
Due from MBCC	47.2	**95,205**	1,388,168	1,107,238
Due from Saudi Mining Polytechnic ("SMP")	47.2	**-**	4,189,613	5,556
Due from Saudi Ports Authority		**2,310,613**	13,206,925	2,363,036
Current portion of employees' home ownership program receivables	26	**62,478,578**	60,673,526	62,052,523
VAT receivable from regulatory authorities		**36,449,282**	45,587,903	23,588,191
Due from Aramco		**461,185,613**	180,132,260	210,103,416
Other		**150,635,842**	45,379,106	36,196,726
Total	51	**3,292,185,613**	2,769,114,312	2,435,885,584

The Group holds all its trade receivables, within a business model, with the objective of collecting the contractual cash flows. However, the contractual terms of certain trade receivables do not give rise, on a specific date, to cash flows that are solely payments of principal and interest on the principal outstanding.

30.1 Movement in ECL allowance

		Quarter ended		Nine months ended		Year ended
	Notes	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
1 July / 1 January	49.2	**297,615**	336,385	**521,775**	336,385	336,385
(Reversal) / increase in allowance for expected credit losses	11,49.2	**-**	-	**(224,160)**	-	185,390
30 September / 31 December	30	**297,615**	336,385	**297,615**	336,385	521,775

31 Time deposits

	Notes	30 September 2019	30 September 2018	31 December 2018
Time deposits with original maturities of more than three months and less than a year at the date of acquisition	49.3, 50	**2,351,500,000**	2,553,000,000	3,535,000,000
Less: ECL allowance	31.1	**(2,201,194)**	(941,528)	(2,201,194)
		2,349,298,806	2,552,058,472	3,532,798,806
Investment income receivable		**22,124,068**	18,951,074	24,111,307
Total	51	**2,371,422,874**	2,571,009,546	3,556,910,113

Time deposits yield financial income at prevailing market prices.

31.1 Movement in ECL allowance

		Quarter ended		Nine months ended		Year ended
	Notes	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
1 July / 1 January	3,49.2	**2,201,194**	941,528	**2,201,194**	941,528	941,528
Increase in allowance for expected credit losses	11,49.2	**-**	-	**-**	-	1,259,666
30 September / 31 December	31	**2,201,194**	941,528	**2,201,194**	941,528	2,201,194

(All amounts in Saudi Riyals unless otherwise stated)

32 Cash and cash equivalents

	Notes	30 September 2019	30 September 2018	31 December 2018
Unrestricted				
Time deposits with original maturities equal to or less than three months at the date of acquisition		**3,006,664,820**	3,095,717,976	4,722,142,234
Cash and bank balances		**1,300,952,624**	630,299,636	597,973,973
Sub-total	49.3,50	**4,307,617,444**	3,726,017,612	5,320,116,207
Restricted				
Cash and bank balances	42.2	**92,194,103**	72,928,360	73,045,857
Total	51	**4,399,811,547**	3,798,945,972	5,393,162,064

Restricted cash and bank balances are related to employees' savings plan obligation.

33 Share capital

		30 September 2019	30 September 2018	31 December 2018
Authorized, issued and fully paid				
1,168,478,261	Ordinary shares with a nominal value of SAR 10 per share (Note 1 and 17)	**11,684,782,610**	11,684,782,610	11,684,782,610

34 Share premium

		30 September 2019	30 September 2018	31 December 2018
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
243,478,261	Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 13 per share, net of transaction cost	**3,141,351,697**	3,141,351,697	3,141,351,697
768,478,261	**Total**	**8,391,351,697**	8,391,351,697	8,391,351,697

35 Transfer of net income

	30 September 2019	30 September 2018	31 December 2018
1 January	**1,054,251,439**	869,459,731	869,459,731
Transfer of 10% of net income for the period / year	**-**	-	184,791,708
30 September / 31 December	**1,054,251,439**	869,459,731	1,054,251,439

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

(All amounts in Saudi Riyals unless otherwise stated)

36 Non-controlling interest

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

36.1 Summarized statement of financial position

Non-controlling % interest in	Notes	MRC 25.1% (Note 2.5)	MAC 25.1% (Note 2.6)	MBAC 25.1% (Note 2.7)	MPC 30% (Note 2.8)	MWSPC 40% (Note 2.9)	Meridian 15% (Note 2.4)	Total
30 September 2019								
Non-current assets		5,569,322,655	17,512,731,057	12,255,240,843	14,262,009,711	26,742,125,189	228,525,232	76,569,954,687
Current assets		2,473,520,713	2,320,156,754	2,125,027,656	2,608,298,321	2,775,469,874	808,687,935	13,111,161,253
Total assets		**8,042,843,368**	**19,832,887,811**	**14,380,268,499**	**16,870,308,032**	**29,517,595,063**	**1,037,213,167**	**89,681,115,940**
Non-current liabilities		3,811,558,436	12,757,101,527	8,327,914,767	8,403,640,063	18,641,667,566	63,795,319	52,005,677,678
Current liabilities		1,717,109,630	1,871,276,164	808,708,409	1,315,841,833	2,918,733,549	764,079,214	9,395,748,799
Total liabilities		**5,528,668,066**	**14,628,377,691**	**9,136,623,176**	**9,719,481,896**	**21,560,401,115**	**827,874,533**	**61,401,426,477**
Net assets of the subsidiary company		**2,514,175,302**	**5,204,510,120**	**5,243,645,323**	**7,150,826,136**	**7,957,193,948**	**209,338,634**	**28,279,689,463**
Share of net assets		645,011,927	1,306,332,040	1,316,154,976	2,145,247,841	3,182,877,579	31,400,795	8,627,025,158
Zakat and income tax impact		949,838	(64,449,045)	(34,413,958)	-	(16,162,475)	-	(114,075,640)
Impact of payment to increase share capital		179,630,770	-	-	-	-	-	179,630,770
Impact of additional capital contribution resulting from transfer of automotive sheet project		5,812,956	-	-	-	-	-	5,812,956
Equity share transferred to Ma'aden		(831,405,491)	-	-	-	-	-	(831,405,491)
Net impact of non-controlling interest acquired through business combination		-	-	-	-	-	(6,532,238)	(6,532,238)
Net assets attributable to non-controlling interest	36.3	**-**	**1,241,882,995**	**1,281,741,018**	**2,145,247,841**	**3,166,715,104**	**24,868,557**	**7,860,455,515**

(All amounts in Saudi Riyals unless otherwise stated)

36.1 Summarized statement of financial position (continued)

Non-controlling % interest in	Notes	MRC 25.1% (Note 2.5)	MAC 25.1% (Note 2.6)	MBAC 25.1% (Note 2.7)	MPC 30% (Note 2.8)	MWSPC 40% (Note 2.9)	Meridian 15% (Note 2.4)	Total
30 September 2018								
Non-current assets		5,056,453,138	16,934,952,248	12,353,020,398	14,714,167,146	26,894,894,647	-	75,953,487,577
Current assets		1,761,654,043	3,035,357,713	1,508,406,058	2,326,521,047	1,928,947,660	-	10,560,886,521
Total assets		**6,818,107,181**	**19,970,309,961**	**13,861,426,456**	**17,040,688,193**	**28,823,842,307**	**-**	**86,514,374,098**
Non-current liabilities		3,988,702,070	11,297,267,671	7,742,274,085	8,798,351,985	17,660,765,685	-	49,487,361,496
Current liabilities		2,245,656,879	1,700,128,111	1,145,403,645	1,276,167,707	2,398,995,371	-	8,766,351,713
Total liabilities		**6,234,358,949**	**12,997,395,782**	**8,887,677,730**	**10,074,519,692**	**20,059,761,056**	**-**	**58,253,713,209**
Net assets of the subsidiary company		**583,748,232**	**6,972,914,179**	**4,973,748,726**	**6,966,168,501**	**8,764,081,251**	**-**	**28,260,660,889**
Share of net assets		146,520,806	1,750,201,459	1,248,410,930	2,089,850,550	3,505,632,500	-	8,740,616,245
Zakat and income tax impact		101,273,490	(64,717,423)	(14,681,962)	-	(20,181,274)	-	1,692,831
Impact of payment to increase share capital		(7,119,230)	-	-	-	-	-	(7,119,230)
Net assets attributable to non-controlling interest	36.3	**240,675,066**	**1,685,484,036**	**1,233,728,968**	**2,089,850,550**	**3,485,451,226**	**-**	**8,735,189,846**
31 December 2018								
Non-current assets		5,050,654,745	16,815,948,939	12,330,042,394	14,624,827,221	27,180,114,145	-	76,001,587,444
Current assets		1,712,503,496	2,945,216,159	1,661,835,324	2,837,269,219	3,763,581,739	-	12,920,405,937
Total assets		**6,763,158,241**	**19,761,165,098**	**13,991,877,718**	**17,462,096,440**	**30,943,695,884**	**-**	**88,921,993,381**
Non-current liabilities		3,791,236,226	11,342,733,208	7,756,912,133	8,828,323,950	19,748,855,108	-	51,468,060,625
Current liabilities		2,461,034,186	1,658,784,395	1,056,116,920	1,547,546,461	2,330,056,771	-	9,053,538,733
Total liabilities		**6,252,270,412**	**13,001,517,603**	**8,813,029,053**	**10,375,870,411**	**22,078,911,879**	**-**	**60,521,599,358**
Net assets of the subsidiary company		**510,887,829**	**6,759,647,495**	**5,178,848,665**	**7,086,226,029**	**8,864,784,005**	**-**	**28,400,394,023**
Share of net assets		128,232,845	1,696,671,521	1,299,891,015	2,125,867,810	3,545,913,602	-	8,796,576,793
Zakat and income tax impact		119,594,401	(66,642,763)	(24,655,913)	-	(26,057,773)	-	2,237,952
Impact of payment to increase share capital		(7,119,230)	-	-	-	-	-	(7,119,230)
Net assets attributable to non-controlling interest	36.3	**240,708,016**	**1,630,028,758**	**1,275,235,102**	**2,125,867,810**	**3,519,855,829**	**-**	**8,791,695,515**

(All amounts in Saudi Riyals unless otherwise stated)

36 Non-controlling interest (continued)

36.2 Summarized statement of profit or loss and other comprehensive income

Non-controlling % interest in	Notes	MRC 25.1% (Note 2.5)	MAC 25.1% (Note 2.6)	MBAC 25.1% (Note 2.7)	MPC 30% (Note 2.8)	MWSPC 40% (Note 2.9)	Meridian 15% (Note 2.4)	Total
For the period ended 30 September 2019								
Sales		3,285,736,858	5,128,262,344	1,787,498,671	3,339,182,494	2,654,979,261	112,842,056	16,308,501,684
(Loss) / profit before zakat and income tax for the period		(224,333,596)	(452,127,386)	146,108,688	66,585,288	(920,301,537)	(757,297)	(1,384,825,840)
Zakat and income tax for the period		(159,309,954)	(16,556,861)	(43,628,409)	(1,985,181)	12,711,480	(194,171)	(208,963,096)
Other comprehensive loss for the period:								
Cash flow hedge – effective portion of changes in fair value		-	(205,203,129)	(37,683,622)	-	-	-	(242,886,751)
Total comprehensive (loss) / income for the period		**(383,643,550)**	**(673,887,376)**	**64,796,657**	**64,600,107**	**(907,590,057)**	**(951,468)**	**(1,836,675,687)**
Total comprehensive (loss) / income attributable to non-controlling interest:								
Share of (loss) / profit before zakat and income tax for the period		(42,353,806)	(113,483,974)	36,673,281	19,975,585	(368,120,615)	(113,595)	(467,423,124)
Share of zakat and income tax for the period		(158,631,363)	(1,962,054)	(20,708,776)	(595,554)	14,979,890	(29,126)	(166,946,983)
Share of (loss) / profit for the period	36.3	(200,985,169)	(115,446,028)	15,964,505	19,380,031	(353,140,725)	(142,721)	(634,370,107)
Share of other comprehensive loss for the period:								
Cash flow hedge – effective portion of changes in fair value	36.3, 41	-	(51,505,985)	(9,458,589)	-	-	**-**	(60,964,574)
Total		**(200,985,169)**	**(166,952,013)**	**6,505,916**	**19,380,031**	**(353,140,725)**	**(142,721)**	**(695,334,681)**

(All amounts in Saudi Riyals unless otherwise stated)

36 Non-controlling interest (continued)

36.2 Summarized statement of profit or loss and other comprehensive income (continued)

Non-controlling % interest in	Notes	MRC 25.1% (Note 2.5)	MAC 25.1% (Note 2.6)	MBAC 25.1% (Note 2.7)	MPC 30% (Note 2.8)	MWSPC 40% (Note 2.9)	Meridian 15% (Note 2.4)	Total
For the period ended 30 September 2018								
Sales		-	5,912,147,492	2,252,458,013	3,838,344,078	719,715,980	-	12,722,665,563
(Loss) / profit before zakat and income tax for the period		(209,406,087)	275,665,587	290,881,336	593,835,326	339,875,158	-	1,290,851,320
Zakat and income tax for the period		1,583,239	(40,125,609)	(35,622,245)	(12,026,595)	(26,883,999)	-	(113,075,209)
Total comprehensive (loss) / income for the period		**(207,822,848)**	**235,539,978**	**255,259,091**	**581,808,731**	**312,991,159**	**-**	**1,177,776,111**
Total comprehensive (loss) / income attributable to non-controlling interest:								
Share of (loss) / profit before zakat and income tax for the period		(52,560,927)	69,192,062	73,011,215	178,150,598	135,950,063	-	403,743,011
Share of zakat and income tax for the period		3,583,239	(25,857,605)	(27,916,321)	(3,607,980)	(18,410,044)	-	(72,208,711)
Share of (loss) / profit for the period	36.3	(48,977,688)	43,334,457	45,094,894	174,542,618	117,540,019	-	331,534,300
Total		**(48,977,688)**	**43,334,457**	**45,094,894**	**174,542,618**	**117,540,019**	**-**	**331,534,300**

