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

Consolidated interim financial statements
for the quarter and nine months ended September 30, 2012 (Unaudited)

Commercial registration number	1010164391	
Directors	Engr. Abdallah Bin Saif Al-Saif	Chairman
	H.E. Soliman Bin Saad Al-Hamyyd	
	H.E. Mohammed Bin Abdullah Al-Kharashi	
	Dr. Ziad Bin Abdulrahman Al-Sudairy	
	Mr. Sultan Bin Jamal Shawli	
	Engr. Khalid Al Mudaifer	
	Mr. Mansour Bin Saleh Al-Maiman	
	Engr. Khalid Bin Hamad Al-Senani	
	Mr. Abdulaziz bin Abdullah Al Sugair	
Registered address	Building number 395 Abi bakr Asseddiq Road, South Exit 6, North Ring Road Riyadh Kingdom of Saudi Arabia	
Postal address	P.O. Box 68861 Riyadh 11537 Kingdom of Saudi Arabia	
Bankers	The Saudi British Bank (SABB)	
Auditors	PricewaterhouseCoopers Kingdom Tower, 21st Floor King Fahad Road P.O. Box 8282 Riyadh 11482 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 distinguishing the responsibilities of the management and those of the independent auditors in relation to the consolidated interim financial statements of Saudi Arabian Mining Company (Ma'aden) and its subsidiaries ("the Group").

The management is responsible for the preparation of the consolidated interim financial statements that present fairly the consolidated financial position of the Group as at September 30, 2012, the results of its operations, changes in shareholders' equity and cash flows for the quarter and nine months then ended, in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

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

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

The management is also responsible for:

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

The consolidated interim financial statements for the quarter and nine months ended September 30, 2012 set out on pages 5 to 53, were approved and authorized for issue by the Board of Directors on October 10, 2012 (corresponding to 24 Dhu-al-qa'dah 1433) and signed on its behalf by:

Engr. Khalid H. Al-Senani Authorized by the Board	Engr. Khalid Al Mudaifer President and Chief Executive Officer	Mr. Khalid Al-Rowais Chief Financial Officer

October 10, 2012
Riyadh
Kingdom of Saudi Arabia

pwc

Independent auditor's review report to the shareholders of
Saudi Arabian Mining Company (Ma'aden)
(A Saudi Arabian joint stock company)

Scope of review

We have reviewed the accompanying consolidated interim statement of financial position of Saudi Arabian Mining Company ("Ma'aden" or the "Company") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2012 and the related consolidated interim statements of income and cash flows for the three and nine months ended September 30, 2012 and the changes in shareholders' equity for the nine months then ended, and the notes from 1 to 43 which form an integral part of these consolidated interim financial statements. These consolidated interim financial statements are the responsibility of the Group's management.

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

Conclusion

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

PricewaterhouseCoopers

By: ______________________
Omar M. Al Sagga
License Number 369

October 10, 2012
Riyadh
Kingdom of Saudi Arabia

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License No. 25, Licensed Partners: Omar M. Al Sagga (369), Khalid A. Mahdhar (368), Mohammed A. Al Obaidi (367), Ibrahim R. Habib (383)

MA'ADEN

Consolidated interim statement of financial position as at September 30, 2012 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	September 30, 2012	September 30, 2011	December 31, 2011
Assets				
Current assets				
Cash and cash equivalents	7	**5,719,055,162**	2,984,022,366	5,044,478,181
Short-term investments	8	**4,527,313,606**	5,812,434,348	6,181,085,507
Trade and other receivables	9	**519,644,785**	455,481,455	481,514,210
Inventories	10	**814,728,051**	629,660,768	561,796,672
Advances and prepayments	11	**156,484,694**	116,705,397	41,873,687
		11,737,226,298	9,998,304,334	12,310,748,257
Non-current assets				
Advances and prepayments	11	**791,482,508**	586,677,526	624,123,837
Investment in jointly controlled entity	13	**448,476,370**	450,000,000	448,154,100
Property, plant and equipment	14	**18,628,475,019**	181,623,892	7,450,689,814
Pre-operating expenses and deferred charges	15	**667,166,178**	357,538,254	356,794,916
Capital work-in-progress	16	**18,677,395,309**	26,295,989,978	22,239,884,168
Exploration and evaluation assets	17	**237,130,599**	121,255,226	143,330,308
Intangible assets	18	**247,379,363**	-	-
		39,697,505,346	27,993,084,876	31,262,977,143
Total assets		**51,434,731,644**	37,991,389,210	43,573,725,400
Liabilities				
Current liabilities				
Projects and other payables	19	**1,785,990,627**	1,045,741,593	1,332,495,045
Accrued expenses	20	**1,673,581,003**	924,420,014	1,503,425,929
Zakat payable	21.2	**87,880,286**	62,071,136	141,108,124
Severance fees payable	22	**159,243,634**	62,496,731	83,433,989
Current portion of long-term borrowings	25.2	**794,258,304**	630,279,772	762,383,304
		4,500,953,854	2,725,009,246	3,822,846,391
Non-current liabilities				
Provision for mine closure and reclamation	23	**89,304,828**	90,923,831	90,884,799
Employee benefits	24	**163,708,433**	133,662,110	139,515,024
Long-term borrowings	25.2	**24,318,664,349**	15,140,764,854	18,815,478,234
		24,571,677,610	15,365,350,795	19,045,878,057
Total liabilities		**29,072,631,464**	18,090,360,041	22,868,724,448
Equity				
Share capital	26	**9,250,000,000**	9,250,000,000	9,250,000,000
Statutory reserve				
Share premium	27	**5,250,000,000**	5,250,000,000	5,250,000,000
Transfer of net income	28	**284,327,877**	242,996,397	284,327,877
Retained earnings		**2,887,547,985**	1,963,810,504	2,202,108,620
Equity attributable to shareholders' of the parent company		**17,671,875,862**	16,706,806,901	16,986,436,497
Non-controlling interest	29	**4,690,224,318**	3,194,222,268	3,718,564,455
Total equity		**22,362,100,180**	19,901,029,169	20,705,000,952
Total liabilities and equity		**51,434,731,644**	37,991,389,210	43,573,725,400
Commitments and contingent liabilities	39			

	Notes	Quarter ended September 30, 2012	Quarter ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Year ended December 31 2011
Sales	30	**1,608,505,905**	225,212,466	**3,659,198,197**	653,337,362	1,479,285,091
Cost of sales	31	**(1,017,555,496)**	(98,866,202)	**(2,320,134,684)**	(276,694,356)	(531,711,939)
Gross profit		**590,950,409**	126,346,264	**1,339,063,513**	376,643,006	947,573,152
Operating expenses						
General and administrative expenses	32	**(82,950,072)**	(56,198,886)	**(224,230,575)**	(171,311,774)	(235,455,326)
Exploration expenses	33	**(23,366,238)**	(22,798,061)	**(64,885,582)**	(76,590,901)	(116,056,918)
Technical services expenses		**(3,459,149)**	(4,460,930)	**(10,268,344)**	(14,532,998)	(14,188,139)
Operating income		**481,174,950**	42,888,387	**1,039,679,012**	114,207,333	581,872,769
Other (expenses) / income						
Share in net income / (loss) of jointly controlled entity	13	**137,438**	-	**322,270**	-	(1,845,900)
Income from short-term investments	34	**8,361,166**	15,176,741	**34,216,865**	61,086,224	75,155,805
Financial charges	35	**(47,031,879)**	-	**(127,085,755)**	-	(11,369,399)
Other income / (expenses)		**12,591,891**	465,292	**27,312,783**	(2,638,746)	13,813,569
Income before zakat		**455,233,566**	58,530,420	**974,445,175**	172,654,811	657,626,844
Provision for zakat	21.2	**(25,641,181)**	(31,344,016)	**(75,993,389)**	(40,510,547)	(119,547,535)
Net income for the period / year		**429,592,385**	27,186,404	**898,451,786**	132,144,264	538,079,309
Net income attributable to:						
Shareholders' of the parent company	6	**311,123,648**	27,413,864	**685,439,365**	133,685,208	413,314,804
Non-controlling interest's share of period's / year's net income / (loss) in subsidiary companies	29	**118,468,737**	(227,460)	**213,012,421**	(1,540,944)	124,764,505
		429,592,385	27,186,404	**898,451,786**	132,144,264	538,079,309
Earnings per ordinary share (Saudi Riyals)						
Operating income per share		**0.52**	0.05	**1.12**	0.12	0.63
Basic and diluted earnings per share from continuing operations	36	**0.34**	0.03	**0.74**	0.14	0.45

MA'ADEN

Consolidated interim statement of changes in shareholders' equity for the nine months ended September 30, 2012 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Equity attributable to shareholders of the parent company						
			Statutory reserve					
		Share capital	Share premium	Transfer of net income	Retained earnings	Sub-total	Non-controlling interest	Total
January 1, 2011		9,250,000,000	5,250,000,000	242,996,397	1,830,125,296	16,573,121,693	2,134,410,194	18,707,531,887
Net income / (loss) for the period		-	-	-	133,685,208	133,685,208	(1,540,944)	132,144,264
Increase in non-controlling interest	29	-	-	-	-	-	466,907,751	466,907,751
Payments to increase share capital, net	29	-	-	-	-	-	594,445,267	594,445,267
September 30, 2011		9,250,000,000	5,250,000,000	242,996,397	1,963,810,504	16,706,806,901	3,194,222,268	19,901,029,169
Net income for the remainder of the year		-	-	-	279,629,596	279,629,596	126,305,449	405,935,045
Net income transferred to statutory reserve	28	-	-	41,331,480	(41,331,480)	-	-	-
Increase in non-controlling interest		-	-	-	-	-	170,993,940	170,993,940
Payments to increase share capital, net	29	-	-	-	-	-	227,042,798	227,042,798
December 31, 2011		9,250,000,000	5,250,000,000	284,327,877	2,202,108,620	16,986,436,497	3,718,564,455	20,705,000,952
Net income for the period		-	-	-	685,439,365	685,439,365	213,012,421	898,451,786
Increase in non-controlling interest	29	-	-	-	-	-	989,431,551	989,431,551
Payments to increase share capital, net	29	-	-	-	-	-	(230,784,109)	(230,784,109)
September 30, 2012		**9,250,000,000**	**5,250,000,000**	**284,327,877**	**2,887,547,985**	**17,671,875,862**	**4,690,224,318**	**22,362,100,180**

