



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

Consolidated interim financial statements  
for the quarter ended March 31, 2017 (Unaudited)

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Commercial registration number      1010164391

|           |   |            |
|-----------|---|------------|
| Directors | H.E. Eng. Khalid Bin Abdulaziz Al-Faleh<br>H.E. Sulaiman Bin Abdulrahman Al-Gwaiz<br>Mr. Abdullah Bin Mohammed Al-Issa<br>Ms. Lubna Bint Suliman Al-Olayan<br>Engr. Abdullah Bin Ibrahim Al-Saadon<br>Dr. Ziad Bin Abdulrahman Al-Sudairy<br>Eng. Azzam Bin Yaser Shalabi<br>Dr. Jean-Lou Chameau<br>Engr. Khalid Saleh Al-Mudaifer | - Chairman |
|-----------|---|------------|

|                    |  |
|--------------------|--|
| Registered address | Building number 395<br>Abi Bakr Asseddiq Road, South<br>Exit 6, North Ring Road<br>Riyadh 11537<br>Kingdom of Saudi Arabia |
|--------------------|--|

|                |   |
|----------------|---|
| Postal address | P.O. Box 68861<br>Riyadh 11537<br>Kingdom of Saudi Arabia |
|----------------|---|

|        |                               |
|--------|-------------------------------|
| Banker | The Saudi British Bank (SABB) |
|--------|-------------------------------|

|          |  |
|----------|--|
| Auditors | Ernst & Young<br>Al Faisaliah Office Tower, 3 <sup>rd</sup> Floor<br>King Fahad Road<br>P.O. Box 2732<br>Riyadh 11461<br>Kingdom of Saudi Arabia |
|----------|--|

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

Management is responsible for the preparation of the consolidated interim financial statements that present fairly the consolidated interim financial position of the Group as at March 31, 2017, the results of its operations, changes in equity and cash flows for the quarter then ended, in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

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

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

The management is also responsible for:

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

The consolidated interim financial statements for the quarter ended March 31, 2017 set out on pages 5 to 129, were approved and authorized for issue by the Board of Directors on May 3, 2017 and signed on their behalf by:

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Engr. Abdullah Bin Ibrahim Al-Saadan  
Authorized by the Board

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Engr. Khalid Al Mudaifer  
President and  
Chief Executive Officer

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Mr. Darren C. Davis  
Chief Financial Officer

7 Sha'aban 1438H  
May 3, 2017  
Riyadh  
Kingdom of Saudi Arabia

## **Independent auditors' review report on the consolidated interim financial statements to the Shareholders of Saudi Arabian Mining Company (Ma'aden)**

### **Introduction:**

We have reviewed the accompanying consolidated interim statement of financial position of Saudi Arabian Mining Company (Ma'aden) ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2017 and the related consolidated interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and International Financial Reporting Standard 1, "First-time adoption of International Financial Reporting Standards" ("IFRS 1") that are endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

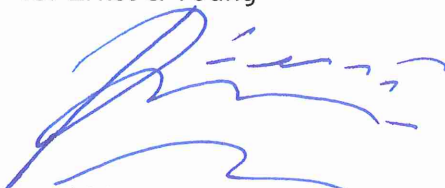
### **Scope of Review:**

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

### **Conclusion:**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 and IFRS 1 that are endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young



Rashid S. AlRashoud  
Certified Public Accountant  
Registration No. (366)

7 Sha'aban 1438  
3 May 2017  
Riyadh

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**

(A Saudi Arabian joint stock company)