(All amounts in Saudi Riyals unless otherwise stated)

36 Non-controlling interest (continued)

36.2 Summarized statement of profit or loss and other comprehensive income (continued)

Non-controlling % interest in	Notes	MRC 25.1% (Note 2.5)	MAC 25.1% (Note 2.6)	MBAC 25.1% (Note 2.7)	MPC 30% (Note 2.8)	MWSPC 40% (Note 2.9)	Meridian 15% (Note 2.4)	Total
For the year ended 31 December 2018								
Sales		299,487,696	7,671,002,281	3,116,668,621	5,215,647,728	1,163,824,917	-	17,466,631,243
Profit / (loss) before zakat and income tax for the year		(305,062,110)	98,436,855	522,494,744	725,465,557	454,725,119	-	1,496,060,165
Zakat and income tax for the year		24,567,607	(47,082,780)	(60,070,721)	(20,383,520)	(38,909,515)	-	(141,878,929)
Other comprehensive loss for the year:								
Loss attributable to the re-measurements of employees' end of service termination benefits obligation		(188,748)	(2,139,918)	(2,064,994)	(3,215,778)	(2,121,693)	-	(9,731,131)
Cash flow hedge – effective portion of changes in fair value		-	(26,940,863)	-	-	-	-	(26,940,863)
Sub-total		(188,748)	(29,080,781)	(2,064,994)	(3,215,778)	(2,121,693)	-	(36,671,994)
Total comprehensive (loss) / income for the period		**(280,683,251)**	**22,273,294**	**460,359,029**	**701,866,259**	**413,693,911**	**-**	**1,317,509,242**
Total comprehensive (loss) / income attributable to non-controlling interest:								
Share of (loss) / profit before zakat and income tax for the year		(76,570,589)	24,707,651	131,146,181	217,639,667	181,890,048	-	478,812,958
Share of zakat and income tax for the year		27,673,227	(29,529,196)	(44,026,840)	(6,115,056)	(29,096,749)	-	(81,094,614)
Share of (loss) / profit for the year	36.3	(48,897,362)	(4,821,545)	87,119,341	211,524,611	152,793,299	-	397,718,344
Share of other comprehensive loss for the year:								
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	36.3	(47,376)	(537,119)	(518,313)	(964,733)	(848,677)	-	(2,916,218)
Cash flow hedge – effective portion of changes in fair value	36.3, 41	-	(6,762,157)	-	-	-	-	(6,762,157)
Sub-total		(47,376)	(7,299,276)	(518,313)	(964,733)	(848,677)	**-**	(9,678,375)
Total		**(48,944,738)**	**(12,120,821)**	**86,601,028**	**210,559,878**	**151,944,622**	**-**	**388,039,969**

(All amounts in Saudi Riyals unless otherwise stated)

36 Non-controlling interest (continued)

36.3 Movement of non-controlling interest

Non-controlling % interest in	Notes	MRC 25.1% (Note 2.5)	MAC 25.1% (Note 2.6)	MBAC 25.1% (Note 2.7)	MPC 30% (Note 2.8)	MWSPC 40% (Note 2.9)	Meridian 15% (Note 2.4)	Total
1 January 2018		289,652,754	1,642,149,579	1,188,634,074	1,944,114,969	3,367,911,207	-	8,432,462,583
Share of net (loss) / profit for the period	36.2	(48,977,688)	43,334,457	45,094,894	174,542,618	117,540,019	-	331,534,300
Dividend paid during the period	30	-	-	-	(28,807,037)	-	-	(28,807,037)
30 September 2018	36.1	240,675,066	1,685,484,036	1,233,728,968	2,089,850,550	3,485,451,226	-	8,735,189,846
Share of net (loss) / profit for the remainder of the year		80,326	(48,156,002)	42,024,447	36,981,993	35,253,280	-	66,184,044
Share of other comprehensive loss for the year:								
Cash flow hedge – effective portion of changes in fair value	36.2, 41	-	(6,762,157)	-	-	-	-	(6,762,157)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	36.2, 42.1.1	(47,376)	(537,119)	(518,313)	(964,733)	(848,677)	-	(2,916,218)
Sub-total		(47,376)	(7,299,276)	(518,313)	(964,733)	(848,677)	-	(9,678,375)
31 December 2018	36.1	240,708,016	1,630,028,758	1,275,235,102	2,125,867,810	3,519,855,829	-	8,791,695,515
Increase in non-controlling interest resulting through business combination		-	-	-	-	-	25,011,278	25,011,278
Share of net (loss) / profit for the period	36.2	(200,985,169)	(115,446,028)	15,964,505	19,380,031	(353,140,725)	(142,721)	(634,370,107)
Share of other comprehensive loss for the period:								
Cash flow hedge – effective portion of changes in fair value	36.2, 41	-	(51,505,985)	(9,458,589)	-	-	-	(60,964,574)
Additional capital contribution resulting from transfer of automotive sheet project during the period	37	195,488,894	-	-	-	-	-	195,488,894
Payment to increase share capital during the period		375,000,000	-	-	-	-	-	375,000,000
Trade payable / receivable written-off during the period		221,193,750	(221,193,750)	-	-	-	-	-
Equity share transferred to Ma'aden during the period*		(831,405,491)	-	-	-	-	-	(831,405,491)
30 September 2019	36.1	**-**	**1,241,882,995**	**1,281,741,018**	**2,145,247,841**	**3,166,715,104**	**24,868,557**	**7,860,455,515**

*On 26 June 2019, Ma'aden and Alcoa Saudi Rolling Inversiones S.L. ("ASRI") signed an agreement for the transfer of shares whereby ASRI transferred shares of the company representing 25.1% of the share capital in MRC to Ma'aden. Immediately prior to the agreement, the carrying amount of the existing 25.1% non-controlling interest in MRC was SAR 831,405,491. The Group recognised a decrease in non-controlling interests of SAR 831,405,491 and an increase in equity attributable to shareholders of the parent company with the same amount.

(All amounts in Saudi Riyals unless otherwise stated)

37 Due to joint venture partner

	Notes	30 September 2019	30 September 2018	31 December 2018
Due to Alcoa Corporation		**405,387,644**	405,387,643	405,166,440
Accumulated impairment		**(209,898,750)**	(115,773,750)	(209,898,750)
Opening balance		**(209,898,750)**	(115,773,750)	(115,773,750)
Impairment during the period / year	21	**-**	-	(94,125,000)
Transferred to MRC during the period / year*	36.3	**(195,488,894)**	-	-
Due to joint venture partner, net	47.2	**-**	289,613,893	195,267,690

Due to Alcoa Corporation, this represents their share of 25.1% in the joint venture project cost to extend the product mix of the aluminium complex at Ras Al-Khair, to also include automotive sheet.

*On 26 June 2019, an “Asset Transfer Agreement” was signed between Ma’aden, MRC and ASRI resolving to transfer the ownership of automotive sheet project to MRC at carrying amount of assets amounting to SAR 755,681,027 and in consideration, the payment to increase share capital in MRC of Ma’aden and ASRI was increased by SAR 560,192,133 and SAR 195,488,894, respectively.

38 Long-term borrowings

	Notes	30 September 2019	30 September 2018	31 December 2018
Total borrowings	7.2,38.9	**53,029,134,746**	52,647,807,943	54,566,488,328
Accrued finance cost		**336,388,743**	238,081,279	272,817,941
Sub-total	49.3,51	**53,365,523,489**	52,885,889,222	54,839,306,269
Less: current portion of borrowings shown under current liabilities	38.8	**(6,233,751,715)**	(2,864,166,599)	(3,162,757,425)
Less: accrued finance cost		**(336,388,743)**	(238,081,279)	(272,817,941)
Sub-total - current portion of borrowings shown under current liabilities		**(6,570,140,458)**	(3,102,247,878)	(3,435,575,366)
Non-current portion of long-term borrowings		**46,795,383,031**	49,783,641,344	51,403,730,903

(All amounts in Saudi Riyals unless otherwise stated)

38.1 Facilities approved

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

The facilities granted to the Group comprise of the following as at 30 September 2019:

	MAC agreement signed on 30 Nov. 2010 and restructured on 14 Dec. 2017	**MRC agreement signed on 30 Nov. 2010 and transfer and termination agreement with PIF signed on 26 June 2019**	**MBAC agreement signed on 27 Nov. 2011 and restructured on 16 Jul. 2018**	**MWSPC agreement signed on 30 Jun. 2014**	**Ma'aden agreement signed on 18 Dec. 2012 and renewed on 18 Dec. 2017 and transfer and termination agreement with PIF signed on 26 June 2019**	**MGBM agreements signed on 24 Mar. 2015 and 26 Apr. 2015**	**MIC agreement signed on 30 Dec. 2015**	**MPC agreements signed on 25 Feb. 2016 and 20 Feb. 2018**	**Total**
Public Investment Fund ("PIF")	4,275,375,000	-	3,506,250,000	7,500,000,000	2,986,387,500	-	-	-	18,268,012,500
Islamic and commercial banks									
Procurement*	-	1,041,000,000	-	4,299,854,655	-	-	-	-	5,340,854,655
Commercial*	1,503,750,000	-	-	5,450,145,345	-	-	-	-	6,953,895,345
Murabaha	-	-	4,025,000,000	-	-	-	-	-	4,025,000,000
Wakala	-	-	220,000,000	1,650,000,000	-	-	-	-	1,870,000,000
Sub-total	**1,503,750,000**	**1,041,000,000**	**4,245,000,000**	**11,400,000,000**	**-**	**-**	**-**	**-**	**18,189,750,000**
Saudi Industrial Development Fund ("SIDF")	-	600,000,000	-	4,000,000,000	-	1,379,000,000	-	-	5,979,000,000
Riyal Murabaha facility	5,178,750,000	-	-	-	-	-	1,000,000,000	11,493,750,000	17,672,500,000
Riyal Murabaha facility (a working capital facility)	-	375,000,000	340,000,000	-	-	-	-	-	715,000,000
Sub-total	**10,957,875,000**	**2,016,000,000**	**8,091,250,000**	**22,900,000,000**	**2,986,387,500**	**1,379,000,000**	**1,000,000,000**	**11,493,750,000**	**60,824,262,500**
Syndicated Revolving Credit Facility Agreement	-	-	-	-	7,500,000,000	-	-	-	7,500,000,000
HSBC Saudi Arabia – as agent for sukuk facility participants	-	-	-	-	-	-	-	3,500,000,000	3,500,000,000
Total facilities granted	**10,957,875,000**	**2,016,000,000**	**8,091,250,000**	**22,900,000,000**	**10,486,387,500**	**1,379,000,000**	**1,000,000,000**	**14,993,750,000**	**71,824,262,500**

38.1 Facilities approved (continued)

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

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

The MFAs imposed certain conditions and special covenants which include:

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

The SFA imposed certain conditions and special covenants which include:

- safeguarding the corporate existence as a limited liability company validly existing under the laws of the Kingdom of Saudi Arabia,
- restriction to substantial change in the general nature of company's business, unless specifically allowed under the SFA,
- restriction to enter into a single transaction or a series of transactions and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset, unless specifically allowed under the SFA,
- financial ratio maintenance and
- restriction on dividend distribution to shareholders

MAC facility

*Facility agents:

- The National Commercial Bank acts as Inter-creditor Agent and as Riyal Murabaha Facility Agent,
- The First Abu Dhabi Bank acts as Dollar Conventional Facility Agent.

MRC facility

*Facility agents:

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

In pursuant to "Transfer and Termination Agreement" signed on 26 June 2019, Ma'aden replaced PIF as provider of loan to MRC. At the same time on 26 June 2019, another "Loan Agreement" was signed between Ma'aden and PIF where it was resolved that SAR 2,986,387,500 is deemed to have been advanced to Ma'aden by PIF and is payable on demand. This also resulted in the recognition of a charge amounting to SAR 46,594,914 in the consolidated retained earnings attributable to the ordinary shareholders of the parent company (Note 38.2).

(All amounts in Saudi Riyals unless otherwise stated)

38.1 Facilities approved (continued)

MBAC facility

On 16 July 2018, the company had entered into a CTA with PIF, SIDF and a consortium of financial institutions. On 31 July 2018 the facility with PIF was restructured resulting in a revised repayment schedule and covenants. Effective the same date, the Company entered into a new CTA agreement with commercial banks in respect of new Riyal Murabaha and Riyal Wakala facilities to replace the balance of the facilities. Consequently, MBAC's financing facilities comprise of:

	Facility approved
PIF – Amendment to the existing agreement	3,506,250,000
Islamic and commercial banks	
Riyal Murabaha Tranche A	2,370,000,000
Riyal Murabaha Tranche B	1,655,000,000
Riyal Wakala	220,000,000
Sub-total	4,245,000,000
Riyal Murabaha facility (a working capital facility)	340,000,000
Total facilities approved	**8,091,250,000**

In addition to scheduled repayments, the restructured PIF facility and the Riyal Murabaha and Riyal Wakala facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Riyal Murabaha and Riyal Wakala facilities.

Facility agents:

- The National Commercial Bank acts as Inter-creditor Agent and as Riyal Murabaha Facility Agent,
- The HSBC Saudi Arabia acts as Riyal Wakala Facility Agent.

The details of the CTA signed on 27 November 2011 which has been restructured / repaid in full during July 2018 were as follows:

PIF	3,750,000,000
Islamic and commercial banks	
Procurement	2,690,712,844
Commercial	258,750,000
Wakala	768,750,000
Sub-total	3,718,212,844
SIDF	900,000,000
Riyal Murabaha facility (a working capital facility)	340,000,000
Total facilities approved	**8,708,212,844**

MWSPC facility

*Facility agents:

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

38.1 Facilities approved (continued)

Saudi Arabian Mining Company ("Ma'aden") facility

Syndicated revolving credit facility

On 18 December 2017, the Company renewed its financing agreements revising the total facility amount from SAR 9 billion to SAR 7.5 billion. Final maturity for repayment of the loan is five years from the date of signing of the agreement. This revolver facility is with a syndicate of local and international financial institutions, comprising the following financial institutions:

- Al-Rajhi Bank
- Arab National Bank
- Gulf International Bank B.S.C, Riyadh Branch
- Al-Awwal Bank
- 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.