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Quarter ended September 30, 2012	Quarter ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Year ended December 31, 2011
Operating activities						
Income before zakat		**455,233,566**	58,530,420	**974,445,175**	172,654,811	657,626,844
Adjustments for non-cash flow items:						
Reversal of allowance for inventory obsolescence	10	**-**	-	**(151,305)**	(2,985,832)	(4,222,018)
Share in net (income) / loss of jointly controlled entity	13	**(137,438)**	-	**(322,270)**	-	1,845,900
Depreciation	14	**246,041,817**	14,940,176	**733,948,498**	47,984,424	201,312,123
Adjustment / written-off property, plant and equipment	14	**-**	-	**264,322**	918,323	8,973,299
Amortization of pre-operating expenses and deferred charges (mine closure)	15	**11,284,967**	3,648,720	**19,851,719**	15,770,854	20,157,539
Amortization of intangible assets	18	**8,446,238**	-	**8,446,238**	-	-
Provision for severance fees	22	**43,697,512**	26,209,110	**160,329,949**	64,095,626	85,032,887
Provision for employee termination benefits	24.1	**16,927,697**	15,517,232	**32,349,012**	29,008,239	35,231,278
Contribution for the employees' savings plan	24.2	**2,726,774**	2,210,758	**9,228,223**	7,355,017	8,451,955
Income from short term investments	34	**(8,361,166)**	(15,176,741)	**(34,216,865)**	(61,086,224)	(75,155,805)
Changes in working capital:						
Trade and other receivables	9	**3,408,716**	(236,735,763)	**(38,130,575)**	(425,518,460)	(451,551,215)
Inventories	10	**41,232,804**	(176,731,097)	**(196,369,668)**	(322,763,672)	(253,663,390)
Advances and prepayments	11	**51,958,997**	(145,762,334)	**(281,969,678)**	(289,986,053)	(252,600,654)
Due from Government	12	**-**	61,045,987	**-**	61,045,987	61,045,987
Projects and other payables – Trade	19	**(38,705,805)**	(18,300,503)	**88,690,990**	(23,536,674)	232,707,795
Accrued expenses – Trade	20	**283,229,228**	195,018,371	**378,140,311**	231,955,686	19,286,175
Zakat paid	21.2	**-**	(185,781,592)	**(129,221,227)**	(185,781,592)	(185,781,592)
Severance fee paid	22	**-**	(55,536,940)	**(84,520,304)**	(56,053,175)	(56,053,178)
Provision for mine closure and reclamation paid	23.1	**-**	-	**(1,579,971)**	-	(539,032)
Employee termination benefits paid	24.1	**(1,705,257)**	(1,493,812)	**(12,248,423)**	(9,004,740)	(10,027,788)
Employees' savings plan withdrawal	24.2	**(957,600)**	(272,638)	**(5,135,403)**	(3,040,710)	(3,484,725)
Net cash generated from / (utilized in) operating activities		**1,114,321,050**	(458,670,646)	**1,621,828,748**	(748,968,165)	38,592,385
Investing activities						
Income received from short-term investments		**9,476,213**	22,852,192	**31,731,146**	84,081,755	99,361,855
Short-term investments	8	**(447,809,595)**	767,918,086	**1,656,257,620**	2,948,544,934	2,578,683,256
Investment in jointly controlled entity	13	**-**	(181,730,185)	**-**	(181,730,185)	(181,730,185)
Additions to pre-operating expenses and deferred charges	15	**(272,308,658)**	(1,371,168)	**(409,163,640)**	(200,724,497)	(228,501,493)
Additions to capital work-in-progress / property, plant and equipment	14,16	**(2,712,757,284)**	(1,268,465,771)	**(8,356,354,601)**	(4,859,272,778)	(8,208,981,916)
Additions to exploration and evaluation assets	17	**(106,750,068)**	(1,037,358)	**(320,250,204)**	(26,940,015)	(49,015,097)
Projects and other payables – Projects	19	**256,724,525**	287,253,490	**364,804,592**	305,794,561	336,303,544
Accrued expenses – Projects	20	**(340,761,800)**	(401,128,793)	**(207,985,237)**	(574,226,929)	217,448,497
Net cash utilized in investing activities		**(3,614,186,667)**	(775,709,507)	**(7,240,960,324)**	(2,504,473,154)	(5,436,431,539)

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	Quarter ended September 30, 2012	Quarter ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Year ended December 31, 2011
Financing activities						
Net proceeds from long-term borrowings received	25.2	**3,774,247,619**	1,022,957,612	**5,535,061,115**	2,253,957,287	6,060,774,199
Changes in non-controlling interest	29	**141,187,500**	-	**989,431,551**	466,907,751	637,901,691
Payments to increase share capital by non-controlling interest, net	29	**(12,622,355)**	50,200,001	**(230,784,109)**	594,445,267	821,488,065
Net cash generated from financing activities		**3,902,812,764**	1,073,157,613	**6,293,708,557**	3,315,310,305	7,520,163,955
Net change in cash and cash equivalents		**1,402,947,147**	(161,222,540)	**674,576,981**	61,868,986	2,122,324,801
Cash and cash equivalents at beginning of the quarter / period / year		**4,316,108,015**	3,145,244,906	**5,044,478,181**	2,922,153,380	2,922,153,380
Cash and cash equivalents at end of the quarter / period / year	7	**5,719,055,162**	2,984,022,366	**5,719,055,162**	2,984,022,366	5,044,478,181
Non-cash flow transactions						
Transfer from pre-operating expenses and deferred charges to cost of production	10,15	**55,218,470**	-	**56,410,406**	1,191,936	-
Transfer from pre-operating expenses and deferred charges to investment in jointly controlled entity	13,15	-	31,939,887	-	31,939,887	31,939,887
Transfer from capital work-in-progress to investment in jointly controlled entity	13,16	-	236,329,928	-	236,329,928	236,329,928
Transfer from pre-operating expenses and deferred charges to property, plant and equipment	14,15	-	-	-	-	24,133,649
Transfer from capital work-in-progress to property, plant and equipment	14,16	**(25,911,657)**	7,754,537	**12,102,785,600**	17,940,195	7,418,903,021
Depreciation capitalized to capital work-in-progress	14,16	-	-	-	-	27,161,818
Transfer from property, plant and equipment to intangible assets	14,18	**190,787,575**	-	**190,787,575**	-	-
Provision for mine closure charged to property, plant and equipment	14, 23	-	-	-	-	500,000
Transfer from pre-operating expenses and deferred charges to capital work-in-progress	16,15	**53,927,751**	-	**76,458,004**	-	-
Transfer from capital work-in-progress to intangible assets	16,18	**65,038,026**	-	**65,038,026**	-	-
Transfer from exploration and evaluation assets to capital work-in-progress	16,17	**226,449,913**	-	**226,449,913**	-	-
Transfer from payments to increase share capital to non-controlling interest	29	**141,187,500**	-	**141,187,500**	-	-

1. General information

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

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

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

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

The Group's major projects are Al-Khabra phosphate and aluminum and these are principally in the development stage.

The objective of the phosphate project is to exploit the Al Jalamid phosphate deposits in the Kingdom of Saudi Arabia and to manufacture diammonium phosphate ("DAP"), monoammonium phosphate ("MAP"), fertilizer products and ammonia. The capital cost of the project is estimated to be SR 19.7 billion.

The Group is proceeding with the development of another phosphate project, known as the Umm Wu'al phosphate project located at the Government announced "Northern Promise Industrial Mineral City", in the Northern Region, near the city of Turayf in the Kingdom of Saudi Arabia. This project is based on the exploitation of the Al-Khabra phosphate deposits owned by Ma'aden, the utilization of captive national resources such as groundwater and sulfur, and is taking advantage of the existence of a railway infrastructure, linking the Northern Region to Ras Al Khair in the Eastern Province to have access to the port facilities at the Arabian Gulf. Ma'aden has completed the pre-feasibility study of the project and it is proceeding to the feasibility and basic engineering stage. The ramp-up production of the project is expected to commence during the last quarter of 2016.

The objective of the aluminum project is to develop the bauxite mine, the alumina refinery, smelter and rolling mill as well as a power plant for the production of aluminum and related products in the Kingdom of Saudi Arabia. In December 2009, the Company entered into an agreement with Alcoa Inc. Incorporated, ("Alcoa Inc.") for the development of the aluminum project. The Company has a 74.9% interest in the aluminum project and Alcoa Inc. has a 25.1% interest. The total cost of the project is estimated to be SR 40.5 billion. Alcoa Inc. also agreed to reimburse the Company for 25.1% of the aluminum project's costs incurred by the Company before Alcoa Inc.'s participation. As of December 31, 2011, an amount of SR 212 million has been received as a final settlement from Alcoa Inc. in respect of its agreed portion of the aluminum project's costs.

On February 14, 2012 the Board approved a plan developed by Ma'aden in collaboration with their joint venture partner Alcoa Inc. to extend the product mix of their aluminum complex, currently under construction at Ras Al Khair, to include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet. The project is expected to commence commercial production during the last quarter of 2014.

(All amounts in Saudi Riyals unless otherwise stated)

2. Group structure

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

Subsidiary	Type of company	Effective ownership as at September 30, 2012	2011
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	**100%**	100%
Ma'aden Phosphate Company ("MPC")	Limited liability company	**70%**	70%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	**100%**	100%
Ma'aden Industrial Minerals Company ("MIMC")	Limited liability company	**100%**	100%
Ma'aden Aluminum Company ("MAC")	Limited liability company	**74.9%**	74.9%
Ma'aden Rolling Company ("MRC")	Limited liability company	**74.9%**	74.9%
Ma'aden Bauxite and Alumina Company ("MBAC")	Limited liability company	**74.9%**	74.9%
Jointly controlled entity			
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Limited liability company	**50%**	**50%**

MGBM was incorporated on August 9, 1989, which was then managed by Petromin and thereafter its assets were transferred to Ma'aden as a part of its capital. MGBM's activities are mainly related to:

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

MPC was incorporated on January 1, 2008 to be a phosphate fertilizer producer. Saudi Basic Industries Corporation ("SABIC") holds a 30% interest in MPC, and it is accounted for as a non-controlling interest in these consolidated interim financial statements. The project aims to exploit a phosphate deposit located at the Al Jalamid site and utilize local natural gas and sulphur resources to manufacture Diammonium Phosphate (DAP). Processing facilities at Ras Al-Khair, have been designed with the flexibility to also produce Monoammonium Phosphate (MAP), should production of MAP be considered more economically viable in the future. DAP produced is sold primarily to the international markets. It produces ammonia as a raw material feed stock for the production of the fertilizers and any excess ammonia is exported or sold domestically. The commercial operation of the Ammonia plant was declared on October 1, 2011 whilst all the other plants were declared commercially operational on February 1, 2012. The entire phosphate project related to the Al Jalamid deposit and Ras Al-Khair is now fully in commercial operation.

MIC was incorporated on August 17, 2008 to manage the infrastructure project to develop, construct and operate the infrastructure and provide services to Ras Al-Khair area, and other mining and industrial locations in the Kingdom of Saudi Arabia.

MIMC was incorporated on March 31, 2009 to manage the industrial minerals sector of the Group. Its activities are mainly related to:

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

MAC was incorporated on October 10, 2010 and is currently in the development stage. Its activities are mainly related to the production of aluminum ingots, t-bars, slabs and billets. Alcoa Inc., through its subsidiary Alcoa Saudi Smelting Inversiones S.L Company ("ASC") holds a 25.1% interest in MAC, which is accounted for as a non-controlling interest in these consolidated interim financial statements. MAC is a company incorporated in Saudi Arabia and is a subsidiary of Ma'aden.

MRC was incorporated on October 10, 2010 and is currently in the development stage. Its activities are mainly related to the production of aluminum sheets for can body and lids. Alcoa Inc., through its subsidiary Alcoa Saudi Rolling Inversiones S.L Company ("ARC") holds a 25.1% interest in MRC, which is accounted for as non-controlling interest in these consolidated interim financial statements. MRC is a company incorporated in Saudi Arabia and is a subsidiary of Ma'aden.