**Consolidated interim statement of profit or loss for the quarter ended March 31, 2017 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)



|  | Notes  | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|--|--------|------------------------------------|------------------------------------|------------------------------------|
| Sales  | 8      | <b>2,717,432,488</b>               | 2,270,431,826                      | 9,504,243,424                      |
| Cost of sales  | 9      | <b>(1,791,788,802)</b>             | (1,775,575,061)                    | (7,483,685,416)                    |
| <b>Gross profit</b>  |        | <b>925,643,686</b>                 | 494,856,765                        | 2,020,558,008                      |
| <b>Operating expenses</b>  |        |                                    |                                    |                                    |
| Selling, marketing and logistic expenses   | 10     | <b>(56,513,328)</b>                | (87,726,021)                       | (409,963,201)                      |
| General and administrative expenses  | 11     | <b>(120,768,151)</b>               | (59,372,589)                       | (324,671,177)                      |
| Exploration and technical services expenses  | 12     | <b>(10,340,375)</b>                | (10,364,990)                       | (49,336,885)                       |
| Write-off of plant and equipment   | 18,19  | <b>(15,844,837)</b>                | -                                  | (57,752,626)                       |
| Impairment of plant and equipment  | 19     | -                                  | -                                  | (566,250,000)                      |
| <b>Operating profit</b>  |        | <b>722,176,995</b>                 | 337,393,165                        | 612,584,119                        |
| <b>Other income / (expenses)</b>   |        |                                    |                                    |                                    |
| Income from time deposits  | 13     | <b>22,668,591</b>                  | 27,075,667                         | 151,636,138                        |
| Finance cost   | 14     | <b>(363,173,957)</b>               | (156,997,706)                      | (890,415,706)                      |
| Other (expenses) / income, net   | 15     | <b>(26,435,603)</b>                | 4,189,892                          | 33,143,164                         |
| Share in net income of joint ventures that have been equity accounted  | 21.2.3 | <b>10,941,485</b>                  | -                                  | 3,725,530                          |
| <b>Profit / (loss) before zakat and income tax</b>   |        | <b>366,177,511</b>                 | 211,661,018                        | (89,326,755)                       |
| Zakat expense  | 39.2   | <b>(22,807,788)</b>                | (2,173,568)                        | (78,428,404)                       |
| Income tax   | 22.1   | <b>(2,839,586)</b>                 | (8,998,439)                        | 19,882,715                         |
| <b>Profit / (loss) for the quarter / year</b>  |        | <b>340,530,137</b>                 | 200,489,011                        | (147,872,444)                      |
| <b>Profit / (loss) for the quarter / year is attributable to:</b>  |        |                                    |                                    |                                    |
| Shareholders' of the parent company  |        | <b>275,611,289</b>                 | 194,303,024                        | (10,739,221)                       |
| Non-controlling interest   | 33.2   | <b>64,918,848</b>                  | 6,185,987                          | (137,133,223)                      |
|  |        | <b>340,530,137</b>                 | 200,489,011                        | (147,872,444)                      |
| <b>Earnings / (loss) per ordinary share (Saudi Riyals)</b>   |        |                                    |                                    |                                    |
| Basic and diluted earnings / (loss) per share from continuing operations attributable to shareholders' of the parent company | 16     | <b>0.23</b>                        | 0.16                               | (0.01)                             |

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**

(A Saudi Arabian joint stock company)

**Consolidated interim statement of other comprehensive income for the quarter ended March 31, 2017  
(Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)



|   | Notes | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|---|-------|------------------------------------|------------------------------------|------------------------------------|
| <b>Profit / (loss) for the quarter / year</b>   |       | <b>340,530,137</b>                 | 200,489,011                        | (147,872,444)                      |
| <b>Other comprehensive income</b>   |       |                                    |                                    |                                    |
| Re-measurements of employees' termination<br>benefits obligation                          | 38.1  | -                                  | -                                  | 1,770,585                          |
| <b>Other comprehensive income for the quarter /<br/>year</b>                              |       | <b>-</b>                           | <b>-</b>                           | <b>1,770,585</b>                   |
| <b>Total comprehensive income / (loss) for the<br/>quarter / year</b>                     |       | <b>340,530,137</b>                 | 200,489,011                        | (146,101,859)                      |
| <b>Total comprehensive income / (loss) for the<br/>quarter / year is attributable to:</b> |       |                                    |                                    |                                    |
| Shareholders' of the parent company   |       | <b>275,611,289</b>                 | 194,303,024                        | (8,303,016)                        |
| Non-controlling interest  | 33.2  | <b>64,918,848</b>                  | 6,185,987                          | (137,798,843)                      |
|   |       | <b>340,530,137</b>                 | 200,489,011                        | (146,101,859)                      |