PIF facility

In pursuant to "Transfer and Termination Agreement" signed on 26 June 2019, Ma'aden replaced PIF as provider of loan to MRC. At the same time on 26 June 2019, another "Loan Agreement" was signed between Ma'aden and PIF where it was resolved that SAR 2,986,387,500 is deemed to have been advanced to Ma'aden by PIF and is payable on demand.

In addition to the above, on 26 June 2019 a "Debt Conversion Agreement" has been signed between Ma'aden and PIF whereby Ma'aden wishes to increase its capital through the issuance of new shares for the purpose of settling the above mentioned loan. On 29 September 2019, the debt conversion was approved by Capital Market Authority (CMA), however, the debt conversion remains conditional on the resolution in Extraordinary General Assembly approving the issuance of new shares and obtaining any other regulatory approvals legally required in this connection.

(All amounts in Saudi Riyals unless otherwise stated)

38.1 Facilities approved (continued)

MGBM facility

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

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

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

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

MIC facility

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

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

The facility was drawn down on 17 February 2016.

MPC facility

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

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

The MFA signed by the company on 25 February 2016, have been partially repaid from a drawing under a new SFA signed by the company on 20 February 2018 with sukuk facility participants comprising of:

Sukuk facility	Facility approved
HSBC Saudi Arabia – as agent for the sukuk facility	3,500,000,000

(All amounts in Saudi Riyals unless otherwise stated)

38.2 Facilities utilized under the different CTAs

MAC facility – restructured on 14 December 2017

	30 September 2019	30 September 2018	31 December 2018
Public Investment Fund (Note 47.2)	**4,275,375,000**	4,275,375,000	4,275,375,000
Less: Transaction cost balance at the period / year end	**(39,856,003)**	(43,956,202)	(42,931,900)
Sub-total	**4,235,518,997**	4,231,418,798	4,232,443,100

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

After the restructuring on 14 December 2017, the repayment of the loan will start on 31 March 2023, on a six monthly basis, starting at SAR 99.9 million and increasing over the term of the loan with the final repayment of SAR 1,218 million on 30 September 2031 (Note 38.9).

In addition, the company is required to make certain prepayments as described in Note 38.1.

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 3,075,897 (30 September 2018: SAR 3,072,923 and 31 December 2018: SAR 4,097,225) (Note 38.11).

Islamic and commercial banks			
Riyal Murabaha	**5,178,750,000**	5,178,750,000	5,178,750,000
Commercial – USD conventional	**1,503,750,000**	1,503,750,000	1,503,750,000
Less: Transaction cost balance at the period / year end	**(56,106,462)**	(66,054,791)	(63,570,555)
Sub-total	**6,626,393,538**	6,616,445,209	6,618,929,445

The rate of commission on the principal amount of the loan drawn on Islamic Murabaha Riyal is Saudi Interbank Offered Rate ("SIBOR") plus a margin of 1.65% whereas, the rate of commission on the principal amount of the loan drawn on Dollar Conventional facility is LIBOR plus a margin of 1.55%.

The repayment of the loan drawn on Islamic Murabaha Riyal will start from 31 March 2021, on a six monthly basis starting at SAR 259 million and increasing over the term of the loan with the final repayment of SAR 1,812 million on 30 September 2027 (Note 38.9).

The repayment of the loan drawn on Dollar Conventional facility will start from 31 March 2021, on a six monthly basis starting at SAR 129 million and increasing over the term of the loan with the final repayment of SAR 601 million on 30 September 2024 (Note 38.9).

In addition, the company is required to make certain prepayments as described in Note 38.1.

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 7,464,093 (30 September 2018: SAR 7,452,709 and 31 December 2018: SAR 9,936,945) (Note 38.11).

Total MAC borrowings (Note 38.8)	**10,861,912,535**	10,847,864,007	10,851,372,545

(All amounts in Saudi Riyals unless otherwise stated)

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

MRC facility

	30 September 2019	30 September 2018	31 December 2018
Public Investment Fund (Note 47.2)	**2,986,387,500**	2,986,387,500	2,986,387,500
Less: Transferred to Ma'aden during the period / year	**(2,986,387,500)**	-	-
Sub-total	**-**	2,986,387,500	2,986,387,500
Less: Transaction cost balance at the period / year end	**-**	(54,915,437)	(52,119,480)
Sub-total	**-**	2,931,472,063	2,934,268,020

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

The repayment of the loan started on 31 December 2016, on a six monthly basis, starting at SAR 30.8 million and increasing over the term of the loan with the final repayment of SAR 153.9 million on 30 June 2026 (Note 38.9).

During June 2018, the repayments due on 30 June 2018 and 31 December 2018 were deferred to be paid on 30 June 2019.

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 5,436,618 (30 September 2018: SAR 8,387,872 and 31 December 2018: SAR 11,183,829) (Note 38.11). The remaining balance of SAR 46,682,862 as at 30 June 2019 has been charged to the consolidated retained earnings attributable to the ordinary shareholders of the parent company during the period (Note 36.3).

Islamic and commercial banks			
Riyal procurement	**1,009,770,000**	1,009,770,000	1,009,770,000
Less: Repaid during the period / year end	**(75,993,000)**	-	-
Sub-total	**933,777,000**	1,009,770,000	1,009,770,000
Less: Transaction cost balance at the period / year end	**(10,843,840)**	(13,826,296)	(13,057,394)
Sub-total	**922,933,160**	995,943,704	996,712,606

The rate of commission on the principal amount of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin that varies over the term of the loan.

The margin / mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.45% per annum.

The repayment of the loan started on 31 December 2016, starting at SAR 10.4 million and increasing over the term of the loan with the final repayment of SAR 13.5 million on 30 June 2026 (Note 38.9).

During June 2018, the repayments due on 30 June 2018 and 31 December 2018 were deferred to be paid on 30 June 2019.

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 2,213,554 (30 September 2018: SAR 2,306,706 and 31 December 2018: SAR 3,075,608) (Note 38.11).

Sub-total carried forward	**922,933,160**	3,927,415,767	3,930,980,626

(All amounts in Saudi Riyals unless otherwise stated)

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

MRC facility (continued)

	30 September 2019	**30 September 2018**	**31 December 2018**
Balance brought forward	**922,933,160**	3,927,415,767	3,930,980,626
Saudi Industrial Development Fund	**425,000,000**	475,000,000	475,000,000
Less: Repaid during the period / year end	**(150,000,000)**	(50,000,000)	(50,000,000)
Sub-total	**275,000,000**	425,000,000	425,000,000
Less: Transaction cost balance at the period / year end	**(8,997,370)**	(14,857,237)	(13,126,746)
Sub-total	**266,002,630**	410,142,763	411,873,254
Repayment of the SIDF facility started from 25 January 2016, starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on 19 July 2021 (Note 38.9).			
During June 2018, the repayments due on 30 June 2018 and 31 December 2018 were deferred to be paid on 30 June 2019.			
The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 4,129,376 (30 September 2018: SAR 5,183,975 and 31 December 2018: SAR 6,914,466) (Note 38.11).			
Riyal Murabaha facility (a working capital facility)	**375,000,000**	375,000,000	375,000,000
During the quarter ended 30 September 2018, the rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is revised to SIBOR plus 1.20%.			
During the quarter ended 30 June 2019, the rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is revised to SIBOR plus 1.20% and the revised repayment of the Murabaha facility is due on 31 December 2019 (Note 38.9).			
Total MRC borrowings (Note 38.8)	**1,563,935,790**	4,712,558,530	4,717,853,880

(All amounts in Saudi Riyals unless otherwise stated)

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

MBAC facility

During July 2018, the company restructured its borrowing facilities by amending the PIF agreement and entering into the new CTA, whereas, the other facilities were prematurely settled in full.

	30 September 2019	30 September 2018	31 December 2018
Public Investment Fund	-	3,600,000,000	3,600,000,000
Less: Repaid during the period / year	-	(93,750,000)	(93,750,000)
Sub-total (Note 47.2)	-	3,506,250,000	3,506,250,000
Less: Transaction cost balance at the period / year end	-	-	-
Transferred to facility restructured on 16 July 2018	-	(3,506,250,000)	(3,506,250,000)
Sub-total	-	-	-

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 30 June 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 30 June 2027 (Note 38.9).

The upfront transaction cost incurred, is amortized over the term of the loan amounted to Nil (30 September 2018: SAR 5,979,758 and 31 December 2018: SAR 5,979,758) (Note 38.11). The remaining unamortized transaction cost amounting to SAR 69,746,252 was transferred to the restructured facility.

	30 September 2019	30 September 2018	31 December 2018
Islamic and commercial banks			
Dollar procurement	-	767,520,000	767,520,000
Riyal procurement	-	1,815,564,326	1,815,564,326
Commercial	-	248,400,000	248,400,000
Wakala	-	738,000,000	738,000,000
	-	3,569,484,326	3,569,484,326
Less: Repaid during the period / year	-	(3,569,484,326)	(3,569,484,326)
Sub-total	-	-	-
Less: Transaction cost balance at the period / year end	-	-	-
Sub-total	-	-	-

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 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 started from 30 June 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 30 June 2027 (Note 38.9).

The upfront transaction cost incurred, is amortized over the term of the loan amounted to Nil (30 September 2018: SAR 45,389,289 and 31 December 2018: SAR 45,389,289) (Note 38.11).

	30 September 2019	30 September 2018	31 December 2018
Sub-total carried forward	-	-	-

(All amounts in Saudi Riyals unless otherwise stated)

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

MBAC facility (continued)

	30 September 2019	30 September 2018	31 December 2018
Balance brought forward	**-**	-	-
Saudi Industrial Development Fund	**-**	860,000,000	860,000,000
Less: Repaid during the period / year	**-**	(860,000,000)	(860,000,000)
Sub-total	**-**	-	-
Less: Transaction cost balance at the period / year end	**-**	-	-
Sub-total	**-**	-	-
Repayment of the SIDF facility started from July 2017. The repayments started at SAR 40 million and increasing over the term of the loan with the final repayment of SAR 80 million in April 2024 (Note 38.9).			
SIDF has withheld loan processing and evaluation fee of SAR 75 million and will be amortized over the term of the loan.			
The upfront transaction cost incurred, is amortized over the term of the loan amounted to Nil (30 September 2018: SAR 48,680,596 and 31 December 2018: SAR 48,680,596) (Note 38.11).			
Riyal Murabaha facility (a working capital facility)	**-**	-	-
The rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is Saudi Interbank Offered Rate ("SIBOR") plus 0.95%.			
The repayment of Murabaha facility was due on 24 January 2019 (Note 38.9).			
Total MBAC borrowings (Note 38.8)	**-**	-	-
MBAC facility – restructured on 16 July 2018			
Public Investment Fund (Note 47.2)	**3,506,250,000**	3,506,250,000	3,506,250,000
Less: Repaid during the period / year	**(35,763,750)**	-	-
Sub-total	**3,470,486,250**	3,506,250,000	3,506,250,000
Less: Transaction cost balance at the period / year end	**(109,959,301)**	(119,199,648)	(116,927,162)
Sub-total	**3,360,526,949**	3,387,050,352	3,389,322,838
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is LIBOR plus 1.5%.			
After the restructuring on 16 July 2018, the repayment of the loan started on 30 June 2019, on a six monthly basis, starting at SAR 74.3 million and increasing over the term of the loan with the final repayment of SAR 392.7 million on 31 July 2031 (Note 38.9).			
The upfront transaction cost incurred on the restructuring amounting to SAR 42,562,500 has been added to the unamortized upfront transaction cost balance before restructuring amounting to SAR 69,746,252. Further, non-cash transaction cost amounting to SAR 9,163,384 was also added as the difference between the carrying value of the borrowing before restructuring and present value of the cash flows after restructuring, discounted using the effective interest rate of the borrowings before restructuring. The total amount is netted-off against the loan balance as on 16 July 2018 and is amortized over the term of the loan amounted to SAR 6,967,861 (30 September 2018: 2,272,488 and 31 December 2018: SAR 4,544,974) (Note 38.11).			
Sub-total carried forward	**3,360,526,949**	3,387,050,352	3,389,322,838

(All amounts in Saudi Riyals unless otherwise stated)

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

MBAC facility (continued)

	30 September 2019	30 September 2018	31 December 2018
Balance brought forward	**3,360,526,949**	3,387,050,352	3,389,322,838
Islamic and commercial banks			
Riyal Murabaha	**4,025,000,000**	4,025,000,000	4,025,000,000
Riyal Wakala	**220,000,000**	220,000,000	220,000,000
	4,245,000,000	4,245,000,000	4,245,000,000
Less: Repaid during the period / year	**(34,405,500)**	-	-
Sub-total	**4,210,594,500**	4,245,000,000	4,245,000,000
Less: Transaction cost balance at the period / year end	**(34,129,935)**	(39,026,449)	(37,802,897)
Sub-total	**4,176,464,565**	4,205,973,551	4,207,197,103

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 SIBOR plus a margin (mark-up in case of Wakala facilities) of 1.55% for Riyal Murabaha Tranche B and Riyal Wakala and 1.45% for Riyal Murabaha Tranche A.

The upfront transaction cost incurred amounting to SAR 40,250,000 is amortized over the term of the loan amounted to SAR 2,448,641 (30 September 2018: SAR 3,672,962 and 31 December 2018: SAR 2,447,103) (Note 38.11).

	30 September 2019	30 September 2018	31 December 2018
Riyal Murabaha facility (a working capital facility)	**686,693,750**	340,000,000	340,000,000
Less: Repaid during the period / year	**(340,000,000)**	-	-
Sub-total	**346,693,750**	340,000,000	340,000,000
Less: Transaction cost balance at the period / year end	**(2,604,791)**	-	-
Sub-total	**344,088,959**	340,000,000	340,000,000

Riyal Murabaha facility as at 31 December 2018 was repaid in full and a new Murabaha facilty was drawn down during the quarter ended 31 March 2019.

The rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period was Saudi Interbank Offered Rate ("SIBOR") plus 0.95% on the repaid facility and is SIBOR plus 0.8% on the new drawn down facility.

The repayment of Murabaha facility will be due in January 2024 (Note 38.9).

The upfront transaction cost incurred amounting to SAR 2,941,000 is amortized over the term of the loan amounted to SAR 336,209 (30 September 2018: Nil and 31 December 2018: Nil) (Note 38.11).

	30 September 2019	30 September 2018	31 December 2018
Total MBAC borrowings (Note 38.8)	**7,881,080,473**	7,933,023,903	7,936,519,941

(All amounts in Saudi Riyals unless otherwise stated)

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

MWSPC facility

	30 September 2019	30 September 2018	31 December 2018
Public Investment Fund (Note 47.2)	**6,839,278,174**	6,839,278,174	6,839,278,174
Less: Repaid during the period / year	**(102,589,249)**	-	-
Sub-total	**6,736,688,925**	6,839,278,174	6,839,278,174
Less: Transaction cost balance at the period / year end	**(50,815,530)**	(52,050,556)	(55,803,888)
Sub-total	**6,685,873,395**	6,787,227,618	6,783,474,286

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

The repayment of the principal amount of loan will be in 24 installments on a six monthly basis starting from 30 June 2019. The repayments are starting at SAR 112.5 million and increasing over the term of the loan with the final repayment of SAR 606 million on 31 December 2030 (Note 38.9).

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 4,988,358 (30 September 2018: SAR 5,427,586 and 31 December 2018: SAR 1,674,254) (Note 38.11).

	30 September 2019	30 September 2018	31 December 2018
Islamic and commercial banks			
Dollar procurement	**304,392,518**	304,392,518	304,392,518
Saudi Riyal procurement	**2,620,254,420**	2,620,254,420	2,620,254,420
Commercial	**5,182,626,350**	5,175,263,842	5,182,626,350
Wakala	**1,488,141,198**	1,488,141,198	1,488,141,198
Sub-total	**9,595,414,486**	9,588,051,978	9,595,414,486
Less: Repaid during the period / year	**(706,431,217)**	-	-
Sub-total	**8,888,983,269**	9,588,051,978	9,595,414,486
Less: Transaction cost balance at the period / year end	**(14,833,102)**	(23,665,917)	(16,721,061)
Sub-total	**8,874,150,167**	9,564,386,061	9,578,693,425

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

The repayment of the principal amounts of loans started from 30 June 2019. The repayments are starting at SAR 171 million and increasing over the term of the loan with the final repayment of SAR 809 million on 31 December 2030 (Note 38.9).

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 1,887,959 (30 September 2018: SAR 23,038,019 and 31 December 2018: SAR 29,982,875) (Note 38.11).

	30 September 2019	30 September 2018	31 December 2018
Sub-total carried forward	**15,560,023,562**	16,351,613,679	16,362,167,711

(All amounts in Saudi Riyals unless otherwise stated)

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

MWSPC facility

	30 September 2019	30 September 2018	31 December 2018
Balance brought forward	**15,560,023,562**	16,351,613,679	16,362,167,711
Saudi Industrial Development Fund	**3,845,000,000**	1,680,000,000	3,905,000,000
Less: Repaid during the period / year	**(60,000,000)**	-	(60,000,000)
Sub-total	**3,785,000,000**	1,680,000,000	3,845,000,000
Less: Transaction cost balance at the period / year end	**(281,703,957)**	(150,380,000)	(297,501,808)
Sub-total	**3,503,296,043**	1,529,620,000	3,547,498,192

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of 1.7% per annum.

The repayment of the principal amounts of loans started from 22 December 2018. The repayments are starting at SAR 60 million and increasing over the term of the loan (Note 38.9).

The upfront transaction cost incurred is amortized over the term of the loan amounted to SAR 15,797,851 (30 September 2018: SAR 3,780,000 and 31 December 2018: SAR 1,658,192) (Note 38.11).

Total MWSPC borrowings (Note 38.8)	**19,063,319,605**	17,881,233,679	19,909,665,903

Ma'aden facility (Loan agreement with PIF)

	30 September 2019	30 September 2018	31 December 2018
Public Investment Fund (Note 47.2)	**2,986,387,500**	-	-

38.3 Syndicated revolving credit facility

Ma'aden facility

	30 September 2019	30 September 2018	31 December 2018
Syndicated revolving credit facility (Note 38.9 and 50.3)	**-**	-	-

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

(All amounts in Saudi Riyals unless otherwise stated)

38.4 Facility utilized under the different CTA's

MGBM facility

	30 September 2019	30 September 2018	31 December 2018
As Suq mine			
Saudi Industrial Development Fund	**121,000,000**	143,000,000	143,000,000
Less: Repaid during the period / year	**(12,500,000)**	(11,000,000)	(22,000,000)
Sub-total	**108,500,000**	132,000,000	121,000,000
Less: Transaction cost balance at the period / year end	**(3,145,071)**	(5,088,933)	(4,555,155)
Sub-total	**105,354,929**	126,911,067	116,444,845

The repayment of this loan started on 20 July 2016, on a six monthly basis, starting at SAR 8 million and increasing over the term of the loan with the final repayment of SAR 18 million on 9 November 2022 (Note 38.9).

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 1,410,084 (30 September 2018: SAR 1,666,084 and 31 December 2018: SAR 2,199,862) (Note 38.11).

	30 September 2019	30 September 2018	31 December 2018
Ad-Duwayhi mine and water pipeline			
Saudi Industrial Development Fund	**920,000,000**	1,070,000,000	1,070,000,000
Less: Repaid during the period / year	**(80,000,000)**	(70,000,000)	(150,000,000)
Sub-total	**840,000,000**	1,000,000,000	920,000,000
Less: Transaction cost balance at the period / year end	**(26,176,997)**	(38,800,282)	(35,353,979)
Sub-total	**813,823,003**	961,199,718	884,646,021

The repayment of this loan started on 9 July 2017, on a six monthly basis, starting at SAR 60 million and increasing over the term of the loan with the final repayment of SAR 100 million on 30 October 2023 (Note 38.9).

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 9,176,982 (30 September 2018: SAR 10,671,789 and 31 December 2018: SAR 14,118,092) (Note 38.11).

	30 September 2019	30 September 2018	31 December 2018
Total MGBM borrowings (Note 38.8)	**919,177,932**	1,088,110,785	1,001,090,866

(All amounts in Saudi Riyals unless otherwise stated)

38.5 Facilities utilized under the different MFAs

MIC facility

	30 September 2019	30 September 2018	31 December 2018
HSBC Saudi Arabia Limited – as agent for the Murabaha facility participants	**805,000,000**	883,000,000	883,000,000
Less: Repaid during the period / year	**(39,000,000)**	(39,000000)	(78,000,000)
Sub-total	**766,000,000**	844,000,000	805,000,000
Less: Transaction cost balance at the period / year end	**(6,250,000)**	(7,250,000)	(7,000,000)
	759,750,000	836,750,000	798,000,000
Total MIC borrowings (Note 38.8)	**759,750,000**	836,750,000	798,000,000

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

The repayment of the principal amount of the loan started from 30 December 2016, in equal principal repayments of SAR 39 million, on a semi-annual over a 10 year period with the final principal repayment of SAR 298 million on 30 December 2025 (Note 38.9).

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 750,000 (30 September 2018: SAR 750,000 and 31 December 2018: SAR 1,000,000) (Note 38.11).

MPC facility

	30 September 2019	30 September 2018	31 December 2018
Riyad Bank – as agent for the Murabaha facility participants	**5,900,882,353**	10,344,375,000	10,344,375,000
Less: Repaid during the period / year	**(737,610,295)**	(4,443,492,647)	(4,443,492,647)
Sub-total	**5,163,272,058**	5,900,882,353	5,900,882,353
Less: Transaction cost balance at the period / year end	**(34,545,876)**	(48,247,168)	(44,679,272)
	5,128,726,182	5,852,635,185	5,856,203,081
Total MPC borrowings (Note 38.8)	**5,128,726,182**	5,852,635,185	5,856,203,081

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

The repayment of this loan started from 25 February 2017, starting at SAR 575 million and increasing over the term of the loan with the final repayment of SAR 3,448 million on 25 February 2023 (Note 38.9).

The upfront transaction cost balance is amortized over the term of the loan amounted to SAR 10,133,396 (30 September 2018: SAR 34,648,331 and 31 December 2018: SAR 38,216,227) (Note 38.11).

(All amounts in Saudi Riyals unless otherwise stated)

38.6 Facility utilized under SFA

MPC facility

	30 September 2019	30 September 2018	31 December 2018
HSBC Saudi Arabia – as agent for the sukuk facility	**3,500,000,000**	3,500,000,000	3,500,000,000
Less: Transaction cost balance at the period / year end	**(3,755,551)**	(4,368,146)	(4,217,888)
	3,496,244,449	3,495,631,854	3,495,782,112
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of SIBOR plus 1.35% per annum			
The one-time repayment of this loan will be on 20 February 2025 (Note 38.9).			
The upfront transaction cost balance is amortized over the term of the loan amounted to SAR 462,337 (30 September 2018: SAR 356,854 and 31 December 2018: SAR 507,112) (Note 38.11).			
Total MPC borrowings (Note 38.8)	**3,496,244,449**	3,495,631,854	3,495,782,112

38.7 Meridian

	30 September 2019	30 September 2018	31 December 2018
Commercial banks			
First National Bank of Nigeria Limited	**182,175,000**	-	-
The above loan relates to commodity trade finance facility renewable annually and bearing interest at LIBOR plus 7.5% per annum			
African Development Bank Limited	**45,032,840**	-	-
The above loan relates to soft commodities finance facility for USD 20 million and is due for renewal in December 2020, bearing interest at LIBOR plus 4.5% per annum			
Bank overdraft and other facilities	**141,392,440**	-	-
Total Borrowings (Note 38.8)	**368,600,280**	-	-

(All amounts in Saudi Riyals unless otherwise stated)

38.8 Total borrowings

	Notes	30 September 2019	30 September 2018	31 December 2018
Facilities utilized under:				
CTAs:				
MAC – restructured on 14 December 2017	38.2	**10,957,875,000**	10,957,875,000	10,957,875,000
MRC	38.2	**1,583,777,000**	4,796,157,500	4,796,157,500
MBAC – restructured on 16 July 2018	38.2	**8,027,774,500**	8,091,250,000	8,091,250,000
MWSPC	38.2	**19,410,672,194**	18,107,330,152	20,279,692,660
Ma'aden	38.2	**2,986,387,500**	-	-
Syndicated Revolving Credit Facility:				
Ma'aden	38.3	**-**	-	-
MGBM facility	38.4	**948,500,000**	1,132,000,000	1,041,000,000
MFAs:				
MIC	38.5	**766,000,000**	844,000,000	805,000,000
MPC	38.5	**5,163,272,058**	5,900,882,353	5,900,882,353
SFA:				
MPC	38.6	**3,500,000,000**	3,500,000,000	3,500,000,000
Meridian	38.7	**368,600,280**	-	-
Sub-total	50	**53,712,858,532**	53,329,495,005	55,371,857,513
Less: Transaction cost balance at the period / year end		**(683,723,786)**	(681,687,062)	(805,369,185)
Sub-total	38	**53,029,134,746**	52,647,807,943	54,566,488,328
Less: Current portion of borrowings shown under current liabilities				
MRC		**794,751,061**	754,930,500	960,572,745
MBAC		**213,534,375**	410,169,250	485,503,000
MWSPC		**904,908,441**	779,956,555	716,071,386
MGBM		**185,000,000**	103,500,000	185,000,000
MIC		**78,000,000**	78,000,000	78,000,000
MPC		**737,610,294**	737,610,294	737,610,294
Ma'aden		**2,986,387,500**	-	-
Meridian		**333,560,044**	-	-
Sub-total		**6,233,751,715**	2,864,166,599	3,162,757,425
Long-term portion of borrowings	38	**46,795,383,031**	49,783,641,344	51,403,730,903

38.9 Maturity profile of long-term borrowings

	Note	30 September 2019	30 September 2018	31 December 2018
2018		**-**	190,000,000	-
2019		**4,970,356,061**	3,166,642,599	3,162,757,425
2020		**2,518,688,043**	2,444,259,673	2,438,872,312
2021		**3,736,615,981**	4,104,938,609	4,098,343,546
2022		**4,466,573,538**	4,871,026,983	4,862,984,944
2023		**5,472,310,388**	5,947,764,955	5,938,367,968
2024		**3,821,663,217**	4,165,905,723	4,155,259,835
2025 through 2030		**28,726,651,304**	28,438,956,463	30,715,271,483
Total	49.3	**53,712,858,532**	53,329,495,005	55,371,857,513

38.10 Facilities' currency denomination

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

	30 September 2019 (US$)	30 September 2018 (US$)	31 December 2018 (US$)
Public Investment Fund (US$)	**4,658,383,380**	4,695,277,513	4,695,277,513
Islamic and commercial banks			
Procurement (US$)	**79,953,768**	81,171,338	81,171,338
Procurement (SAR)	**841,593,626**	968,006,512	968,006,512
Commercial (US$)	**1,860,596,596**	1,781,070,358	1,783,033,693
Wakala (SAR)	**395,218,823**	455,504,320	455,504,320
Murabaha (SAR)	**2,445,158,533**	2,454,333,333	2,454,333,333
Sub-total	**5,622,521,346**	5,740,085,861	5,742,049,196
Saudi Industrial Development Fund (SAR)	**1,335,599,999**	863,200,000	1,416,266,666
Murabaha facility (SAR)	**986,139,216**	1,118,635,294	1,108,235,294
Murabaha facility (USD)	**595,000,000**	680,000,000	680,000,000
Sukuk facility (SAR)	**933,333,333**	933,333,333	933,333,333
Riyal Murabaha facility (a working capital facility) (SAR)	**192,451,667**	190,666,667	190,666,667
Total	**14,323,428,941**	14,221,198,668	14,765,828,669