MBAC was incorporated on January 22, 2011 and is currently in the development stage. Its activities are mainly related to the mining and refining of bauxite and the production of alumina. Alcoa Inc., through its subsidiary AWA Saudi Limited holds a 25.1% interest in MBAC, which is accounted for as a non-controlling interest in these consolidated interim financial statements. MBAC is a company incorporated in Saudi Arabia and is a subsidiary of Ma'aden.

SAMAPCO was incorporated on August 14, 2011 and is currently in the development phase. Its activities are mainly related to the production of concentrated caustic soda, chlorine and ethylene dichloride with a primary objective to supply the production of concentrated caustic soda to the alumina refinery at MBAC and market the excess in the wholesale and retail industry. The project is a 50:50% joint venture between Ma'aden and Sahara Petrochemicals, which is accounted for as an investment in a jointly controlled entity under the equity method of accounting in these consolidated interim financial statements. SAMAPCO is a company incorporated in Saudi Arabia and is a jointly controlled entity of Ma'aden.

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

3. Basis of preparation

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

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

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

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

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated interim financial statements are set out below. These policies have been consistently applied to all periods presented, except for the change in accounting policies mentioned in notes 4.8, 4.9, 4.12 and 4.19.

The Group has implemented a new accounting policy relating to "Exploration and evaluation assets" (see note 4.12) consistent with the Group's expanding operational activities and disclosure enhancement objectives. These amounts were previously shown under "Pre-operating expenses and deferred charges" on the statement of financial position and have now been transferred to "Exploration and evaluation assets". This change in accounting policy has no impact on net assets or net income previously reported. The amounts of the reclassification are:

	September 30, 2012	**September 30, 2011**	**December 31, 2011**
Pre-operating expenses and deferred charges before transfer	**1,130,746,690**	478,793,480	500,125,224
Transfer to exploration and evaluation assets	**463,580,512**	121,255,226	143,330,308
Pre-operating expenses and deferred charges after transfer	**667,166,178**	357,538,254	356,794,916

During the quarter ended September 30, 2012, the Group decided to reflect Zinc revenue for the Al Amar mine under by-products, by considering MGBM's operations as a single gold producing unit instead of evaluating each mine's operations individually, resulting in a reduction in revenue and cost of sales correspondingly, with no change in the gross profit in the statement of income. The effect of the above mentioned change in accounting policy amounted to SR Nil for the quarter ended September 30, 2012 (quarter ended September 30, 2011: SR (255,497)) and SR 10,230,414 for the nine months ended September 30, 2012 (nine months ended September 30, 2011: SR 22,422,922 , and, SR 35,102,861 for the year ended December 31, 2011) (Note 4.22)

4.1 Basis of consolidation

Subsidiaries

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

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

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

Jointly controlled entity

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

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

4.2 Foreign currency translation

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

4.3 Cash and cash equivalents

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

4.4 Short-term investments

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

4.5 Trade receivables

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

4.6 Inventories

Refined metals

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

Production costs include:

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

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

Work-in-process

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

Ore stockpiles

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

Stores and materials

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

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

4.7 Financial assets and liabilities

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

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

(All amounts in Saudi Riyals unless otherwise stated)

4.8 Property, plant and equipment

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

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

During the quarter ended December 31, 2011, the Group decided to include the cost of mine closure and reclamation within Property, plant and equipment by classifying such cost in a new group of assets called "Mining assets" and transferred the historical cost and accumulated depreciation from Pre-operating expenses and deferred charges, where it was previously disclosed. Also see policy on "Mine closure and reclamation" in note 4.19.

The effect of the above mentioned change in accounting policy, in the accompanying consolidated interim financial statements, is not considered to be significant and hence, comparative figures are not restated.

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

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

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

4.9 Pre-operating expenses and deferred charges

Pre-operating expenses and deferred charges, other than specific exploration and evaluation expenditures covered in note 4.12, incurred prior to the development phase of the mine project and are expected to provide future benefits to the Group. The capitalized cost is amortized over a period of seven years or life of the mine, whichever is lower, commencing at the completion of the project. Cost that will not provide a benefit beyond the current period is charged to the statement of income.

4.10 Stripping ratio

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

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

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

4.11 Capital work-in-progress

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

4.12 Exploration and evaluation assets

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

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

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

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

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

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

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

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

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

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

Once it has been identified that exploration and evaluation asset may be impaired, asset impairment policy as specified in note 4.14 is followed.

4.13 Intangible assets

Intangible assets comprises the infrastructure and support services assets at Ras Al Khair that are transferred to Royal Commission of Jubail and Yanbu ("RCJY") as stated in the Implementation Agreement signed between Ma'aden and RCJY. The cost of the intangible assets comprises its purchase price and any costs directly attributable to bringing such assets to working condition for their intended use.

Intangible assets are carried at historical cost less accumulated amortization. Amortization is provided over the remaining period of LUSA (Land Usage and Service Agreement) term.

4.14 Asset impairment

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

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

4.15 Trade payable and accruals

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

4.16 Zakat

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). A provision for zakat for the Company and zakat related to the Company's subsidiaries is charged to the consolidated interim statement of income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

4.17 Severance fees

Effective from period 2005 onwards, as per the Saudi Mining Investment Code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Company 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 statement of income. (Note 31)

4.18 Provisions

Provisions are recognized when the Group has:

- a present legal or constructive obligation as a result of a past event
- it is probable that an outflow of economic resources will be required to settle the obligation in the future; and
- the amount can be reliably estimated.

4.19 Mine closure and reclamation

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

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

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

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

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

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

In prior periods, the full estimated mine closure and reclamation costs capitalized were deferred (included within pre-operating expenses and deferred charges) and then amortized to expense over the expected life-of-mine on straight-line basis but not exceeding seven years. As a consequence of the change in accounting policy mentioned in note 4.8 during the quarter ended December 31, 2011 cost capitalized relating to mine closure and reclamation will now be depreciated over the expected life-of-the mine.

The effect of the above mentioned change in accounting policy, in the accompanying consolidated interim financial statements, is not considered to be significant and hence, comparative figures are not restated.

4.20 Employees termination benefits

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

4.21 Borrowings

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

4.22 Revenue recognition

Revenue is recognized when all the following conditions are met:

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

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

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

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

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

4.23 General and administrative expenses

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

4.24 Employees' savings plan program

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

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

4.25 Leasing

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

5. Critical accounting estimates, assumptions and judgments

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

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

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

Reserve and resource estimates

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

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

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

Economic useful lives of property, plant and equipment

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

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

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

Impairment and reversal of impairment of assets

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

Allowances

The Group also creates an allowance for obsolete and slow-moving spare parts. At September 30, 2012, the allowance for obsolete slow-moving items amounted to SR 19 million (September 30, 2011: SR 20 million and December 31, 2011: SR 19 million). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated interim statement of financial position date to the extent that such events confirm conditions existing at the end of the quarter.

Mine closure and environmental obligations

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

Zakat

During the period ended September 30, 2012 and during the year ended December 31, 2011, an amount of SR 129 million and SR 186 million relating to year ended 2011 and 2010 respectively were paid to DZIT but no zakat assessments were finalized by the DZIT. Where the final zakat outcome of these matters is different from the amounts that were initially recorded, such differences will impact the zakat provisions in the period in which such determinations are made.

Contingencies

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

6. Segmental information

Segment reporting

(a) Business segment

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

(i) engaged in revenue producing activities;

(ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and

(iii) financial information is separately available.

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

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

  Umm Wu'al phosphate project is based on the exploitation of the Al-Khabra phosphate deposits. The project is the ramp-up phase and the production is expected to commence during the last quarter of 2016.
- **The aluminum segment**, consists of the operations related to the development of an aluminum mine, refinery, smelter, rolling mill and power plant for the production of aluminum and related products. This segment is currently in the development stage and is expected to commence commercial operation during 2013 and 2014.

  Chlor Alkali project consists of the operations related to the development of concentrated caustic soda and ethylene dichloride complex for the production of concentrated caustic soda, chlorine and ethylene dichloride and the supply of entire production for use in the alumina refinery at Ma'aden Bauxite and Alumina Company, any excess production is sold in the international and domestic market. This segment is currently in the development stage and is expected to commence commercial operations during 2013 and 2014.

  Automotive sheet project include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet. The project is expected to commence commercial production during the last quarter of 2014.
- **The industrial minerals segment**, consist of operations related to the mining of industrial minerals carried out through MIMC, which currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine and processing plant at Al Madinah Al Munawarah which partially commenced operations during 2011.
- **The infrastructure segment**, relates to the development, construction and delivery of services in the Ras Al-Khair Area, and other mining and industrial locations in the Kingdom of Saudi Arabia

(All amounts in Saudi Riyals unless otherwise stated)

6. Segmental information (continued)

	Note	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Total
September 30, 2012								
Sales	30	-	721,885,844	2,850,514,651	-	85,748,665	1,049,037	3,659,198,197
Gross profit/(loss)		-	433,592,768	893,885,171	-	38,400,740	(26,815,166)	1,339,063,513
Income from short-term investments		27,754,572	6,392,887	-	-	14,747	54,659	34,216,865
Net income/(loss) attributable to shareholders' of the parent company		(169,973,449)	334,317,151	525,319,877	(6,457,459)	29,766,226	(27,532,981)	685,439,365
Investment in jointly controlled entity	13	-	-	-	448,476,370	-	-	448,476,370
Property, plant and equipment		110,244,642	140,353,674	17,733,909,037	130,223	240,344,311	403,493,132	18,628,475,019
Pre-operating expenses and deferred charges	15	31,793,399	58,689,505	40,837,725	523,290,341	12,555,208	-	667,166,178
Capital work-in-progress	16	55,238,356	309,360,347	103,330,983	17,847,271,800	80,081,888	282,111,935	18,677,395,309
Exploration and evaluation assets	17	7,590,501	87,282,153	111,379,933	30,878,012	-	-	237,130,599
Intangible assets	18	-	-	-	-	-	247,379,363	247,379,363
Total assets		2,063,125,534	1,718,039,721	22,439,400,088	23,847,777,257	405,212,803	961,176,241	51,434,731,644
September 30, 2011								
Sales	30	-	611,578,276	-	-	41,759,086	-	653,337,362
Gross profit		-	362,781,380	-	-	13,861,626	-	376,643,006
Income from short-term investments		58,482,758	2,595,586	-	-	7,880	-	61,086,224
Net income/(loss) attributable to shareholders' of the parent company		(142,172,055)	268,705,829	(5,136,475)	-	12,287,909	-	133,685,208
Investment in jointly controlled entity	13	-	-	-	450,000,000	-	-	450,000,000
Property, plant and equipment		63,633,029	110,006,900	3,706,870	326,896	3,950,197	-	181,623,892
Pre-operating expenses and deferred charges	15	15,817,768	91,729,150	57,474,851	177,543,178	14,973,307	-	357,538,254
Capital work-in-progress	16	58,438,740	22,144,286	18,341,911,240	6,769,463,018	324,786,029	779,246,665	26,295,989,978
Exploration and evaluation assets	17	9,607	44,640,626	76,604,993	-	-	-	121,255,226
Total assets		5,815,135,274	1,151,280,401	21,343,639,106	8,563,164,197	393,275,338	724,894,894	37,991,389,210

(All amounts in Saudi Riyals unless otherwise stated)

6. Segmental information (continued)

	Note	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Total
December 31, 2011								
Sales	30	-	865,751,039	540,687,740	-	70,523,183	2,323,129	1,479,285,091
Gross profit/(loss)		-	526,740,239	451,267,851	-	21,777,908	(52,212,846)	947,573,152
Income from short-term investments		71,043,144	3,896,593	-	-	7,880	208,188	75,155,805
Net income/(loss) attributable to shareholders' of the parent company		(234,550,176)	391,374,105	294,354,152	(4,139,716)	19,735,628	(53,459,189)	413,314,804
Investment in jointly controlled entity	13	-	-	-	448,154,100	-	-	448,154,100
Property, plant and equipment		108,655,397	136,801,387	6,396,424,564	126,906	253,594,897	555,086,663	7,450,689,814
Pre-operating expenses and deferred charges	15	16,430,379	69,299,069	46,604,131	210,020,943	14,440,394	-	356,794,916
Capital work-in-progress	16	16,380,365	19,134,128	11,941,413,972	9,966,403,230	74,335,961	222,216,512	22,239,884,168
Exploration and evaluation assets	17	62,130	61,143,912	82,124,266	-	-	-	143,330,308
Total assets		4,751,093,751	1,310,426,260	21,749,632,574	14,550,923,434	391,648,376	820,001,005	43,573,725,400

The corporate segment's net loss amount excludes share in earnings of subsidiary companies. The corporate segment's total assets amount excludes investment balances with respect to subsidiary companies.