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**  
**(A Saudi Arabian joint stock company)**  
**Consolidated interim statement of financial position as at March 31, 2017 (Unaudited)**  
(All amounts in Saudi Riyals unless otherwise stated)



|  | Notes | March 31,<br>2017     | March 31,<br>2016     | December 31,<br>2016  | January 1,<br>2016    |
|--|-------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Assets</b>  |       |                       |                       |                       |                       |
| <b>Non-current assets</b>                                  |       |                       |                       |                       |                       |
| Mine properties  | 17    | 9,403,265,599         | 8,662,808,208         | 9,246,550,952         | 8,149,210,130         |
| Property, plant and equipment                              | 18    | 45,265,873,588        | 33,079,974,918        | 42,459,053,601        | 33,299,548,961        |
| Capital work-in-progress                                   | 19    | 25,924,035,020        | 36,102,031,142        | 29,184,633,886        | 33,505,471,004        |
| Intangible assets  | 20    | 367,506,192           | 390,768,396           | 374,448,577           | 374,949,546           |
| Investment in joint ventures                               | 21    | 843,347,600           | 828,680,585           | 832,406,115           | 828,680,585           |
| Deferred tax assets  | 22.2  | 420,077,009           | 274,107,530           | 378,439,046           | 248,382,944           |
| Other investments  | 23    | 50,000,000            | 50,000,000            | 50,000,000            | 50,000,000            |
| Advances and prepayments                                   | 25    | 30,728,905            | 18,646,032            | 29,730,480            | 21,645,868            |
| <b>Total non-current assets</b>                            |       | <b>82,304,833,913</b> | <b>79,407,016,811</b> | <b>82,555,262,657</b> | <b>76,477,889,038</b> |
| <b>Current assets</b>                                      |       |                       |                       |                       |                       |
| Due from joint venture partners                            | 24    | -                     | 720,000,000           | -                     | 720,000,000           |
| Advances and prepayments                                   | 25    | 233,250,472           | 283,144,967           | 140,559,012           | 229,304,473           |
| Inventories  | 26    | 3,305,602,677         | 2,807,545,984         | 3,092,993,891         | 2,918,468,061         |
| Trade and other receivables                                | 27    | 1,510,863,986         | 1,204,004,577         | 1,273,216,903         | 1,251,146,787         |
| Time deposits  | 28    | 4,110,862,190         | 5,972,000,000         | 2,711,000,000         | 899,052,989           |
| Cash and cash equivalents                                  | 29    | 3,109,097,353         | 4,999,383,814         | 4,369,714,529         | 4,308,309,524         |
| <b>Total current assets</b>                                |       | <b>12,269,676,678</b> | <b>15,986,079,342</b> | <b>11,587,484,335</b> | <b>10,326,281,834</b> |
| <b>Total assets</b>  |       | <b>94,574,510,591</b> | <b>95,393,096,153</b> | <b>94,142,746,992</b> | <b>86,804,170,872</b> |
| <b>Equity and liabilities</b>                              |       |                       |                       |                       |                       |
| <b>Equity</b>  |       |                       |                       |                       |                       |
| Share capital  | 30    | 11,684,782,610        | 11,684,782,610        | 11,684,782,610        | 11,684,782,610        |
| Statutory reserve  |       |                       |                       |                       |                       |
| Share premium  | 31    | 8,391,351,697         | 8,391,351,697         | 8,391,351,697         | 8,391,351,697         |
| Transfer of net income                                     | 32    | 797,975,542           | 757,911,634           | 797,975,542           | 757,911,634           |
| Retained earnings  |       | 4,743,515,244         | 4,710,573,903         | 4,467,903,955         | 4,516,270,879         |
| Equity attributable to shareholders' of the parent company |       | 25,617,625,093        | 25,544,619,844        | 25,342,013,804        | 25,350,316,820        |
| Non-controlling interest                                   | 33    | 7,953,344,894         | 7,699,478,839         | 7,794,301,046         | 7,783,292,852         |
| <b>Total equity</b>  |       | <b>33,570,969,987</b> | <b>33,244,098,683</b> | <b>33,136,314,850</b> | <b>33,133,609,672</b> |