(All amounts in Saudi Riyals unless otherwise stated)

38.11 Amortization of transaction cost

		Quarter ended		Nine months ended		Year ended
	Notes	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
CTAs:						
MAC – restructured on 14 December 2017	38.2	**3,513,330**	3,508,544	**10,539,990**	10,525,632	14,034,170
MRC	38.2	**2,114,308**	5,287,851	**11,779,548**	15,878,553	21,173,903
MBAC	38.2	**3,659,010**	79,347,208	**10,977,032**	94,382,298	97,878,336
Facility signed on 27 November 2011		**-**	85,014,553	**-**	100,049,643	100,049,643
Facility restructured on 16 July 2018		**3,659,010**	3,496,039	**10,977,032**	3,496,039	6,992,077
Non-cash transaction cost		**-**	(9,163,384)	**-**	(9,163,384)	(9,163,384)
MWSPC	38.2	**7,478,641**	10,660,004	**22,674,168**	32,245,605	33,315,321
MGBM facility	38.4	**3,359,290**	3,980,082	**10,587,066**	12,337,873	16,317,954
MFAs:						
MIC	38.5	**250,000**	250,000	**750,000**	750,000	1,000,000
MPC	38.5	**3,311,833**	(1,222,528)	**10,133,396**	34,648,331	38,216,227
SFA:						
MPC	38.6	**156,024**	153,819	**462,337**	356,854	507,112
Sub-total		**23,842,436**	101,964,980	**77,903,537**	201,125,146	222,443,023
Less: Capitalised as part of capital work-in-progress						
MWSPC	15.1,21	**-**	10,660,004	**-**	32,245,605	29,464,834
Total charged to finance cost	15	**23,842,436**	91,304,976	**77,903,537**	168,879,541	192,978,189

38.12 Security

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

	Notes	30 September 2019	30 September 2018	31 December 2018
Mine properties	18.2	**5,040,911,449**	4,043,482,940	5,243,258,431
Property, plant and equipment	19.2	**27,461,520,326**	4,583,288,791	27,704,144,742
Capital work-in-progress	21.1	**1,014,753,342**	24,742,260,695	606,061,169
Intangible assets	22	**12,041,209**	14,490,268	13,878,004
Total		**33,529,226,326**	33,383,522,694	33,567,342,346

(All amounts in Saudi Riyals unless otherwise stated)

39 Provision for decommissioning, site rehabilitation and dismantling obligations

	Notes	30 September 2019	30 September 2018	31 December 2018
Gold mines	39.1	**114,172,712**	104,620,701	106,543,501
Bauxite mine	39.2	**94,452,399**	36,400,425	108,214,608
Phosphate mines	39.3	**170,366,775**	135,665,465	164,888,037
Low grade bauxite, kaolin and magnesite mines	39.4	**4,610,823**	5,907,460	5,979,183
Total		**383,602,709**	282,594,051	385,625,329

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

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

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

(All amounts in Saudi Riyals unless otherwise stated)

39.1 Gold mines

	Notes	As Suq mine	Mahad mine	Ad Duwayhi mine	Al-Amar mine	Sukhaybarat mine	Bulghah mine	Total
1 January 2018		15,310,498	22,337,682	12,551,782	8,437,893	13,860,371	24,750,589	97,248,815
Increase arising from passage of time during the period	15	1,080,037	1,790,081	1,082,697	669,187	1,040,883	1,709,001	7,371,886
30 September 2018	39	16,390,535	24,127,763	13,634,479	9,107,080	14,901,254	26,459,590	104,620,701
Increase arising from passage of time during the remainder of the year	15	284,144	470,926	278,399	172,078	267,657	449,596	1,922,800
31 December 2018	39	16,674,679	24,598,689	13,912,878	9,279,158	15,168,911	26,909,186	106,543,501
Increase arising from passage of time during the period	15	1,850,122	1,079,545	1,766,323	694,044	1,116,273	1,122,904	7,629,211
30 September 2019	39	**18,524,801**	**25,678,234**	**15,679,201**	**9,973,202**	**16,285,184**	**28,032,090**	**114,172,712**
Commenced commercial production in		2014	1988	2016	2008	1991	2001	
Expected closure date in		2023	2023	2027	2029	2034	2034	

(All amounts in Saudi Riyals unless otherwise stated)

39.2 Bauxite mine

	Notes	Al-Ba'itha mine
1 January 2018		35,000,134
Increase arising from passage of time during the period	15	1,400,291
30 September 2018	39	36,400,425
Increase arising from passage of time during the remainder of the year	15	311,176
Increase in provision during the remainder of the year	18	71,503,007
31 December 2018	39	108,214,608
Increase arising from passage of time during the period	15	2,986,594
Adjustment in provision during the period	18	(16,748,803)
30 September 2019	39	**94,452,399**
Commenced commercial production in		2014
Expected closure date in		2059

39.3 Phosphate mines

	Notes	Al-Jalamid mine	Al-Khabra mine	Total
1 January 2018		60,319,270	90,485,083	150,804,353
Increase arising from passage of time during the period	15	587,854	3,436,619	4,024,473
Adjustment in provision during the period	18	(19,163,361)	-	(19,163,361)
30 September 2018	39	41,743,763	93,921,702	135,665,465
Increase arising from passage of time during the remainder of the year	15	6,981,190	1,174,531	8,155,721
Increase in provision during the remainder of the year	18	-	1,903,490	1,903,490
Adjustment in provision during the remainder of the year	18	19,163,361	-	19,163,361
31 December 2018	39	67,888,314	96,999,723	164,888,037
Increase arising from passage of time during the period	15	2,275,075	3,203,663	5,478,738
30 September 2019	39	**70,163,389**	**100,203,386**	**170,366,775**
Commenced commercial production in		2008	2017	
Expected closure date in		2042	2045	

39.4 Low grade bauxite, kaolin and magnesite mines

	Notes	Az-Zabirah mine	Al-Ghazallah mine	Madinah plants	Total
1 January 2018		2,223,298	230,306	3,166,245	5,619,849
Increase arising from passage of time during the period	15	159,975	16,704	110,932	287,611
30 September 2018	39	2,383,273	247,010	3,277,177	5,907,460
Increase arising from passage of time during the remainder of the year	15	43,358	3,713	24,652	71,723
31 December 2018	39	2,426,631	250,723	3,301,829	5,979,183
Increase arising from passage of time during the period	15	56,727	2,830	72,988	132,545
Adjustment during the period	18	(482,269)	(161,957)	(856,679)	(1,500,905)
30 September 2019	39	**2,001,089**	**91,596**	**2,518,138**	**4,610,823**
Commenced commercial production in		2008	2011	2011	
Expected closure date in		2036	2057	2041	

(All amounts in Saudi Riyals unless otherwise stated)

40 Lease liability

	Note	30 September 2019	30 September 2018	31 December 2018
Future minimum lease payments	40.1	**2,105,196,844**	36,413,799	28,117,012
Less: Future finance cost not yet due	40.2	**(835,255,095)**	(1,341,776)	(933,232)
Net present value of minimum lease payments	7.2	**1,269,941,749**	35,072,023	27,183,780
Less: Current portion of lease liability shown under current liabilities		**(123,903,881)**	(22,080,226)	(21,462,970)
Long-term portion of lease liability		**1,146,037,868**	12,991,797	5,720,810

Maturity profile

Minimum lease payments falling due during the following years:

2018	**-**	8,296,787	-
2019	**47,176,805**	22,315,272	22,315,272
2020	**178,686,452**	5,801,740	5,801,740
2021	**125,562,968**	-	-
2022	**75,771,608**	-	-
2023	**71,279,574**	-	-
2024 thereafter	**1,606,719,437**	-	-
Total	**2,105,196,844**	36,413,799	28,117,012

40.1 Movement in future minimum lease payments:

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
1 July / 1 January		**2,248,629,129**	46,069,508	**28,117,012**	65,380,978	65,380,978
IFRS 16 adjustments:						
Initial recognition of lease liability	20	**-**	-	**2,221,617,470**	-	-
Adjustment	20	**-**	-	**(5,322,016)**	-	-
Sub-total		**2,248,629,129**	46,069,508	**2,244,412,466**	65,380,978	65,380,978
Additions during the quarter / period / year	20	**(91,790,167)**	-	**33,836,599**	-	-
Payments during the quarter / period / year		**(50,018,919)**	(9,655,709)	**(167,915,897)**	(28,967,179)	(37,263,966)
Adjustment		**(1,623,199)**	-	**(5,136,324)**	-	-
30 September / 31 December	40	**2,105,196,844**	36,413,799	**2,105,196,844**	36,413,799	28,117,012

40.2 Movement in future finance cost:

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
1 July / 1 January		**(856,205,760)**	(1,913,366)	**(933,232)**	(3,532,891)	(3,532,891)
IFRS 16 adjustments:						
Initial recognition of lease liability	20	**-**	-	**(872,116,435)**	-	-
Adjustment	20	**-**	-	**236,442**	-	-
Sub-total		**(856,205,760)**	(1,913,366)	**(872,813,225)**	(3,532,891)	(3,532,891)
Accretion of future finance cost during the quarter / period / year	15	**10,526,943**	571,590	**39,074,085**	2,191,115	2,599,659
Additions during the quarter / period / year	20	**10,114,204**	-	**(1,825,473)**	-	-
Adjustment		**309,518**	-	**309,518**	-	-
30 September / 31 December	40	**(835,255,095)**	(1,341,776)	**(835,255,095)**	(1,341,776)	(933,232)

The future minimum lease payments have been discounted, using an effective interest rate of approximately 4% per annum, to its present value.

(All amounts in Saudi Riyals unless otherwise stated)

41 Derivative financial instruments

		Quarter ended		Nine months ended		Year ended
	Note	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
1 July / 1 January		**217,903,161**	-	**28,888,908**	-	-
Net settlement of accrued derivative interest		**5,662,847**	-	**9,039,994**	-	1,948,045
Accrual during the quarter / period / year	15	**5,662,847**	-	**12,972,402**	-	1,948,045
Paid during the quarter / period / year		**-**	-	**(3,932,408)**	-	-
Loss in fair value of hedge instrument charged to other comprehensive income		**57,249,645**	-	**242,886,751**	-	26,940,863
30 September / 31 December		**280,815,653**	-	**280,815,653**	-	28,888,908

Loss in fair value of hedge instrument charged to other comprehensive income is attributable to:

		Quarter ended		Nine months ended		Year ended
	Note	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
Ordinary shareholders of the parent company		**42,879,985**	-	**181,922,177**	-	20,178,706
Non-controlling interest	36.3	**14,369,660**	-	**60,964,574**	-	6,762,157
Total		**57,249,645**	-	**242,886,751**	-	26,940,863

MAC and MBAC entered into interest rate swap agreements ("hedge instrument") with financial institutions for a certain portion of its long-term borrowings to hedge against the changes in the LIBOR ("hedge item"). The hedging instruments and hedging item have similar critical terms such as reference rate, reset dates, payment dates, maturities and notional amount.

The arrangement has been designated as hedging arrangement since its inception and subject to prospective testing of hedge effectiveness at each reporting date. As on 30 September 2019, the hedge effectiveness was evaluated to be 100% as all critical terms matched throughout the year.

The various agreements entered, by the companies were as follows:

- Effective 1 October 2018, for a notional amount of SAR 1,820,250,000 with a maturity date of 29 September 2023
- Effective 1 April 2019, for a notional amount of SAR 1,800,000,000 with a maturity date of 1 April 2024
- Effective 30 June 2019, for a notional amount of SAR 1,227,187,500 with a maturity date of 28 June 2024

The swap contracts require settlement of net interest receivable or payable every six months ending 31 March and 30 September. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

The effect of interest swaps on the Company's financial position and performance are as follows:

	30 September 2019	30 September 2018	31 December 2018
Carrying amount (liability)	**280,815,653**	-	28,888,908
Notional amount	**4,847,437,500**	-	1,820,250,000
Hedge ratio	**1:1**	-	1:1
Loss in value of hedge item used to determine hedge effectiveness	**242,886,751**	-	26,940,863

Accumulated loss in fair value of outstanding hedging instruments

	Quarter ended		Nine months ended		Year ended
	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
1 July / 1 January	**212,577,969**	-	**26,940,863**	-	-
Loss for the quarter / period / year charged to other comprehensive loss	**57,249,645**	-	**242,886,751**	-	26,940,863
30 September / 31 December	**269,827,614**	-	**269,827,614**	-	26,940,863

(All amounts in Saudi Riyals unless otherwise stated)

42 Employees' benefits

	Notes	30 September 2019	30 September 2018	31 December 2018
Employees' end of service termination benefits obligation	42.1	**622,394,622**	522,830,712	545,417,883
Employees' savings plan	42.2	**92,194,103**	72,928,360	73,045,857
Total		**714,588,725**	595,759,072	618,463,740

42.1 Employees' end of service termination benefits obligation

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

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

Amounts recognized in the consolidated statement of financial position

The amounts recognised in the consolidated statement of financial position and the movements in the employees' end of service termination benefits obligation over the quarter / period / year are as follows:

		Quarter ended		Nine months ended		Year ended
	Notes	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2017
1 July / 1 January		**591,677,706**	487,241,607	**545,417,883**	462,754,423	462,754,423
Total amount recognised in profit or loss		**36,413,695**	44,712,175	**96,470,661**	96,189,831	114,434,904
Current service cost		**31,028,275**	39,856,475	**80,314,398**	81,622,733	93,617,211
Finance cost	15	**5,385,420**	4,855,700	**16,156,263**	14,567,098	20,817,693
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	42.1.1	**-**	-	**-**	-	26,239,111
Loss from change in financial assumptions		**-**	-	**-**	-	26,239,111
Experience gains		**-**	-	**-**	-	-
Settlements		**(5,696,779)**	(9,123,070)	**(19,493,922)**	(36,113,542)	(58,010,555)
30 September / 31 December	42	**622,394,622**	522,830,712	**622,394,622**	522,830,712	545,417,883