The infra-structure segment's gross loss and net loss amounts are after consolidation elimination of the inter-company revenues from MPC and MAC under the LUSA agreement.

b) Geographical segment

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

(All amounts in Saudi Riyals unless otherwise stated)

7. Cash and cash equivalents

	September 30, 2012	September 30, 2011	December 31, 2011
Term deposits with original maturities equal to or less than three months at acquisition *	**5,347,047,292**	2,875,346,550	4,241,502,076
Cash and bank balances – unrestricted	**356,637,504**	99,624,777	413,767,991
Cash and bank balances – restricted	**15,370,366**	9,051,039	389,208,114
Total	**5,719,055,162**	2,984,022,366	5,044,478,181
Restricted cash and bank balances are related to the following:			
Cash accumulated under employees' savings plan program (Note 4.24 and 24.2)	**13,796,782**	9,051,039	9,703,962
Bank balances – restricted	**1,573,584**	-	379,504,152
Sub-total	**15,370,366**	9,051,039	389,208,114
Invested and included in term deposits above *			
(Represents cash accumulated in the debt service reserve account for the scheduled repayment of the long-term borrowing, six months prior to due date as per the facility agreement) (Note 25.3)	**381,305,568**	-	-
Total	**396,675,934**	9,051,039	389,208,114

8. Short-term investments

	September 30, 2012	September 30, 2011	December 31, 2011
Term deposits with original maturities of more than three months at acquisition	**4,505,684,123**	5,792,080,066	6,161,941,743
Investment income receivable	**21,629,483**	20,354,282	19,143,764
	4,527,313,606	5,812,434,348	6,181,085,507

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

9. Trade and other receivables

	September 30, 2012	September 30, 2011	December 31, 2011
Trade	**512,893,886**	433,147,081	470,757,985
Other	**6,750,899**	22,334,374	10,756,225
Total	**519,644,785**	455,481,455	481,514,210
Trade receivables includes:			
Due from SABIC (Note 37.2)	**353,509,499**	233,720,531	280,596,018
Due from SAMAPCO (Note 37.2)	**47,980,203**	44,704,636	47,593,280

(All amounts in Saudi Riyals unless otherwise stated)

10. Inventories

	September 30, 2012	September 30, 2011	December 31, 2011
Work-in-progress at net production cost	**202,903,935**	88,413,527	180,041,210
Finished goods – ready for sale	**153,001,782**	182,843,798	136,556,423
Stockpile of mined ore	**84,659,640**	28,060,872	37,400,735
By-products	**5,783,443**	25,550,425	21,687,342
Total inventories	**446,348,800**	324,868,622	375,685,710
Spare parts and consumables materials	**287,132,018**	114,678,463	121,271,026
Allowance for obsolete slow-moving spare parts and consumable materials	**(18,671,349)**	(20,058,840)	(18,822,654)
Sub-total	**268,460,669**	94,619,623	102,448,372
Raw materials	**99,918,582**	210,172,523	83,662,590
Total spare parts, consumables and raw materials	**368,379,251**	304,792,146	186,110,962
Total	**814,728,051**	629,660,768	561,796,672

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

Movement in the allowance for inventory obsolescence is as follows:

	September 30, 2012	September 30, 2011	December 31, 2011
January 1	**18,822,654**	23,044,672	23,044,672
Reversal of allowance for obsolescence	**(151,305)**	(2,985,832)	(4,222,018)
September 30 / December 31	**18,671,349**	20,058,840	18,822,654

11. Advances and prepayments

	September 30, 2012	September 30, 2011	December 31, 2011
Current portion:			
Advances to vendors	**78,257,504**	79,919,440	16,883,477
Advances to employees	**37,627,170**	30,028,470	19,399,992
Other prepayments	**40,600,020**	6,757,487	5,590,218
Sub-total	**156,484,694**	116,705,397	41,873,687
Non-current portion:			
Advances to contractors	**783,407,508**	578,634,193	618,930,504
Other prepayments	**8,075,000**	8,043,333	5,193,333
Sub-total	**791,482,508**	586,677,526	624,123,837
Total	**947,967,202**	703,382,923	665,997,524

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

(All amounts in Saudi Riyals unless otherwise stated)

12. Due from Government

The balance of SR 61,045,987 appearing in the statement of cash flows represents cost incurred to finance the required feasibility studies for the Railway Line Project, linking the Northern Area (Al Jalamid) with the fertilizer plant at Ras Al-Khair. The amount has been repaid in full on July 13, 2011.

13. Investment in jointly controlled entity

	September 30, 2012	September 30, 2011	December 31, 2011
Investment of 50% in the issued and paid-up share capital of SAMAPCO at cost (Note 13.1)	**450,000,000**	450,000,000	450,000,000
Share of the accumulated income / (loss) for the nine months period / period since incorporation (August 14, 2011) (Note 13.2)	**(1,523,630)**	-	(1,845,900)
Total	**448,476,370**	450,000,000	448,154,100

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

Contribution in kind:	
Pre-operating and deferred charges (Note 15)	31,939,887
Capital work-in-progress (Note 16)	236,329,928
Cash paid	181,730,185
Total	**450,000,000**

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

	Quarter ended		Nine months ended		Year ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	December 31, 2011
July 1 / January 1 / August 14, 2011 – date of incorporation	(1,661,068)	-	(1,845,900)	-	-
Share in net income / (loss) for the quarter / period since incorporation	137,438	-	322,270	-	(1,845,900)
Total	(1,523,630)	-	(1,523,630)	-	(1,845,900)

(All amounts in Saudi Riyals unless otherwise stated)

14. Property, plant and equipment

	Notes	Land	Mining assets	Motor vehicles	Heavy equipment	Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
Cost												
January 1, 2011		22,550,000	-	24,840,012	66,203,746	356,052,604	106,348,548	221,811,152	31,404,423	28,970,334	15,890,412	874,071,231
Transfer from capital work-in-progress	16	-	-	2,721,000	1,580,668	2,867,746	-	2,717,921	3,155,760	3,457,575	1,439,525	17,940,195
Adjustments / write-offs		-	-	(158,500)	-	(63,281)	-	(3,844,672)	-	(772,096)	-	(4,838,549)
September 30, 2011		22,550,000	-	27,402,512	67,784,414	358,857,069	106,348,548	220,684,401	34,560,183	31,655,813	17,329,937	887,172,877
Additions during remainder of the year		-	-	-	-	-	-	4,852,122	-	-	-	4,852,122
Transfer from capital work-in-progress	16	-	-	(240,961)	149,917,156	6,614,403,423	225,499,837	368,355,205	21,443,872	12,293,265	9,291,029	7,400,962,826
Transfer from pre-operating expenses and deferred charges	15	-	62,713,264	-	-	-	-	-	-	-	-	62,713,264
Deferred cost of mine closure and reclamation	23	-	500,000	-	-	-	-	-	-	-	-	500,000
Adjustments / write-offs		-	-	(4,641,726)	(7,619,032)	(1,939,565)	(92,500)	(90,288)	(1,686,374)	(432,871)	(2,742,298)	(19,244,654)
December 31, 2011		22,550,000	63,213,264	22,519,825	210,082,538	6,971,320,927	331,755,885	593,801,440	54,317,681	43,516,207	23,878,668	8,336,956,435
Transfer from capital work-in-progress	16	-	-	690,000	9,580,725	11,803,454,759	241,031,843	16,466,569	19,525,096	1,908,215	10,128,393	12,102,785,600
Transfer to intangible assets	18	-	-	-	-	-	-	(207,804,853)	-	-	-	(207,804,853)
Adjustments / write-offs		-	-	(691,900)	(225,435)			(51,000)	(286,332)	(14,393,846)	(1,070,114)	(16,718,627)
September 30, 2012		**22,550,000**	**63,213,264**	**22,517,925**	**219,437,828**	**18,774,775,686**	**572,787,728**	**402,412,156**	**73,556,445**	**31,030,576**	**32,936,947**	**20,215,218,555**
Accumulated depreciation												
January 1, 2011		-	-	24,516,326	35,711,146	308,027,420	45,911,893	196,628,868	17,423,589	23,542,180	9,723,365	661,484,787
Charge for the period		-	-	1,433,910	3,288,381	19,572,151	6,356,848	10,537,403	4,060,339	1,538,934	1,196,458	47,984,424
Adjustments / write-offs		-	-	(158,500)	-	(63,281)	-	(3,066,098)	-	(632,347)	-	(3,920,226)
September 30, 2011		-	-	25,791,736	38,999,527	327,536,290	52,268,741	204,100,173	21,483,928	24,448,767	10,919,823	705,548,985
Charge for the remainder of the year		-	-	1,084,970	10,339,043	91,307,015	14,325,937	25,453,346	5,725,899	3,520,486	1,571,003	153,327,699
Transfer from pre-operating expenses and deferred charges	15	-	38,579,615	-	-	-	-	-	-	-	-	38,579,615
Adjustments / write-offs		-	-	(6,131,125)	(2,942,296)	(191,533)	(92,500)	-	(604,726)	(651,619)	(575,879)	(11,189,678)
December 31, 2011		-	38,579,615	20,745,581	46,396,274	418,651,772	66,502,178	229,553,519	26,605,101	27,317,634	11,914,947	886,266,621
Charge for the period		-	2,724,391	1,666,693	11,260,630	671,001,081	20,461,491	11,901,135	8,682,767	3,027,998	3,222,312	733,948,498
Transfer to intangible assets	18	-	-	-	-	-	-	(17,017,278)	-	-	-	(17,017,278)
Adjustments / write-offs		-	-	(691,900)	(97,209)	-	-	(1,065)	(287,876)	(14,306,143)	(1,070,112)	(16,454,305)
September 30, 2012		**-**	**41,304,006**	**21,720,374**	**57,559,695**	**1,089,652,853**	**86,963,669**	**224,436,311**	**34,999,992**	**16,039,489**	**14,067,147**	**1,586,743,536**
Net book value												
September 30, 2011		22,550,000	-	1,610,776	28,784,887	31,320,779	54,079,807	16,584,228	13,076,255	7,207,046	6,410,114	181,623,892
December 31, 2011		22,550,000	24,633,649	1,774,244	163,686,264	6,552,669,155	265,253,707	364,247,921	27,712,580	16,198,573	11,963,721	7,450,689,814
September 30, 2012		**22,550,000**	**21,909,258**	**797,551**	**161,878,133**	**17,685,122,833**	**485,824,059**	**177,975,845**	**38,556,453**	**14,991,087**	**18,869,800**	**18,628,475,019**

(All amounts in Saudi Riyals unless otherwise stated)

14. Property, plant and equipment (continued)

Property, plant and equipment of MPC with a net book value at September 30, 2012 of SR 17,733,909,037 (September 30, 2011: SR 3,706,870 and December 31, 2011: SR 6,396,424,564) are pledged as security to lenders under the Common Term Financing Agreement (Note 25.5).

	Notes	Quarter ended September 30, 2012	Quarter ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Year ended December 31, 2011
Allocation of depreciation charge for the period / year						
To capital work-in-progress	16	-	-	-	-	27,161,818
To cost of sales	31	242,980,441	13,404,591	723,892,481	42,886,334	167,185,259
To general and administrative expenses	32	3,061,376	1,535,585	10,056,017	5,098,090	6,965,046
Total		246,041,817	14,940,176	733,948,498	47,984,424	201,312,123

(All amounts in Saudi Riyals unless otherwise stated)

15. Pre-operating expenses and deferred charges

	Notes	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Total
Cost							
January 1, 2011		32,274,486	185,990,453	89,646,353	7,080,197	16,947,780	331,939,269
Additions during the period		9,352,938	20,432,881	-	202,402,868	707,312	232,895,999
Transfer to inventory during the period		-	-	(1,191,936)	-	-	(1,191,936)
Adjustments/written off		-	-	(30,979,566)	-	-	(30,979,566)
Transfer to SAMAPCO	13.1	-	-	-	(31,939,887)	-	(31,939,887)
September 30, 2011		41,627,424	206,423,334	57,474,851	177,543,178	17,655,092	500,723,879
Additions during remainder of the year		925,783	5,216,888	-	32,477,765	27,280	38,647,716
Transfer to property, plant and equipment (mining assets)	14	-	(62,713,264)	-	-	-	(62,713,264)
Adjustments/written off		-	-	(10,326,522)	-	-	(10,326,522)
Transfer to inventory during remainder of the year		-	-	(544,198)	-	-	(544,198)
December 31, 2011		42,553,207	148,926,958	46,604,131	210,020,943	17,682,372	465,787,611
Additions during the period		16,221,028	20,806,045	82,878,975	313,269,398	-	433,175,446
Transfer to capital work-in-progress	16	-	-	(22,530,253)	-	-	(22,530,253)
Transfer to cost of production during the period		-	-	(56,410,406)	-	-	(56,410,406)
Adjustments/written off		-	(24,011,806)	-	-	-	(24,011,806)
September 30, 2012		**58,774,235**	**145,721,197**	**50,542,447**	**523,290,341**	**17,682,372**	**796,010,592**
Amortization							
January 1, 2011		23,747,135	101,747,762	-	-	1,919,874	127,414,771
Charge for the period		2,062,521	12,946,422	-	-	761,911	15,770,854
September 30, 2011		25,809,656	114,694,184	-	-	2,681,785	143,185,625
Charge for remainder of the year		313,172	3,513,320	-	-	560,193	4,386,685
Transfer to property, plant and equipment (mining assets)	14	-	(38,579,615)	-	-	-	(38,579,615)
December 31, 2011		26,122,828	79,627,889	-	-	3,241,978	108,992,695
Charge for the period		858,008	7,403,803	9,704,722	-	1,885,186	19,851,719
September 30, 2012		**26,980,836**	**87,031,692**	**9,704,722**	**-**	**5,127,164**	**128,844,414**
Net book value							
September 30, 2011		15,817,768	91,729,150	57,474,851	177,543,178	14,973,307	357,538,254
December 31, 2011		16,430,379	69,299,069	46,604,131	210,020,943	14,440,394	356,794,916
September 30, 2012		**31,793,399**	**58,689,505**	**40,837,725**	**523,290,341**	**12,555,208**	**667,166,178**

(All amounts in Saudi Riyals unless otherwise stated)

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

Pre-operating expenses and deferred charges of MPC, MAC, MRC and MBAC with a net book value before consolidation elimination at September 30, 2012 of SR 771,441,715 (September 30, 2011: SR 217,449,240 and December 31, 2011: SR 432,078,591) are pledged as security to the lenders under the Common Term Agreement (Note 25.5).

Certain amounts included within pre-operating expenses and deferred charges, due to the development stage activities, have been reclassified to capital work-in-progress following the conclusion of the related engineering review process.

	Notes	Quarter ended September 30, 2012	Quarter ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Year ended December 31, 2011
Allocation of amortization charge for the period / year						
To cost of sales	30	**10,684,319**	3,379,384	**18,189,102**	13,708,334	15,656,130
To general and administrative expenses	31	**600,648**	269,336	**1,662,617**	2,062,520	4,501,409
Total		**11,284,967**	3,648,720	**19,851,719**	15,770,854	20,157,539

(All amounts in Saudi Riyals unless otherwise stated)

16. Capital work-in-progress

	Notes	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Total
Cost								
January 1, 2011		60,546,550	21,792,745	18,074,500,793	2,493,825,789	307,327,968	732,993,478	21,690,987,323
Additions during the period		163,526	14,390,702	939,926,114	4,511,967,157	23,093,611	46,253,187	5,535,794,297
Transfer to property, plant and equipment	14	(2,271,336)	(14,039,161)	(1,629,698)	-	-	-	(17,940,195)
Credit for pre-commercial production revenue net of cost	37.1	-	-	(670,885,969)	-	(5,635,550)	-	(676,521,519)
Transfer to SAMAPCO	13.1	-	-	-	(236,329,928)	-	-	(236,329,928)
September 30, 2011		58,438,740	22,144,286	18,341,911,240	6,769,463,018	324,786,029	779,246,665	26,295,989,978
Additions during the remainder of the year		4,266,144	20,178,904	141,423,322	3,196,940,212	3,096,731	47,231,238	3,413,136,551
Transfer to property, plant and equipment	14	(46,324,519)	(23,189,062)	(6,473,641,055)	-	(253,546,799)	(604,261,391)	(7,400,962,826)
Depreciation capitalized during the remainder of the year	14	-	-	27,161,818	-	-	-	27,161,818
Credit for pre-commercial production revenue net of cost	37.1	-	-	(95,441,353)	-	-	-	(95,441,353)
December 31, 2011		16,380,365	19,134,128	11,941,413,972	9,966,403,230	74,335,961	222,216,512	22,239,884,168
Additions during the period		46,672,536	95,586,462	190,459,299	7,880,868,570	5,745,927	183,545,457	8,402,878,251
Transfer to property, plant and equipment	14	(7,814,545)	(31,810,156)	(12,004,548,891)	-	-	(58,612,008)	(12,102,785,600)
Transfer from pre-operating expenses and deferred charges	15	-	-	22,530,253	-	-	-	22,530,253
Transfer from exploration and evaluation assets	17	-	226,449,913	-	-	-	-	226,449,913
Transfer to intangible assets	18	-	-	-	-	-	(65,038,026)	(65,038,026)
Credit for pre-commercial production revenue net of cost	37.1	-	-	(46,523,650)	-	-	-	(46,523,650)
September 30, 2012		**55,238,356**	**309,360,347**	**103,330,983**	**17,847,271,800**	**80,081,888**	**282,111,935**	**18,677,395,309**

During the period ended September 30, 2012, MPC capitalized SR 11 million (September 30, 2011: SR 151 million and December 31, 2011: SR 185 million) and MAC capitalized SR 93 million (September 30, 2011: Nil and December 31, 2011: SR 287 million) of net finance costs. The borrowing relates to qualifying assets.

(All amounts in Saudi Riyals unless otherwise stated)

16. Capital work-in-progress (continued)

Capital work-in-progress of MPC, MAC, MRC and MBAC with a book value before consolidation elimination at September 30, 2012 of SR 18,026,061,343 (September 30, 2011: SR 25,095,652,344 and December 31, 2011: SR 21,983,618,181) are pledged as security to the lenders under the Common Term Financing Agreement (Note 25.5).

	September 30, 2012	September 30, 2011	December 31, 2011
Pre-commercial production revenue net of production cost comprises of the following			
• **Phosphate (MPC)**			
Ammonia sales through SABIC, net of production cost	-	655,956,984	655,956,984
DAP sales, net of production cost	**46,523,650**	14,928,985	110,370,338
Sub-total (Note 37.1)	**46,523,650**	670,885,969	766,327,322
• **Industrial minerals (MIMC)**			
Caustic calcined magnesia sales, net of production cost	-	5,635,550	5,635,550
Total amount of pre-commercial production revenue, net of production cost	**46,523,650**	676,521,519	771,962,872

17. Exploration and evaluation assets

	Note	Corporate	Gold	Phosphate	Aluminum	Total
January 1, 2011		-	21,287,483	73,027,728	-	94,315,211
Additions during the period		9,607	23,353,143	3,577,265	-	26,940,015
September 30, 2011		9,607	44,640,626	76,604,993	-	121,255,226
Additions during the remainder of the year		52,523	16,503,286	5,519,273	-	22,075,082
December 31, 2011		62,130	61,143,912	82,124,266	-	143,330,308
Additions during the period		7,528,371	252,588,154	29,255,667	30,878,012	320,250,204
Transfer to capital work-in-progress	16	-	(226,449,913)	-	-	(226,449,913)
September 30, 2012		**7,590,501**	**87,282,153**	**111,379,933**	**30,878,012**	**237,130,599**

(All amounts in Saudi Riyals unless otherwise stated)

18. Intangible assets

	Notes	September 30, 2012	September 30, 2011	December 31, 2011
Cost				
Transferred from property, plant and equipment	14	207,804,853	-	-
Transferred from capital work-in-progress	16	65,038,026	-	-
September 30 / December 31		**272,842,879**	-	-
Amortization				
Transferred from property, plant and equipment	14	17,017,278	-	-
Charge for the period	31	8,446,238	-	-
September 30 / December 31		**25,463,516**	-	-
Net book value				
September 30 / December 31		**247,379,363**	-	-

(All amounts in Saudi Riyals unless otherwise stated)

19. Projects and other payables

	September 30, 2012	September 30, 2011	December 31, 2011
Projects	**1,379,029,626**	983,716,051	1,014,225,034
Trade	**394,500,988**	45,765,655	303,112,761
Other	**12,460,013**	16,259,887	15,157,250
Total	**1,785,990,627**	1,045,741,593	1,332,495,045

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

20. Accrued expenses

	September 30, 2012	September 30, 2011	December 31, 2011
Projects	**1,200,806,150**	617,115,961	1,383,055,563
Trade	**305,053,869**	48,037,935	46,043,704
Employees	**86,851,876**	47,380,348	48,590,838
Accrued expenses – Alcoa Inc. (Note 37.2)	**80,869,108**	211,885,770	25,735,824
Total	**1,673,581,003**	924,420,014	1,503,425,929