42.1.1 Loss attributable to the re-measurements of employees' end of service termination benefits obligation recognised in other comprehensive income:

		Quarter ended		Nine months ended		Year ended
	Notes	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
Re-measurement loss debited in other comprehensive income during the quarter / period / year*		**-**	-	**-**	-	24,162,881
Re-measurement loss capitalised as part of qualifying assets in capital work-in-progress during the quarter / period / year	21	**-**	-	**-**	-	2,076,230
Total	42.1	**-**	-	**-**	-	26,239,111

(All amounts in Saudi Riyals unless otherwise stated)

42.1 Employees' end of service termination benefits obligation (continued)

*Re-measurement loss debited in other comprehensive income during the quarter / period / year is attributable to:

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Shareholders of the parent company		**-**	-	**-**	-	21,246,663
Non-controlling interest	36.2,36.3	**-**	-	**-**	-	2,916,218
Total		**-**	-	**-**	-	24,162,881

Significant actuarial assumptions

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

	30 September 2019	30 September 2018	31 December 2018
Discount rate	**4.5%**	4.5%	4.5%
Salary increase rate	**2.5-4.5%**	2.5-4.5%	2.5-4.5%
Mortality rate	**A90 table**	A90 table	A90 table
Withdrawal rate	**5%**	5%	5%

Sensitivity analysis

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

	Sensitivity level % increase	Impact on termination benefit obligation	Sensitivity level % decrease	Impact on termination benefit obligation
30 September 2019				
Discount rate	**1%**	**(60,308,659)**	**1%**	**77,460,329**
Salary increase rate	**1%**	**77,016,977**	**1%**	**(61,098,034)**
Mortality rate	**10%**	**(106,594)**	**10%**	**106,856**
Withdrawal rate	**10%**	**(1,650,565)**	**10%**	**1,724,111**
30 September 2018				
Discount rate	1%	(51,292,906)	1%	62,057,847
Salary increase rate	1%	61,797,177	1%	(52,042,373)
Mortality rate	10%	(88,966)	10%	89,249
Withdrawal rate	10%	(1,469,977)	10%	1,536,728
31 December 2018				
Discount rate	1%	(60,308,659)	1%	77,460,329
Salary increase rate	1%	77,016,977	1%	(61,098,034)
Mortality rate	10%	(106,594)	10%	106,856
Withdrawal rate	10%	(1,650,565)	10%	1,724,111

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

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

(All amounts in Saudi Riyals unless otherwise stated)

42.1 Employees' end of service termination benefits obligation (continued)

Effect of employees' end of service termination benefits obligation on entity's future cash flows

The weighted average duration of the employees' end of service termination benefits obligation is 12.74 years. The expected maturity analysis of undiscounted employees' end of service termination benefits obligation is as follows:

	30 September 2019	30 September 2018	31 December 2018
2018	**-**	28,378,663	-
2019	**23,303,244**	21,012,053	36,046,842
2020	**25,479,050**	25,665,186	27,135,289
2021	**30,105,937**	25,815,733	30,216,231
2022	**20,853,027**	23,636,146	20,482,643
2023	**21,460,586**	23,636,146	21,456,586
2024	**21,460,586**	23,636,146	21,456,586
2025 and thereafter	**886,149,711**	727,188,330	863,899,139
Total	**1,028,812,141**	898,968,403	1,020,693,316

42.2 Employees' savings plan

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
1 July / 1 January		**89,221,005**	69,914,840	**73,045,857**	69,872,871	69,872,871
Contribution for the quarter / period / year		**10,290,072**	13,702,556	**31,111,626**	34,258,078	41,620,333
Withdrawals during the quarter / period / year		**(7,316,974)**	(10,689,036)	**(11,963,380)**	(31,202,589)	(38,447,347)
30 September / 31 December	32,42	**92,194,103**	72,928,360	**92,194,103**	72,928,360	73,045,857

43 Projects, trade and other payables

	Notes	30 September 2019	30 September 2018	31 December 2018
Non-current portion				
Gross retention withheld from progress payments		**761,046,365**	1,124,531,359	841,759,354
Less: Current portion of retention payable (see below)		**(761,046,365)**	(811,715,540)	(640,030,514)
		-	312,815,819	201,728,840
Less: Unamortized discount for long-term retention payable	43.1	**-**	(21,903,106)	(11,052,030)
Present value of long-term portion of retention payable		**-**	290,912,713	190,676,810
Non-refundable contributions	43.2	**97,982,126**	126,853,567	110,887,008
Sub-total		**97,982,126**	417,766,280	301,563,818
Current portion				
Current portion of retention payable (see above)		**761,046,365**	811,715,540	640,030,514
Projects		**358,758,299**	394,710,367	381,341,917
Trade		**1,641,189,828**	1,029,478,690	1,131,989,815
Advances from customers		**21,583,603**	21,299,543	14,761,906
Due to MBCC		**-**	4,003,933	-
Other		**36,993,812**	27,080,920	47,267,960
Sub-total		**2,819,571,907**	2,288,288,993	2,215,392,112
Total	49.3,51	**2,917,554,033**	2,706,055,273	2,516,955,930

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

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

(All amounts in Saudi Riyals unless otherwise stated)

43.1 Movement in unamortized discount for long-term retention payable

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
1 July / 1 January		-	(29,687,967)	**(11,052,030)**	(42,328,871)	(42,328,871)
Unwinding of discount of non-current retention payable charged to finance cost	15	-	7,784,861	**11,052,030**	20,425,765	31,276,841
30 September / 31 December	43	-	(21,903,106)	**-**	(21,903,106)	(11,052,030)

43.2 Movement in non-refundable contributions

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
1 July / 1 January		**102,958,889**	130,669,508	**110,887,008**	133,582,586	133,582,586
1% deduction from certain contractor's progress payments		**2,075,165**	2,024,320	**6,973,165**	21,080,454	25,453,667
Provision for research and development fund	16	**-**	1,606,463	**-**	4,565,636	4,524,918
Provision for community development fund	16	**-**	1,606,463	**-**	4,565,636	4,524,918
Payments made to community support project		**(7,051,928)**	(9,053,187)	**(19,878,047)**	(36,940,745)	(57,199,081)
30 September / 31 December	43	**97,982,126**	126,853,567	**97,982,126**	126,853,567	110,887,008

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

44 Accrued expenses

	Notes	30 September 2019	30 September 2018	31 December 2018
Projects		**280,433,187**	695,858,323	490,588,399
Trade		**1,346,504,874**	637,614,943	1,164,954,284
Employees		**193,056,480**	188,404,628	220,005,734
Accrued expenses – Alcoa Corporation	47.1,47.2	**42,361,953**	42,700,927	33,767,454
Accrued expenses – The Mosaic Company	47.1,47.2	**-**	3,475,440	-
Total	49.3,51	**1,862,356,494**	1,568,054,261	1,909,315,871

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

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

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

45 Zakat and income tax payable

	Notes	30 September 2019	30 September 2018	31 December 2018
Zakat payable	45.2	**115,779,428**	145,854,193	189,153,041
Income tax payable	45.5	**4,454,293**	3,864,171	1,548,530
Total		**120,233,721**	149,718,364	190,701,571

(All amounts in Saudi Riyals unless otherwise stated)

45.1 Components of zakat base

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

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

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

45.2 Zakat payable

		Quarter ended		Nine months ended		Year ended
	Notes	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
1 July / 1 January		**59,568,150**	94,414,091	**189,153,041**	115,597,038	115,597,038
Provision for zakat		**56,211,278**	51,440,102	**108,410,834**	172,933,507	216,232,355
Current quarter / period / year	45.3	**56,211,278**	54,259,390	**107,766,881**	145,854,193	189,153,041
Prior quarter / period / year under / (over) provision		**-**	(2,819,288)	**643,953**	27,079,314	27,079,314
Paid during quarter / period / year to the authorities	30,45.4	**-**	-	**(181,784,447)**	(142,676,352)	(142,676,352)
30 September / 31 December	45	**115,779,428**	145,854,193	**115,779,428**	145,854,193	189,153,041

45.3 Provision for zakat consists of:

		Quarter ended		Nine months ended		Year ended
	Notes	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
Saudi Arabian Mining Company		**26,895,481**	29,904,022	**56,268,368**	73,675,676	93,555,304
Ma'aden Gold and Base Metals Company	46.2	**(318,872)**	(3,625,624)	**4,513,608**	13,662,234	13,601,477
Industrial Minerals Company		**570,140**	756,737	**2,384,960**	2,414,936	2,430,870
Ma'aden Infrastructure Company		**838,302**	656,734	**2,323,031**	2,283,652	2,988,100
Ma'aden Phosphate Company		**925,845**	6,018,655	**1,985,181**	14,845,883	23,202,808
Ma'aden Wa'ad Al-Shamal Phosphate Company		**6,393,083**	4,963,513	**6,393,083**	14,997,885	16,671,397
Ma'aden Aluminium Company		**11,031,175**	5,879,429	**13,010,698**	14,268,003	17,553,584
Ma'aden Rolling Company		**-**	2,000,000	**-**	2,000,000	3,105,620
Ma'aden Bauxite and Alumina Company		**9,876,124**	7,705,924	**20,887,952**	7,705,924	16,043,881
Total	45.2	**56,211,278**	54,259,390	**107,766,881**	145,854,193	189,153,041

(All amounts in Saudi Riyals unless otherwise stated)

45.4 Status of final assessments

The Company and its three wholly owned subsidiaries have diligently filed their consolidated zakat returns and have received provisional zakat certificates for the years ended 31 December 2009 to 31 December 2018. However, during April 2017, the GAZT has issued final zakat assessments for the Company and its three wholly owned subsidiaries for the 5 years starting from 2009 until 2013 with an additional zakat liability of SAR 46,336,320.

During the year ended 31 December 2017, Ma'aden paid these final zakat assessments in full, in compliance with Article 66 of the Zakat and Income Tax Law, to reserve its right to appeal. Ma'aden filed an appeal before the Preliminary Appeal Committee (PAC) and the amount paid of SAR 44,575,187 (Note 29) was disclosed as a receivable, pending the appeal. However, during the quarter ended 31 March 2018, the appeal was withdrawn, the final assessments issued for the 5 years were accepted and the receivable was expensed in the consolidated statement of profit or loss.

No final assessment for the Company and its three wholly owned subsidiaries for the five years, 2014 to 2018, have been issued by GAZT.

For the remaining 5 subsidiaries with minority shareholders, comprising of Saudi and foreign shareholders, zakat and income tax returns have been filed diligently from the date of incorporation (see Note 2) until 31 December 2018 and provisional zakat and income tax certificates upto 31 December 2018 have been received, but no final zakat and income tax assessments.

45.5 Income tax payable

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
1 July / 1 January		**3,932,311**	3,174,226	**1,548,530**	26,059,632	26,059,632
Addition through business combination	5	**3,143,130**	-	**3,143,130**	-	-
(Reversal) / provision for income tax	24.1	**(2,156,936)**	689,945	**226,845**	(7,883,670)	(10,199,311)
Current quarter / period / year	45.6	**(2,156,936)**	689,945	**226,845**	3,864,171	1,548,530
Prior quarter / period / year over provision		**-**	-	**-**	(11,747,841)	(11,747,841)
Paid during quarter / period / year to the authorities		**(464,212)**	-	**(464,212)**	(14,311,791)	(14,311,791)
30 September / 31 December	45	**4,454,293**	3,864,171	**4,454,293**	3,864,171	1,548,530

45.6 Provision for income tax consist of:

	Note	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Ma'aden Wa'ad Al-Shamal Phosphate Company		**(2,383,781)**	379,196	**-**	434,387	-
Ma'aden Aluminium Company		**-**	310,749	**-**	3,429,784	1,548,530
Meridian		**226,845**	-	**226,845**	-	-
Total	45.5	**(2,156,936)**	689,945	**226,845**	3,864,171	1,548,530

(All amounts in Saudi Riyals unless otherwise stated)

46 Severance fees payable

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
1 July / 1 January		**17,936,374**	67,377,253	**124,800,448**	73,079,354	73,079,354
Provision for severance fee made during the quarter / period / year	9	**36,216,528**	35,333,206	**52,031,609**	101,702,364	123,792,353
Current quarter / period / year charge	46.1	**36,216,528**	35,333,206	**54,152,902**	102,710,459	124,800,448
Prior quarter / period / year adjustment		**-**	-	**(2,121,293)**	(1,008,095)	(1,008,095)
Paid during quarter / period / year to the authorities		**-**	-	**(122,679,155)**	(72,071,259)	(72,071,259)
30 September / 31 December		**54,152,902**	102,710,459	**54,152,902**	102,710,459	124,800,448

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

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

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

46.1 Provision for severance fees consists of:

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Gold mines	46.2	**35,891,731**	35,043,516	**53,224,881**	101,918,086	123,731,990
Low grade bauxite		**189,208**	104,093	**476,377**	319,347	444,828
Kaolin		**74,261**	141,246	**253,194**	233,721	298,600
Magnesia		**51,682**	10,080	**128,780**	145,548	182,930
Dead burned magnesia		**8,994**	20,065	**26,205**	78,601	112,625
Monolithic		**324**	-	**553**	950	950
Raw ore magnesia		**328**	14,206	**42,912**	14,206	28,525
Total	46	**36,216,528**	35,333,206	**54,152,902**	102,710,459	124,800,448

(All amounts in Saudi Riyals unless otherwise stated)

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

	Notes	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Net income from operating mines before zakat and severance fee for the quarter / period / year		**175,449,318**	99,454,851	**264,111,836**	522,241,695	591,395,989
25% of the year's net income as defined		**43,862,329**	24,863,713	**66,027,959**	130,560,424	147,848,997
Hypothetical income tax based on year's taxable net income		**35,572,859**	31,417,892	**57,738,489**	115,580,320	137,333,467
Provision based on the lower of the above two computations		**35,572,859**	31,417,892	**57,738,489**	115,580,320	137,333,467
Reversal / (provision) of provision for zakat	45.3	**318,872**	3,625,624	**(4,513,608)**	(13,662,234)	(13,601,477)
Net severance fee provision for the quarter / period / year	46.1	**35,891,731**	35,043,516	**53,224,881**	101,918,086	123,731,990