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

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

(All amounts in Saudi Riyals unless otherwise stated)

21. Zakat

21.1 Components of zakat base

The significant components of the Zakat base of each company under the zakat and income tax regulation are comprised of

- shareholders' equity,
- provisions at the beginning of the period,
- long term borrowings,
- adjusted net income,
- net book value of property, plant and equipment,
- net book value of pre-operating expenses and deferred charges, and
- certain other items

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

21.2 Zakat payable

	Quarter ended		Nine months ended		Year ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	December 31, 2011
July 1 / January 1	**62,239,105**	216,508,712	**141,108,124**	207,342,181	207,342,181
Provision for zakat	**25,641,181**	31,344,016	**75,993,389**	40,510,547	119,547,535
Current quarter / period / year	**25,641,181**	31,344,016	**75,767,801**	62,071,136	141,108,124
Previous quarter / period / year under / (over) provision	**-**	-	**225,588**	(21,560,589)	(21,560,589)
Paid during the quarter / period / year to the authorities	**-**	(185,781,592)	**(129,221,227)**	(185,781,592)	(185,781,592)
September 30 / December 31	**87,880,286**	62,071,136	**87,880,286**	62,071,136	141,108,124

The provision for zakat for the quarter / period / year consist of:

	Quarter ended		Nine months ended		Year ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	December 31, 2011
Saudi Arabian Mining Company	**11,792,557**	29,725,196	**39,889,133**	52,237,922	107,336,047
Ma'aden Phosphate Company (Note 22)	**10,314,516**	-	**18,557,760**	-	12,122,621
Ma'aden Gold and Base Metals Company (Note 22)	**2,536,101**	1,388,514	**14,557,204**	9,132,279	19,657,487
Ma'aden Industrial Minerals Company	**752,333**	-	**2,051,196**	470,629	757,055
Ma'aden Infrastructure Company	**245,674**	230,306	**712,508**	230,306	1,234,914
September 30 / December 31	**25,641,181**	31,344,016	**75,767,801**	62,071,136	141,108,124

21.3 Status of final assessments

The Company and its subsidiaries received provisional zakat certificates through the year ended December 31, 2010, however, no zakat assessments were finalized by the DZIT.

(All amounts in Saudi Riyals unless otherwise stated)

22. Severance fees payable

	Quarter ended		Nine months ended		Year ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	December 31, 2011
July 1 / January 1	**115,546,122**	91,824,561	**83,433,989**	54,454,280	54,454,280
Provision for severance fee (Note 31)	**43,697,512**	26,209,110	**160,329,949**	64,095,626	85,032,887
Current quarter / period / year	**43,697,512**	24,986,966	**159,155,388**	62,873,482	83,810,743
Previous quarter / period / year under provision	**-**	1,222,144	**1,174,561**	1,222,144	1,222,144
Paid during the quarter / period / year to the authorities	**-**	(55,536,940)	**(84,520,304)**	(56,053,175)	(56,053,178)
September 30 / December 31	**159,243,634**	62,496,731	**159,243,634**	62,496,731	83,433,989

In accordance with the Saudi Mining Code based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fees, representing 25% of the annual net income per mining license, as defined, or the equivalent of the actual of a hypothetical income tax, based on the annual net income, whichever is lower. The zakat due shall be deducted from this amount. As a result of the above, the income from the phosphate, gold, low grade bauxite and kaolin mines is subject to severance fees, which are shown as part of cost of sales in the statement of income.

Provision for severance fees consists of:

	Quarter ended		Nine months ended		Year ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	December 31, 2011
Phosphate mine	**25,750,228**	-	**92,033,486**	-	-
Gold mines	**17,577,801**	24,658,281	**66,071,307**	62,253,656	82,676,088
Low grade bauxite and kaolin mines	**369,483**	328,685	**1,050,595**	619,826	1,134,655
September 30 / December 31	**43,697,512**	24,986,966	**159,155,388**	62,873,482	83,810,743

The provision for severance fees payable by phosphate mine is calculated as follows:

	Quarter ended		Nine months ended		Year ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	December 31, 2011
Net income from operating mines before severance fee for the quarter / period / year	**144,258,976**	-	**442,364,984**	-	-
25% of the period's / year's net income as defined	**36,064,744**	-	**110,591,246**	-	-
Hypothetical income tax at 20% based on the quarter's / period's / year's taxable net income	**55,529,515**	-	**130,056,017**	-	-
Provision based on the lower of the above two computations	**36,064,744**	-	**110,591,246**	-	-
Provision for zakat (Note 21.2)	**(10,314,516)**	-	**(18,557,760)**	-	-
Net severance fee provision for the quarter / period / year	**25,750,228**	-	**92,033,486**	-	-

(All amounts in Saudi Riyals unless otherwise stated)

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

	Quarter ended		Nine months ended		Year ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	December 31, 2011
Net income from operating mines before severance fee for the quarter / period / year	**134,693,888**	122,465,039	**399,035,025**	340,685,759	484,575,401
25% of the period's / year's net income as defined	**33,673,472**	30,616,260	**99,758,756**	85,171,440	121,143,850
Hypothetical income tax at 20% based on the quarter's / period's / year's taxable net income	**20,113,902**	26,046,795	**80,628,511**	71,385,935	102,333,575
Provision based on the lower of the above two computations	**20,113,902**	26,046,795	**80,628,511**	71,385,935	102,333,575
Provision for zakat (Note 21.2)	**(2,536,101)**	(1,388,514)	**(14,557,204)**	(9,132,279)	(19,657,487)
Net severance fee provision for the quarter / period / year	**17,577,801**	24,658,281	**66,071,307**	62,253,656	82,676,088

23. Provision for mine closure and reclamation

	September 30, 2012	September 30, 2011	December 31, 2011
Gold mines (Note 23.1)	**88,804,828**	90,923,831	90,384,799
Low grade bauxite and kaolin mines (Note 23.2)	**500,000**	-	500,000
Total	**89,304,828**	90,923,831	90,884,799

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

23.1 Gold mines	Mahad mine	Al Hajar mine	Sukhaybarat mine*	Bulghah mine	Al Amar mine	Total
January 1, 2011	24,197,336	11,380,823	20,467,221	21,661,407	13,217,044	90,923,831
September 30, 2011	24,197,336	11,380,823	20,467,221	21,661,407	13,217,044	90,923,831
Utilization during the remainder of the year	(440,425)	(98,607)	-	-	-	(539,032)
December 31, 2011	23,756,911	11,282,216	20,467,221	21,661,407	13,217,044	90,384,799
Utilization during the period	(1,320,627)	(259,344)	-	-	-	(1,579,971)
September 30, 2012	**22,436,284**	**11,022,872**	**20,467,221**	**21,661,407**	**13,217,044**	**88,804,828**
Commenced commercial production in	1988	2001	1991*	2001	2008	
Expected closure date in	2016	2013	2015	2017	2018	

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

(All amounts in Saudi Riyals unless otherwise stated)

23.2 Low grade bauxite and kaolin mines	Note	Az Zabirah mine	Al Zarghat mine	Total
January 1, 2011		-	-	-
September 30, 2011		-	-	-
Provision for the remainder of the year	14	300,000	200,000	500,000
December 31, 2011		300,000	200,000	500,000
September 30, 2012		**300,000**	**200,000**	**500,000**
Commenced commercial production in		2008	2011	
Expected closure date in		2026	2028	

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

24. Employee benefits

	September 30, 2012	September 30, 2011	December 31, 2011
Employee termination benefits (Note 24.1)	**149,911,651**	124,611,071	129,811,062
Employees' savings plan (Note 7 and 24.2)	**13,796,782**	9,051,039	9,703,962
Total	**163,708,433**	133,662,110	139,515,024

24.1 Employee termination benefits

	Quarter ended		Nine months ended		Year ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	December 31, 2011
July 1 / January 1	**134,689,211**	110,587,651	**129,811,062**	104,607,572	104,607,572
Provision for the quarter / period / year	**16,927,697**	15,517,232	**32,349,012**	29,008,239	35,231,278
Paid during the quarter / period / year	**(1,705,257)**	(1,493,812)	**(12,248,423)**	(9,004,740)	(10,027,788)
September 30 / December 31	**149,911,651**	124,611,071	**149,911,651**	124,611,071	129,811,062

24.2 Employees' savings plan

	Quarter ended		Nine months ended		Year ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	December 31, 2011
July 1 / January 1	**12,027,608**	7,112,919	**9,703,962**	4,736,732	4,736,732
Contribution for the quarter / period / year	**2,726,774**	2,210,758	**9,228,223**	7,355,017	8,451,955
Withdrawals during the quarter / period / year	**(957,600)**	(272,638)	**(5,135,403)**	(3,040,710)	(3,484,725)
September 30 / December 31	**13,796,782**	9,051,039	**13,796,782**	9,051,039	9,703,962

(All amounts in Saudi Riyals unless otherwise stated)

25. Long-term borrowings

25.1 Facilities approved

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

	MPC facilities granted June 15, 2008	MAC facilities granted Nov. 30, 2010	MRC facilities granted Nov. 30, 2010	MBAC facilities granted Nov. 27, 2011	Total
Public Investment Fund ("PIF")	4,000,001,250	4,875,000,000	3,078,750,000	3,750,000,000	15,703,751,250
Islamic and commercial banks					
Procurement*	4,269,892,500	4,447,500,000	1,041,000,000	2,690,700,000	12,449,092,500
Commercial*	1,491,562,500	900,000,000	-	258,750,000	2,650,312,500
Al-Rajhi facility	2,343,750,000	-	-	-	2,343,750,000
The Export Import Bank of Korea	1,500,000,000	-	-	-	1,500,000,000
Korea Export Insurance Corporation	750,000,000	-	-	-	750,000,000
Wakala	-	787,500,000	-	768,750,000	1,556,250,000
Sub-total	10,355,205,000	6,135,000,000	1,041,000,000	3,718,200,000	21,249,405,000
Saudi Industrial Development Fund ("SIDF")	600,000,000	600,000,000	600,000,000	-	1,800,000,000
Total facilities granted	**14,955,206,250**	**11,610,000,000**	**4,719,750,000**	**7,468,200,000**	**38,753,156,250**

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

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

MPC facility

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

MAC facility

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

Note: The SIDF facility was approved by its Board of Directors on August 16, 2011 subject to certain conditions precedent. The Company is in process of finalizing the terms of those conditions with the SIDF.

MRC facility

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

Note: The SIDF facility was approved by its Board of Directors on August 16, 2011 subject to certain conditions precedent. The Company is in process of finalizing the terms of those conditions with the SIDF.

MBAC facility

The facilities were not utilized as at September 30, 2012.

(All amounts in Saudi Riyals unless otherwise stated)

25.2 Facilities utilized under the different CTAs

MPC facility

	September 30, 2012	September 30, 2011	December 31, 2011
Public Investment Fund	**4,000,001,250**	4,000,001,250	4,000,001,250
Less: Repaid during the period / year	**166,400,052**	-	-
Sub-total (Note 37.2)	**3,833,601,198**	4,000,001,250	4,000,001,250

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

Islamic and commercial banks	September 30, 2012	September 30, 2011	December 31, 2011
Banque Saudi Fransi – as agent for the procurement facility participants	**4,269,892,500**	4,269,892,500	4,269,892,500
Al-Rajhi Bank	**2,343,750,000**	2,343,750,000	2,343,750,000
The Export Import Bank of Korea	**1,500,000,000**	1,500,000,000	1,500,000,000
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	**1,116,562,500**	1,116,562,500	1,116,562,500
Korea Export Insurance Corporation	**750,000,000**	750,000,000	750,000,000
	9,980,205,000	9,980,205,000	9,980,205,000
Less: Repaid during the period / year	**213,104,100**	-	-
Sub-total	**9,767,100,900**	9,980,205,000	9,980,205,000

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

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

	September 30, 2012	September 30, 2011	December 31, 2011
Saudi Industrial Development Fund	**570,000,000**	570,000,000	570,000,000

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

	September 30, 2012	September 30, 2011	December 31, 2011
Total MPC borrowings	**14,170,702,098**	14,550,206,250	14,550,206,250

(All amounts in Saudi Riyals unless otherwise stated)

MAC facility

	September 30, 2012	September 30, 2011	December 31, 2011
Public Investment Fund (Note 37.2)	**3,993,016,061**	466,231,305	2,248,712,948

The rate of commission on the principal amount of the loan draw down and outstanding for each commission period, is LIBOR plus 1.5% and the rate of commission on the outstanding amount for each commission period is 1% per annum.

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

Islamic and commercial banks			
Dollar procurement	**737,273,672**	87,149,389	411,223,842
Riyal procurement	**2,861,109,922**	338,196,639	1,595,819,276
Commercial	**728,172,127**	86,073,474	406,147,010
Wakala	**628,043,894**	243,187,569	365,752,212
Sub-total	**4,954,599,615**	754,607,071	2,778,942,340

The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on the all the dollar facilities is LIBOR plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on all the 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 varies over the term of the loan as follow:

	Until June 30, 2014	Until June 30, 2019	Thereafter
Dollar procurement	2.05%	2.45%	2.75%
Riyal procurement	1.65%	2.05%	2.45%
Dollar commercial	2.05%	2.45%	2.75%

	From June 30, 2014 to June 30, 2019	Thereafter
Dollar wakala	2.45%	2.75%
Riyal wakala	2.05%	2.45%

The rate of commission on the outstanding amount for each commission period on wakala facilities is 0.3% per annum.

The repayment of the principal amounts of loans will start from December 31, 2014. The repayments are starting at SR 125.8 million and increasing over the term of the loan with the final repayment of SR 1,534 million on June 30, 2026.

Total MAC borrowings	**8,947,615,676**	1,220,838,376	5,027,655,288

(All amounts in Saudi Riyals unless otherwise stated)

MRC facility

	September 30, 2012	September 30, 2011	December 31, 2011
Public Investment Fund (Note 37.2)	**1,490,505,904**	-	-

The rate of commission on the principal amount of the loan draw for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5% and the rate of commission on the outstanding amount for each commission period, is 1% per annum. The repayment of the principal amount of loan will be in 20 installments on a six monthly basis starting from December 31, 2016. The repayments are starting at SR 30.8 million and increasing over the term of the loan with the final repayment of SR 153.9 million on June 30, 2026

	September 30, 2012	September 30, 2011	December 31, 2011
Islamic and commercial banks			
Riyal procurement	**504,098,975**	-	-

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

	Until Economic Completion Date	Until December 31, 2022	Thereafter
Riyal procurement	1.65%	2.05%	2.45%

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

	September 30, 2012	September 30, 2011	December 31, 2011
Total MRC borrowings	**1,994,604,879**	-	-
MPC borrowings	**14,170,702,098**	14,550,206,250	14,550,206,250
MAC borrowings	**8,947,615,676**	1,220,838,376	5,027,655,288
MRC borrowings	**1,994,604,879**	-	-
Total	**25,112,922,653**	15,771,044,626	19,577,861,538
Less: Current portion of long-term borrowings relating to MPC borrowing	**794,258,304**	630,279,772	762,383,304
Non-current portion of long-term borrowings	**24,318,664,349**	15,140,764,854	18,815,478,234

25.3 Maturity profile of long-term borrowings

	September 30, 2012	September 30, 2011	December 31, 2011
2012	**382,879,152**	841,498,029	762,383,304
2013	**861,409,329**	903,906,352	864,409,329
2014	**1,181,890,354**	990,072,317	1,185,890,354
2015	**1,495,121,379**	1,068,496,074	1,499,621,379
Thereafter	**21,191,622,439**	11,967,071,854	15,265,557,172
Total	**25,112,922,653**	15,771,044,626	19,577,861,538

25.4 Facilities' currency denomination

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

	September 30, 2012 (US$)	September 30, 2011 (US$)	December 31, 2011 (US$)
Public Investment Fund	**2,484,566,177**	1,190,995,348	1,666,323,786
Islamic and commercial banks			
Procurement	**2,013,254,279**	1,228,823,770	1,564,189,807
Al-Rajhi Bank	**612,500,000**	625,000,000	625,000,000
The Export Import Bank of Korea	**389,600,000**	400,000,000	400,000,000
Korea Export Insurance Corporation	**194,800,000**	200,000,000	200,000,000
Commercial	**485,974,234**	320,702,926	406,055,869
Dollar procurement	**196,606,313**	23,239,837	109,659,691
Wakala	**167,478,371**	64,850,018	97,533,923
Sub-total	**4,060,213,197**	2,862,616,551	3,402,439,290
Saudi Industrial Development Fund	**152,000,000**	152,000,000	152,000,000
Total	**6,696,779,374**	4,205,611,899	5,220,763,076

25.5 Security

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

	September 30, 2012	September 30, 2011	December 31, 2011
Property, plant and equipment (Note 14)	**17,733,909,037**	3,706,870	6,396,424,564
Pre-operating expenses and deferred charges (Note 15)	**771,441,715**	217,449,240	432,078,591
Capital work-in-progress (Note 16)	**18,026,061,343**	25,095,652,344	21,983,618,181
Total	**36,531,412,095**	25,316,808,454	28,812,121,336

(All amounts in Saudi Riyals unless otherwise stated)

26. Share capital

	September 30, 2012	September 30, 2011	December 31, 2011
Authorized, issued and fully paid			
925,000,000 Ordinary shares, with a nominal value of SR 10 per share (Note 36)	**9,250,000,000**	9,250,000,000	9,250,000,000

27. Share premium

	September 30, 2012	September 30, 2011	December 31, 2011
September 30 / December 31	**5,250,000,000**	5,250,000,000	5,250,000,000

28. Transfer of net income

	September 30, 2012	September 30, 2011	December 31, 2011
January 1	**284,327,877**	242,996,397	242,996,397
Transfer of 10% of net income for the period / year	**-**	-	41,331,480
September 30 / December 31	**284,327,877**	242,996,397	284,327,877

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

29. Non-controlling interest

	September 30, 2012	September 30, 2011	December 31, 2011
January 1	**3,718,564,455**	2,134,410,194	2,134,410,194
Increase in non-controlling interest's shareholding	**989,431,551**	466,907,751	637,901,691
Payments to increase share capital, net (Note 37.2) *	**(230,784,109)**	594,445,267	821,488,065
Share of current period's / year's net income / (loss)	**213,012,421**	(1,540,944)	124,764,505
September 30 / December 31	**4,690,224,318**	3,194,222,268	3,718,564,455

* Pursuant to the shareholders agreement between Ma'aden and Alcoa Inc. for the development of aluminum project, the shareholders of MAC, MRC and MBAC have agreed to fund the project as required. These payments, to ultimately increase share capital over a period of time, are treated as part of the total shareholder's equity in accordance with the SOCPA clarification number 14/1 issued on March 14, 2012, although no shares have been issued yet and the Commercial Registration certificate has not yet been amended, but will be once the payments have been converted to share capital. This accounting treatment resulted in the reclassification of a non-current liability to shareholders' equity and therefore the increase in the company's net worth.

(All amounts in Saudi Riyals unless otherwise stated)

30. Sales

	Quarter ended		Nine months ended		Year ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	December 31, 2011
Gold segment					
Gold	**204,887,516**	202,860,807	**721,885,844**	611,578,276	865,751,039
Phosphate segment					
Diammonium phosphate	**987,320,679**	-	**1,937,518,035**	-	-
Ammonia	**384,246,356**	-	**912,996,616**	-	540,687,740
	1,371,567,035	-	**2,850,514,651**	-	540,687,740
Industrial minerals					
Low grade bauxite revenue	**23,694,015**	22,351,659	**59,671,131**	41,759,086	63,743,696
Caustic calcined magnesia	**1,406,553**	-	**14,909,389**	-	4,980,909
Kaolin revenue	**6,627,235**	-	**11,168,145**	-	1,798,578
	31,727,803	22,351,659	**85,748,665**	41,759,086	70,523,183
Infrastructure					
Infrastructure revenue	**323,551**	-	**1,049,037**	-	2,323,129
Total	**1,608,505,905**	225,212,466	**3,659,198,197**	653,337,362	1,479,285,091
Gold sales analysis					
Value of gold sales	**204,887,516**	202,860,807	**721,885,844**	611,578,276	865,751,039
Quantity of gold ounces (Oz) sold	**33,201**	31,657	**117,016**	106,793	147,205
Average realized price per ounce (Oz) in:					
US$	**1,646**	1,709	**1,645**	1,527	1,568
Saudi Riyals (equivalent)	**6,171**	6,408	**6,169**	5,727	5,881

(All amounts in Saudi Riyals unless otherwise stated)

31. Cost of sales

	Quarter ended September 30, 2012	Quarter ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Year ended December 31, 2011
Personnel cost	**60,359,974**	32,959,906	**236,210,008**	79,624,228	120,634,468
Contracted services	**20,902,040**	12,833,978	**93,588,040**	32,771,780	67,456,224
Repairs and maintenance	**6,380,047**	6,800,547	**21,953,093**	16,167,656	25,009,469
Consumables	**21,919,066**	21,703,536	**73,665,969**	58,497,584	83,342,569
Overheads	**27,181,146**	3,801,154	**92,238,786**	14,886,124	18,557,068
Raw material and utilities consumed	**527,491,131**	-	**930,210,664**	-	17,569,850
Reversal of inventory obsolescence (Note 10)	**-**	-	**(151,305)**	(2,985,832)	(4,222,018)
Severance fee (Note 22)	**43,697,512**	26,209,110	**160,329,949**	64,095,626	85,032,887
Sale of by-products (Note 31.1)	**(7,871,965)**	(16,727,468)	**(34,176,450)**	(67,178,159)	(85,637,734)
Total cash operating costs	**700,058,951**	87,580,763	**1,573,868,754**	195,879,007	327,742,783
Depreciation (Note 14)	**242,980,441**	13,404,591	**723,892,481**	42,886,334	167,185,259
Amortization (Note 15)	**10,684,319**	3,379,384	**18,189,102**	13,708,334	15,656,130
Amortization (Note 18)	**8,446,238**	-	**8,446,238**	-	-
Total operating costs	**962,169,949**	104,364,738	**2,324,396,575**	252,473,675	510,584,172
(Increase) / decrease in inventory	**55,385,547**	(5,498,536)	**(4,261,891)**	24,220,681	21,127,767
Total	**1,017,555,496**	98,866,202	**2,320,134,684**	276,694,356	531,711,939