(All amounts in Saudi Riyals unless otherwise stated)

47 Related party transactions and balances

47.1 Related party transactions

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

Transactions with different non-controlling shareholders in subsidiaries

	Notes	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Year ended 31 December 2018
Sales of MAC to Alcoa Inespal, S.A., in accordance with a shareholders off-take agreement, during the period / year		**722,232,280**	883,905,615	1,165,530,810
Sales of MPC through SABIC, in accordance with a marketing agreement, during the period / year		**993,245,871**	1,139,746,594	1,647,716,745
Sales of MWSPC through SABIC, in accordance with a marketing agreement – the pre-commercial production DAP sales revenue, net of production cost for the quarter ended 30 September 2019 amounting to Nil (30 September 2018: SAR 182,248,578 and 31 December 2018: SAR 130,299,157) has been credited against capital work-in-progress		**345,327,670**	258,066,238	258,066,238
Sales of MWSPC through The Mosaic Company, in accordance with a marketing agreement – the pre-commercial production DAP sales revenue, net of production cost for the period ended 30 September 2019 amounting to Nil (30 September 2018: SAR 314,791,562 and 31 December 2018: SAR 287,368,760) has been credited against capital work-in-progress		**610,848,626**	445,748,742	569,153,142
Dividend paid to SABIC, a non-controlling shareholder in MPC	36.3	**-**	28,807,037	-
Cost of seconded employees, technology fee and other cost paid to Alcoa Corporation during the period / year	44	**35,982,387**	67,574,943	83,440,308
Cost of seconded employees, technology fee and other cost paid to The Mosaic Company during the period / year	44	**43,471,200**	42,047,860	46,696,420

47.2 Related party balances

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

	Note	30 September 2019	30 September 2018	31 December 2018
Due from joint venture partner				
Due from Alcoa Corporation being a parent company of a non-controlling shareholder in MAC, MRC and MBAC	27	**-**	36,907,244	36,686,041

(All amounts in Saudi Riyals unless otherwise stated)

47.2 Related party balances (continued)

	Notes	30 September 2019	30 September 2018	31 December 2018
Trade and other receivables due from:				
Non-controlling shareholders:				
• SABIC in MPC - trade		**241,447,582**	248,805,651	290,801,690
• SABIC in MWSPC - trade		**113,965,736**	60,193,439	32,382,542
Sub-total – trade receivables due from SABIC	30	**355,413,318**	308,999,090	323,184,232
• The Mosaic Company in MWSPC - trade	30	**141,816,506**	-	29,807,095
Sub-total – trade receivables		**497,229,824**	308,999,090	352,991,327
Subsidiaries of a non-controlling shareholder:				
• Alcoa Inespal, S.A. in MAC - trade	30	**76,717,652**	126,015,229	93,099,730
• Alcoa Warrick LLC in MAC - trade	30	**186,643,609**	55,774,640	6,644,548
Sub-total – due from Alcoa		**263,361,261**	181,789,869	99,744,278
A joint venture company:				
• MBCC - other	30	**95,205**	1,388,168	1,107,238
A special purpose vehicle:				
• SMP - other	30	**-**	4,189,613	5,556
Total		**760,686,290**	496,366,740	453,848,399
Due to joint venture partner				
• Due to Alcoa Corporation	37	**-**	289,613,893	195,267,690
***Long-term borrowings from PIF a* 65.44% shareholder in Ma'aden**				
Due to PIF for the financing of the:				
MAC facility – restructured on 14 December 2017	38.2	**4,275,375,000**	4,275,375,000	4,275,375,000
MRC facility	38.2	**-**	2,986,387,500	2,986,387,500
MBAC facility – restructured on 16 July 2018	38.2	**3,470,486,250**	3,506,250,000	3,506,250,000
MWSPC facility	38.2	**6,736,688,925**	6,839,278,174	6,839,278,174
Ma'aden facility	38.2	**2,986,387,500**	-	-
Total		**17,468,937,675**	17,607,290,674	17,607,290,674
Payable to the parent company (ultimate shareholder) of a non-controlling shareholder:				
• Payments to increase share capital received from Alcoa Corporation in MBAC		**68,155,432**	298,542,857	298,542,857
• Accrued expenses due to Alcoa Corporation in MAC and MBAC	44	**42,361,953**	42,700,927	33,767,454
Total		**110,517,385**	341,243,784	332,310,311
Payable to a joint venture company				
• MBCC - other	44	**-**	4,003,933	-
Payable to a non-controlling shareholder				
• Accrued expenses due to The Mosaic Company in MWSPC	44	**-**	3,475,440	-

(All amounts in Saudi Riyals unless otherwise stated)

47.3 Key management personnel compensation

	Quarter ended		Nine months ended		Year ended
	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
Short-term employee benefits	**13,454,500**	9,001,417	**39,892,932**	23,571,892	22,099,530
Employees' end of service termination benefits	**1,012,704**	4,810,467	**3,048,872**	8,995,296	6,155,094
Total	**14,467,204**	13,811,884	**42,941,804**	32,567,188	28,254,624

48 Commitments and contingent liabilities

48.1 Capital commitments

	30 September 2019	30 September 2018	31 December 2018
Capital expenditure contracted for:			
Property, plant and equipment	**7,911,998,013**	3,993,019,901	4,101,443,730

48.2 Guarantees

	Notes	30 September 2019	30 September 2018	31 December 2018
Guarantee in favor of Saudi Aramco, for future diesel and gas feedstock supplies		**117,849,604**	327,185,541	332,248,042
Guarantees in favor of Ministry of Energy, Industry and Mineral Resources, for future purified phosphoric acid, fuel and feed stocks supplies		**-**	262,500,000	-
Guarantee in favor of Saudi Aramco for future supply of molten sulfur		**234,375,000**	234,375,000	234,375,000
Guarantees in favor of SIDF and other financial institutions for financing facilities available to:*				
SAMAPCO	23.2.2	**450,000,000**	450,000,000	450,000,000
MBCC	23.2.2	**-**	375,000,000	375,000,000
Sub-total		**450,000,000**	825,000,000	825,000,000
Guarantee in favor of Saudi Ports Authority		**18,845,851**	18,879,717	18,879,717
Guarantee in favor of General Authority for Meteorology and Environment		**-**	3,604,900	1,753,297
Guarantees in favor of Jordan Phosphate Mine for future supply of concentrated ore		**123,149,394**	-	-
Others		**13,511,511**	12,171,546	22,583,714
Total		**957,731,360**	1,683,716,704	1,434,839,770

*Ma'aden guarantees to SIDF and other financial institutions for granting financing facilities to SAMAPCO and MBCC to the extent of its shareholding of 50% in the jointly controlled entities (Note 23.2).

48.3 Letters of credit

	30 September 2019	30 September 2018	31 December 2018
Three letters of credit sight, for the purpose of purchasing equipment and materials	**5,954,662**	2,143,800	11,377,635

48.4 Contingent liabilities

The Group has contingent liabilities from time to time with respect to certain disputed matters, including claims by and against contractors and lawsuits and arbitrations involving a variety of issues. These contingent liabilities arise out of the ordinary course of business. It is not anticipated that any material liabilities will be incurred as a result of these contingent liabilities.

49 Financial risk management

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

- market risk
- credit risk and
- liquidity risk

49.1 Market risk

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

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

Financial instruments affected by market risk includes other investments, due from joint venture partner, trade receivables, time deposits, cash and cash equivalents, due to joint venture partner, long-term borrowings, obligation under lease, projects, trade and other payables, accrued expenses and derivative financial instruments.

The sensitivity analysis in the following sections relate to the positions as at the year end.

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

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

49.1.1 Foreign currency exchange risk

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

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

Foreign currency exposure

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

	30 September 2019	**30 September 2018**	**31 December 2018**
Trade receivables	**-**	-	-
Project, trade and other payables and accrued expenses	**18,230,289**	42,716,324	23,331,286
Total	**18,230,289**	42,716,324	23,331,286

(All amounts in Saudi Riyals unless otherwise stated)

49 Financial risk management (continued)

49.1.1 Foreign currency exchange risk (continued)

Amount recognised in consolidated financial statements

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

		Quarter ended		Nine months ended		Year ended
	Note	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
Foreign exchange (loss) / gain included in other income / expense	16	**3,274,426**	3,207,403	**5,054,143**	(53,080)	3,027,391

Foreign currency sensitivity analysis

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

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

	Quarter ended		Nine months ended		Year ended
	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
SAR/ EURO exchange rate					
- Increase by 10%	**2,282,954**	(22,186)	**2,552,382**	3,492,236	1,103,467
- decrease by 10%	**(2,282,954)**	22,186	**(2,552,382)**	(3,492,236)	(1,103,467)

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

49.1.2 Interest rate risk

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

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

Cash flow hedge

The Group has entered into interest rate swap agreements which have been designated as cash flow hedge. Since the critical terms under the hedging arrangement are similar, the hedging effectiveness is expected to remain 100% throughout the life of the hedging arrangement. Below is the notional amount covered under the hedging arrangement:

	Note	30 September 2019	30 September 2018	31 December 2018
Notional amount hedged	41	**4,847,437,500**	-	1,820,250,000

(All amounts in Saudi Riyals unless otherwise stated)

49 Financial risk management (continued)

49.1.2 Interest rate risk (continued)

Interest rate exposure

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

	Note	30 September 2019	30 September 2018	31 December 2018
Fixed interest rate borrowings		**5,008,500,000**	3,237,000,000	5,311,000,000
Variable interest rate borrowings – repricing dates 6 months or less		**48,704,358,532**	50,092,495,005	50,060,857,513
Total	38.9	**53,712,858,532**	53,329,495,005	55,371,857,513

Interest rate sensitivity analysis

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

	Quarter ended		Nine months ended		Year ended
	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
Interest rate					
- increase by 100 basis points	**(173,321,024)**	(127,266,304)	**(713,680,915)**	(375,693,713)	(904,634,124)
- decrease by 100 basis points	**173,321,024**	127,266,304	**713,680,915**	375,693,713	904,634,124

49.1.3 Commodity price risk

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

The Group makes sale of certain gold, by-products, phosphate and aluminium products on a provisional pricing basis. Revenue and a corresponding receivable from the sale of provisionally priced commodities is recognised when control over the promised goods have been transferred to the customer (which would generally be at a point in time, i.e. the date of delivery) and revenue can be measured reliably. At this date, the amount of revenue and receivable to be recognised will be estimated based on the forward market price of the commodity being sold.

However, the Group faces a risk that future adverse change in price of gold and aluminium products would result in the reduction of receivable balance. Except for gold and phosphate, the Group's normal policy is to sell its products at prevailing market prices. The Group does not generally believe commodity price hedging would provide long-term benefit to the shareholders.

Commodity price exposure

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

	Note	30 September 2019	30 September 2018	31 December 2018
Trade receivables pertaining to:				
Phosphate		**1,431,523,315**	1,226,476,675	1,209,106,908
Aluminium		**903,133,214**	968,983,397	724,846,103
Gold		**244,373,951**	223,096,739	166,515,887
Total	30	**2,579,030,480**	2,418,556,811	2,100,468,898

Policies and procedure to manage commodity price risk

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

(All amounts in Saudi Riyals unless otherwise stated)

49 Financial risk management (continued)

49.1.3 Commodity price risk (continued)

Commodity price sensitivity analysis

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

	30 September 2019	30 September 2018	31 December 2018
Increase / (decrease) in phosphate prices			
Increase of 10% in USD per tonne	**116,727,955**	122,633,016	117,577,991
Decrease of 10% in USD per tonne	**(116,727,955)**	(122,633,016)	(117,577,991)
Increase / (decrease) in aluminium LME prices			
Increase of 10% in USD per tonne	**287,284,113**	96,898,340	432,255,220
Decrease of 10% in USD per tonne	**(287,284,113)**	(96,898,340)	(432,255,220)
Increase / (decrease) in gold prices			
Increase of 10% in USD per oz	**137,641,353**	153,192,122	197,633,747
Decrease of 10% in USD per oz	**(137,641,353)**	(153,192,122)	(197,633,747)

Physical commodity contracts

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

49.2 Credit risk

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

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

Credit risk exposure

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

The Group has limited number of customers and have no history of defaults. The Group calculates life time ECL through an internally developed model. Life time ECL is computed based on days past due and rating grade of the counterparty. An allowance for life time ECL is reported either as “not impaired” or “impaired” exposure accordingly.

Cash and short-term investments are substantially placed with commercial banks with sound credit ratings. Time deposits are placed with financial institutions with investment grade rating, which are considered to have low credit risk, hence provision is recognised at an amount equal to 12 month ECL unless there is evidence of significant increase in credit risk of the counter party.