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

	Quarter ended September 30, 2012	Quarter ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Year ended December 31, 2011
Zinc	**-**	(255,497)	**10,230,414**	36,836,281	38,884,171
Copper	**4,693,978**	10,686,731	**16,699,159**	18,695,001	28,810,453
Lead	**871,215**	589,976	**594,757**	1,085,095	1,675,070
Silver	**2,306,772**	5,706,258	**6,652,120**	10,561,782	16,268,040
Total	**7,871,965**	16,727,468	**34,176,450**	67,178,159	85,637,734

32. General and administrative expenses

	Quarter ended September 30, 2012	Quarter ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Year ended December 31, 2011
Salaries and staff related benefits	**59,172,017**	43,855,444	**165,147,899**	130,059,615	166,981,090
Contracted services	**14,618,596**	4,676,390	**25,659,205**	17,578,919	27,937,061
Overheads and other	**4,763,633**	2,426,067	**18,470,987**	10,529,823	19,901,452
Consumables	**577,680**	2,724,423	**1,791,097**	4,119,020	6,302,892
Directors' remuneration and allowances	**137,778**	620,822	**901,911**	1,659,378	2,375,194
Repair parts	**18,344**	90,819	**540,842**	204,409	491,182
Depreciation (Note 14)	**3,061,376**	1,535,585	**10,056,017**	5,098,090	6,965,046
Amortization (Note 15)	**600,648**	269,336	**1,662,617**	2,062,520	4,501,409
Total	**82,950,072**	56,198,886	**224,230,575**	171,311,774	235,455,326

(All amounts in Saudi Riyals unless otherwise stated)

The Board of Directors' allowances represents accrual based on management's estimate and will be finalized upon approval by the Company's shareholders at the General Assembly Meeting.

33. Exploration expenses

	Quarter ended		Nine months ended		Year ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	December 31, 2011
Salaries and staff related benefits	**10,305,072**	12,268,362	**28,634,787**	34,512,151	41,024,132
Contracted services	**10,233,878**	7,762,886	**28,191,168**	34,975,704	65,770,782
Overheads and other	**1,482,091**	1,848,690	**4,186,505**	3,141,687	3,348,751
Consumables	**884,217**	686,544	**2,578,576**	2,772,423	3,053,086
Repair parts	**460,980**	231,579	**1,294,546**	1,188,936	2,860,167
Total	**23,366,238**	22,798,061	**64,885,582**	76,590,901	116,056,918

34. Income from short-term investments

	Quarter ended		Nine months ended		Year ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	December 31, 2011
Income received and accrued on short-term investments	**8,361,166**	15,176,741	**34,216,865**	61,086,224	75,155,805

35. Financial charges

	Quarter ended		Nine months ended		Year ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	December 31, 2011
Public Investment Fund	**10,816,237**	-	**31,860,561**	-	2,175,209
Banque Saudi Fransi – as agent for the procurement facility participants	**15,130,133**	-	**38,054,605**	-	2,647,607
Al-Rajhi Bank	**8,669,071**	-	**24,839,125**	-	4,352,643
The Export Import Bank of Korea	**4,351,737**	-	**12,590,443**	-	717,024
Korea Export Insurance Corporation	**2,251,838**	-	**5,630,656**	-	388,334
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	**4,113,518**	-	**10,899,946**	-	810,514
Saudi Industrial Development Fund	**1,699,345**	-	**3,210,419**	-	278,068
Total	**47,031,879**	-	**127,085,755**	-	11,369,399

Out of the total borrowing cost for the period ended September 30, 2012 amounting to SR 306,154,633 (September 30, 2011: SR 152,247,597 and December 31, 2011: SR 201,517,480), the above charges were charged to statement of income.

(All amounts in Saudi Riyals unless otherwise stated)

36. Earnings per ordinary share

	Quarter ended		Nine months ended		Year ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	December 31, 2011
Net income attributable to the shareholders of the parent company	**311,123,648**	27,413,864	**685,439,365**	133,685,208	413,314,804
Weighted average number of ordinary shares in issue during the period / year (Note 26)	**925,000,000**	925,000,000	**925,000,000**	925,000,000	925,000,000
Basic and diluted earnings per ordinary share from continuing operations	**0.34**	0.03	**0.74**	0.14	0.45

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

37. Related party transactions and balances

37.1 Related party transactions

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

	September 30, 2012	September 30, 2011	December 31, 2011
Sales of MPC through SABIC during the period / year			
• Since commencement of commercial production on October 1, 2011 for Ammonia and on February 1, 2012 for all other plants, disclosed in the income statement as part of sales	**2,403,019,580**	-	540,687,740
• Before date of commencement of commercial production, the pre-commercial production revenue, net of cost of production during the period ended September 30, 2012 amounting to SR 46,523,650 (September 30, 2011: SR 670,885,969 and December 31, 2011: SR 766,327,322) has been credited against capital work-in-progress (Note 16)	**143,351,893**	873,457,295	1,227,916,669
Total	**2,546,371,473**	873,457,295	1,768,604,409

37.2 Related party balances

Amount due from / (to) related parties arising from transaction with related parties are as follows:			
Receivables from related party			
Due from SABIC (Note 9)	**353,509,499**	233,720,531	280,596,018
Due from SAMAPCO (Note 9)	**47,980,203**	44,704,636	47,593,280
Payable to shareholder			
Payments to increase share capital received from Alcoa Inc. (Note 29)	**590,703,956**	594,445,267	821,488,065
Accrued expenses – Alcoa Inc. (Note 20)	**80,869,108**	211,885,770	25,735,824
Total	**671,573,064**	806,331,037	847,223,889

(All amounts in Saudi Riyals unless otherwise stated)

	September 30, 2012	September 30, 2011	December 31, 2011
Long-term borrowings from a 50% shareholder in Ma'aden			
Due to PIF for the financing of the :			
MPC facility (Note 25.2)	**3,833,601,198**	4,000,001,250	4,000,001,250
MAC facility (Note 25.2)	**3,993,016,061**	466,231,305	2,248,712,948
MRC facility (Note 25.2)	**1,490,505,904**	-	-
Total	**9,317,123,163**	4,466,232,555	6,248,714,198

38. Operating lease agreements

	September 30, 2012	September 30, 2011	December 31, 2011
Payments under operating leases recognized as an expense during the period / year	**11,352,382**	9,382,500	15,016,083
Future minimum operating lease commitments due under these operating leases are as follows:			
2011	-	5,633,583	-
2012	**5,074,183**	15,016,083	15,016,083
2013	**15,698,163**	14,956,083	14,956,083
2014	**15,698,163**	14,956,083	14,956,083
2015	**9,023,163**	8,021,083	8,021,083
2016	**3,798,163**	2,796,083	2,796,083
2017 through 2029	**39,954,433**	28,364,693	28,364,693
Total	**89,246,268**	89,743,691	84,110,108

Operating lease payments represent mainly rentals payable by the Group for mining lease areas. Leases are negotiated for an average term of 15 to 30 years.

39. Commitments and contingent liabilities

	September 30, 2012	September 30, 2011	December 31, 2011
Capital expenditures:			
Contracted for	**16,423,793,168**	13,808,371,176	14,701,023,625
Guarantees:			
Guarantees in favor of Saudi Aramco, for future diesel and gas feedstock supplies	**171,000,000**	170,962,000	171,000,000
Guarantees for the development of the aluminum project	**1,537,500,000**	1,726,046,285	1,537,500,000
Total	**1,708,500,000**	1,897,008,285	1,708,500,000

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

40. Financial risk management

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

40.1 Currency risk

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

40.2 Fair value

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

40.3 Commission rate risk

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

Based on the Groups net debt outstanding at September 30, 2012, the effect on net earnings of a 1% movement in the US Dollar LIBOR commission rate would be SR 149 million (September 30, 2011: SR 70 million and December 31, 2011: SR 84 million). These balances will not remain consistent throughout 2012.

40.4 Commodity price risk

Gold is priced in an active market in which prices respond to daily changes in quantities. The Group's normal policy is to sell its products at prevailing market prices. The Group does not generally believe commodity price hedging would provide long-term benefit to the shareholders.

40.5 Credit risk

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

The Group currently has two major customers which account for sales of approximately SR 732 million, representing 20% of the Group's sales for the nine months period ended September 30, 2012 (September 30, 2011: SR 612 million representing 91% of Group's sales from three major customers and December 31, 2011: SR 856 million representing 57% of Group's sales from two major customers). Trade receivables are carried net of provision for doubtful debts, if needed.

40.6 Liquidity risk

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

41. Post statement of financial position events

No events have arisen subsequent to September 30, 2012 and before the date of signing the limited review report, that could have a significant effect on the consolidated interim financial statements as at September 30, 2012.

42. Comparative figures

Certain comparative figures of the previous quarter / period / year have been reclassified, wherever necessary, to conform with the current quarter / period presentation and principally relates to the reclassification of the following balances:

- Advances received from Alcoa Inc. relating to project funding previously reflected under non-current liabilities has now been reclassified to non-controlling interest resulting in an increase in the net worth of the Group. Also refer note 29; and
- Severance fees paid to the Government, previously shown as "Other (expenses) / income" is now being disclosed as part of "Cost of sales", in the statement of income, resulting in a decrease in gross profit and the operating income per share. Net income previously reported is unchanged.

(All amounts in Saudi Riyals unless otherwise stated)

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

Subsidiary	**Nature of business**	**Issued and paid-up Share capital**		**Effective group interest**		**Cost of investment by parent company**	
		September 30, 2012	**September 30, 2011**	**2012 %**	**2011 %**	**September 30, 2012**	**September 30, 2011**
Ma'aden Gold and Base Metals Company ("MGBM")	Gold mining	**300,000,000**	300,000,000	**100**	100	**300,000,000**	300,000,000
Ma'aden Phosphate Company ("MPC")	Phosphate mining and fertilizer producer	**6,208,480,000**	6,208,480,000	**70**	70	**4,345,936,000**	4,345,936,000
Ma'aden Industrial Minerals Company ("MIMC")	Kaolin, low grade bauxite and magnesite mining	**500,000**	500,000	**100**	100	**500,000**	500,000
Ma'aden Infrastructure Company ("MIC")	Manage and develop infrastructure projects	**500,000**	500,000	**100**	100	**500,000**	500,000
Ma'aden Aluminum Company ("MAC")	Aluminum ingots, t-bars, slabs and billets	**4,805,774,426**	2,007,565,250	**74.9**	74.9	**3,599,525,045**	1,503,666,372
Ma'aden Rolling Company ("MRC")	Aluminum sheets for can body and lids	**1,922,125,000**	472,125,000	**74.9**	74.9	**1,439,671,625**	353,621,625
Ma'aden Bauxite and Alumina Company ("MBAC")	Bauxite mining and refining	**884,999,944**	510,000,000	**74.9**	74.9	**662,864,958**	381,990,000
						10,348,997,628	6,886,213,997
Jointly controlled entity							
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Production of concentrated caustic soda and ethylene dichloride	**900,000,000**	900,000,000	**50**	50	**450,000,000**	450,000,000
Total						**10,798,997,628**	7,336,213,997

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