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

(All amounts in Saudi Riyals unless otherwise stated)

49 Financial risk management (continued)

49.2 Credit risk (continued)

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

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

	Note	Life time ECL not credit impaired	Life time ECL credit impaired	Total
Trade and other receivable (less VAT receivable and employees' home ownership program receivables)		2,967,330,512	37,151	2,967,367,663
Less: Allowance for expected credit losses				
Secured		-	-	-
Unsecured		(280,897)	(16,718)	(297,615)
Total credit loss allowance	30.1	(280,897)	(16,718)	(297,615)
Carrying amount		**2,967,049,615**	**20,433**	**2,967,070,048**

	Notes	12 month ECL	Life time ECL not credit impaired	Life time ECL credit impaired	Total
Time deposits	31	2,351,500,000	-	-	2,351,500,000
Less: Credit loss allowance	31.1	(2,201,194)	-	-	(2,201,194)
Carrying amount		**2,349,298,806**	**-**	**-**	**2,349,298,806**

Impairment losses on financial assets recognized in consolidated statement of profit or loss were as follows:

		Quarter ended		Nine months ended		Year ended
	Notes	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
1 July / 1 January		**2,498,809**	1,277,913	**2,722,969**	1,277,913	1,277,913
(Reversal) / increase in allowance during the quarter / period / year on:						
- Trade and other receivables	30.1	**-**	-	**(224,160)**	-	185,390
- Time deposits	31.1	**-**	-	**-**	-	1,259,666
		-	-	**(224,160)**	-	1,445,056
30 September / 31 December		**2,498,809**	1,277,913	**2,498,809**	1,277,913	2,722,969

(All amounts in Saudi Riyals unless otherwise stated)

49 Financial risk management (continued)

49.2 Credit risk (continued)

Trade receivables

The analysis of trade receivables that were past due but not impaired are as follows:

	Note	30 September 2019	30 September 2018	31 December 2018
Neither past due nor impaired		**2,396,580,330**	2,265,368,755	2,028,134,159
Past due not impaired				
< 30 days		**30,657,810**	93,034,563	41,238,611
30-60 days		**12,186,388**	28,353,597	18,090,896
61-90 days		**1,730,590**	15,755,321	89,657
> 90 days, net		**137,875,362**	16,044,575	12,915,575
Total	30	**2,579,030,480**	2,418,556,811	2,100,468,898

49.3 Liquidity risk

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

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

	Notes	30 September 2019	30 September 2018	31 December 2018
Time deposits	31	**2,351,500,000**	2,553,000,000	3,535,000,000
Unrestricted cash and cash equivalents	32	**4,307,617,444**	3,726,017,612	5,320,116,207
Total		**6,659,117,444**	6,279,017,612	8,855,116,207

Liquidity risk exposure

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

	Notes	30 September 2019	30 September 2018	31 December 2018
Floating rate				
- Expiring within 1 year				
• Syndicated Revolving Credit Facility	38.3	**-**	-	-
- Expiring beyond 1 year				
• Syndicated Revolving Credit Facility	38.3	**7,500,000,000**	7,500,000,000	7,500,000,000
• Other facilities (mainly for project financing)		**-**	2,472,669,848	2,465,307,340
Fixed rate				
- Expiring within 1 year		**-**	-	-
- Expiring beyond 1 year		**95,000,000**	420,000,000	95,000,000
Total		**7,595,000,000**	10,392,669,848	10,060,307,340

(All amounts in Saudi Riyals unless otherwise stated)

49 Financial risk management (continued)

49.3 Liquidity risk (continued)

Maturities of financial liabilities

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

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

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

Contractual maturities of financial liabilities	1st year	2nd years	3 - 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Non-derivatives as at:						
30 September 2019						
Long-term borrowings (Note 38)	7,898,799,324	5,555,037,752	18,511,307,087	37,360,247,557	69,325,391,720	53,029,134,746
Lease liability (Note 40)	127,627,954	175,403,009	272,643,904	1,529,521,977	2,105,196,844	1,269,941,749
Derivative financial instruments (Note 41)	280,815,653	-	-	-	280,815,653	280,815,653
Projects, trade and other payables (Note 43)	2,819,571,907	97,982,126	-	-	2,917,554,033	2,917,554,033
Accrued expenses (Note 44)	1,636,168,789	-	-	-	1,636,168,789	1,636,168,789
Total	**12,762,983,627**	**5,828,422,887**	**18,783,950,991**	**38,889,769,534**	**76,265,127,039**	**59,133,614,970**
Non-derivatives as at:						
30 September 2018						
Long-term borrowings (Note 38)	4,444,927,049	6,106,802,847	22,623,203,345	39,429,141,539	72,604,074,780	52,647,807,943
Finance lease obligation (Note 40)	22,113,343	14,300,456	-	-	36,413,799	36,413,799
Projects, trade and other payables (Note 43)	2,288,288,993	417,766,280	-	-	2,706,055,273	2,706,055,273
Accrued expenses (Note 44)	1,568,054,261	-	-	-	1,568,054,261	1,568,054,261
Total	**8,323,383,646**	**6,538,869,583**	**22,623,203,345**	**39,429,141,539**	**76,914,598,113**	**56,958,331,276**
Non-derivatives as at:						
31 December 2018						
Long-term borrowings (Note 38)	5,009,409,497	4,551,190,229	21,759,548,622	43,537,848,911	74,857,997,259	54,839,306,269
Finance lease obligation (Note 40)	22,315,272	5,801,740	-	-	28,117,012	27,183,780
Derivative financial instruments (Note 41)	28,888,908	-	-	-	28,888,908	28,888,908
Projects, trade and other payables (Note 43)	2,215,392,112	301,563,818	-	-	2,516,955,930	2,516,955,930
Accrued expenses (Note 44)	1,800,328,455	-	-	-	1,800,328,455	1,800,328,455
Total	**9,076,334,244**	**4,858,555,787**	**21,759,548,622**	**43,537,848,911**	**79,232,287,564**	**59,212,663,342**

(All amounts in Saudi Riyals unless otherwise stated)

50 Capital management

Risk management

The Group's objectives when managing capital are to

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

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

The net debts of the Group are as follows:

	Notes	30 September 2019	30 September 2018	31 December 2018
Net debt				
Time deposits	31	**2,351,500,000**	2,553,000,000	3,535,000,000
Cash and cash equivalents	32	**4,307,617,444**	3,726,017,612	5,320,116,207
Long-term borrowings - payable within one year	38.8	**(4,970,356,061)**	(2,976,649,599)	(3,162,757,425)
Long-term borrowings - payable after one year	38.8	**(48,742,502,471)**	(50,352,852,406)	(52,209,100,088)
Finance lease obligation - payable within one year	40.2,40.3	**(47,176,805)**	(8,296,787)	(22,315,272)
Finance lease obligation - payable after one year	40.2,40.3	**(2,058,020,039)**	(28,117,012)	(5,801,740)
Net debt		**(49,158,937,932)**	(47,086,898,192)	(46,544,858,318)

(All amounts in Saudi Riyals unless otherwise stated)

50 Capital management (continued)

Net debt reconciliation

The movement in net debt is as follows:

		Other assets		Liabilities from financing activities				
	Notes	**Time deposits (Note 31)**	**Cash and cash equivalents (Note 32)**	**Long-term borrowings - payable within one year (Note 38.8)**	**Long-term borrowings - payable after one year (Note 38.8)**	**Finance lease obligation – payable within one year (Note 40.1)**	**Finance lease obligation - payable after one year (Note 40.1)**	**Total**
1 Jan. 2018		2,240,000,000	4,281,744,159	(3,195,086,817)	(51,491,295,630)	(37,263,966)	(28,117,012)	(48,230,019,266)
Cash flows for the period		313,000,000	(555,726,547)	218,437,218	1,138,443,224	28,967,179	-	1,143,121,074
30 September 2018		2,553,000,000	3,726,017,612	(2,976,649,599)	(50,352,852,406)	(8,296,787)	(28,117,012)	(47,086,898,192)
Cash flows for the remainder of the year		982,000,000	1,594,098,595	(186,107,826)	(1,856,247,682)	(14,018,485)	22,315,272	542,039,874
31 December 2018		3,535,000,000	5,320,116,207	(3,162,757,425)	(52,209,100,088)	(22,315,272)	(5,801,740)	(46,544,858,318)
IFRS 16 adjustments:								
Initial recognition of lease liability	40	-	-	-	-	-	(2,221,617,470)	(2,221,617,470)
Adjustment	40	-	-	-	-	-	5,322,016	5,322,016
Sub-total		3,535,000,000	5,320,116,207	(3,162,757,425)	(52,209,100,088)	(22,315,272)	(2,222,097,194)	(48,761,153,772)
Additions during the quarter / period / year	40	-	-	-	-	-	(33,836,599)	(33,836,599)
Adjustment	40	-	-	-	-	-	5,136,324	5,136,324
Addition through business combination	5	-	-	-	(328,539,701)	-	-	(328,539,701)
Cash flows for the period		(1,183,500,000)	(1,012,498,763)	(1,807,598,636)	3,795,137,318	(24,861,533)	192,777,430	(40,544,184)
30 September 2019		**2,351,500,000**	**4,307,617,444**	**(4,970,356,061)**	**(48,742,502,471)**	**(47,176,805)**	**(2,058,020,039)**	**(49,158,937,932)**

(All amounts in Saudi Riyals unless otherwise stated)

50 Capital management (continued)

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

"Long-term borrowings divided by total equity and long-term borrowings (as shown in the consolidated statement of financial position, including non-controlling interests)."

The gearing ratios, in accordance with the financial covenants pertaining to the long-term borrowings (Note 38.1), as at the end of the period / year were as follows:

	Note	30 September 2019	30 September 2018	31 December 2018
Long term borrowings	38.8	**53,712,858,532**	53,329,495005	55,371,857,513
Total equity		**35,903,069,915**	36,402,338,236	36,694,426,248
Total equity and net debt		**89,615,928,447**	89,731,833,241	92,066,283,761
Debt to equity ratio		**0.60**	0.60	0.60

51 Financial assets and financial liabilities

The Group holds the following classes of financial instruments:

	Notes	30 September 2019	30 September 2018	31 December 2018
Financial assets measured at amortised cost				
Other investments	25	**45,545,000**	50,000,000	47,850,000
Due from joint venture partner	27	**-**	36,907,244	36,686,041
Trade and other receivable (less VAT and employees' home ownership program receivables)	30	**2,967,070,048**	2,559,599,623	2,241,257,454
Time deposits	31	**2,371,422,874**	2,571,009,546	3,556,910,113
Cash and cash equivalents	32	**92,194,103**	3,798,945,972	5,393,162,064
Total		**5,476,232,025**	9,016,462,385	11,275,865,672
Financial liabilities measured at amortised cost				
Long-term borrowings	38	**53,029,134,746**	52,647,807,943	54,839,306,269
Lease liability	40	**2,105,196,844**	36,413,799	28,117,012
Projects, trade and other payables	43	**2,917,554,033**	2,706,055,273	2,516,955,930
Accrued expenses	44	**1,636,168,789**	1,568,054,261	1,800,328,455
Total		**59,688,054,412**	56,958,331,276	59,184,707,666

The impact of applying FVTPL to trade receivables that do not meet the solely payment of principal and interest ("SPPI") is immaterial and therefore all trade receivables are accounted for on amortized cost. Other investments are measured at amortized cost less any impairment losses, see Note 25.

In accordance with IFRS 7 paragraph 29(a), disclosures of fair value are not required when the carrying amount is a reasonable approximation of its fair value for financial instruments such as short-term trade receivables and payables. IFRS 7 paragraph 29(d) equally applies to lease liabilities.

Long-term borrowings are initially recognised at their fair value (being proceeds received, net of eligible transaction costs incurred) if any. Subsequent to the initial recognition long-term borrowings are measured at amortised cost using the effective interest rate method. The fair value measurement hierarchy, on a non-recurring basis for liabilities, is Level 3 – significant unobservable inputs.

52 Events after the reporting date

No events have arisen subsequent to 30 September 2019 and before the date of signing the independent auditor's review report, that could have a significant effect on the consolidated interim financial statements as at 30 September 2019.

53 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 profit of the Group for the previous quarter / period / year.

54 Assets held and liabilities incurred under fiduciary administration

On 6 January 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 20 February 2012), for the purpose of establishing an industrial city in the Northern Borders Province, by the name of "Wa'ad 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.

In 2014, an additional amount of USD 250 million has been received and deposited in a separate bank account that 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.

In 2016, the remaining amount of USD 310 million was received. The amounts can only be utilised 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.

As of 30 September 2019, total net assets of the project amounted to SAR 2,625,000,000 (30 September 2018: SAR 2,625,000,000 and 31 December 2018: SAR 2,625,000,000).

(All amounts in Saudi Riyals unless otherwise stated)

55 Detailed information about the subsidiaries and joint ventures

		Issued and paid-up share capital			Effective group interest %			Cost of investment by parent company		
Subsidiaries	Nature of business	30 September 2019	30 September 2018	31 December 2018	30 Sep. 2019	30 Sep. 2018	31 Dec. 2018	30 September 2019	30 September 2018	31 December 2018
MGBM	Gold mining	**867,000,000**	867,000,000	867,000,000	**100**	100	100	**867,000,000**	867,000,000	867,000,000
MIC	Manage and develop infrastructure projects	**500,000**	500,000	500,000	**100**	100	100	**500,000**	500,000	500,000
IMC	Kaolin, low grade bauxite and magnesite mining	**344,855,200**	344,855,200	344,855,200	**100**	100	100	**344,855,200**	344,855,200	344,855,200
MMDC	Phosphate fertilizer distribution	**1,000,000**	-	-	**100**	-	-	**1,000,000**	-	-
MRC	Aluminium sheets for can body and lids and automotive heat treated and non-heat treated sheet	**2,477,371,807**	2,477,371,807	2,477,371,807	**100**	74.9	74.9	**2,477,371,807**	1,855,551,483	1,855,551,483
MAC	Aluminium ingots, T-shape ingots, slabs and billets	**6,573,750,000**	6,573,750,000	6,573,750,000	**74.9**	74.9	74.9	**4,923,738,750**	4,923,738,750	4,923,738,750
MBAC	Bauxite mining and refining	**4,828,464,412**	4,828,464,412	4,828,464,412	**74.9**	74.9	74.9	**3,616,519,845**	3,616,519,845	3,616,519,845
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
MWSPC	Phosphate mining and fertilizer producer	**7,942,501,875**	7,942,501,875	7,942,501,875	**60**	60	60	**4,765,501,125**	4,765,501,125	4,765,501,125
Sub-total								**21,342,422,727**	20,719,602,403	20,719,602,403
Joint ventures										
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
MBCC	Production of copper and associated minerals	**404,965,291**	404,965,291	404,965,291	**50**	50	50	**202,482,646**	202,482,646	202,482,646
Sub-total								**652,482,646**	652,482,646	652,482,646
Total								**21,994,905,373**	21,372,085,049	21,372,085,049

All the subsidiaries and joint ventures listed above are incorporated in the Kingdom of Saudi Arabia except as mentioned in Note 2.