**Continued**

|  | Notes | March 31,<br>2017     | March 31,<br>2016     | December 31,<br>2016  | January 1,<br>2016    |
|--|-------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Non-current liabilities</b>   |       |                       |                       |                       |                       |
| Deferred tax liabilities   | 22.3  | 318,806,016           | 198,878,105           | 274,328,467           | 164,155,080           |
| Due to joint venture partner   | 34    | 191,016,363           | 191,016,363           | 191,016,363           | 184,929,613           |
| Long-term borrowings   | 35.3  | 50,478,856,987        | 51,350,694,371        | 50,778,534,391        | 42,744,072,108        |
| Provision for decommissioning, site rehabilitation and dismantling obligations | 36    | 274,112,955           | 258,217,594           | 269,522,564           | 255,190,219           |
| Non-current portion of obligation under finance lease                          | 37    | 34,161,724            | 91,444,598            | 61,598,017            | 95,413,846            |
| Employees' benefits  | 38    | 516,927,048           | 429,145,056           | 489,756,229           | 405,720,553           |
| Projects, trade and other payables   | 41    | 1,186,511,768         | 1,217,670,867         | 1,230,757,918         | 981,303,164           |
| <b>Total non-current liabilities</b>   |       | <b>53,000,392,861</b> | <b>53,737,066,954</b> | <b>53,295,513,949</b> | <b>44,830,784,583</b> |
| <b>Current liabilities</b>   |       |                       |                       |                       |                       |
| Projects, trade and other payables   | 41    | 2,151,568,947         | 2,239,489,926         | 2,201,826,667         | 2,089,175,160         |
| Accrued expenses   | 42    | 2,492,417,328         | 4,790,159,786         | 2,629,438,338         | 4,520,925,588         |
| Zakat payable  | 39.2  | 108,116,066           | 53,135,805            | 85,308,278            | 50,962,237            |
| Severance fees payable   | 40    | 8,456,449             | 20,604,660            | 8,270,636             | 16,096,147            |
| Current portion of obligation under finance lease                              | 37    | 53,080,435            | 27,645,339            | 33,565,757            | 31,297,581            |
| Current portion of long-term borrowings  | 35.3  | 3,189,508,518         | 1,280,895,000         | 2,752,508,517         | 2,131,319,904         |
| <b>Total current liabilities</b>   |       | <b>8,003,147,743</b>  | <b>8,411,930,516</b>  | <b>7,710,918,193</b>  | <b>8,839,776,617</b>  |
| <b>Total liabilities</b>   |       | <b>61,003,540,604</b> | <b>62,148,997,470</b> | <b>61,006,432,142</b> | <b>53,670,561,200</b> |
| <b>Total equity and liabilities</b>  |       | <b>94,574,510,591</b> | <b>95,393,096,153</b> | <b>94,142,746,992</b> | <b>86,804,170,872</b> |
| <b>Commitments and contingent liabilities</b>                                  | 45    |                       |                       |                       |                       |

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**  
**(A Saudi Arabian joint stock company)**  
**Consolidated interim statement of changes in equity for the quarter ended March 31, 2017 (Unaudited)**  
(All amounts in Saudi Riyals unless otherwise stated)



|   | Equity attributable to shareholders' of the parent company |                               |  |                      |                | Non-controlling interest   |   |   |                        |                 |
|---|--|-------------------------------|--|----------------------|----------------|----------------------------|---|---|------------------------|-----------------|
|   | Statutory reserve  |                               |  |                      |                | Share capital<br>(Note 33) | Payments to<br>increase<br>share<br>capital*<br>(Note 33) | Net income<br>attributable<br>to non-<br>controlling<br>interest<br>(Note 33) | Sub-total<br>(Note 33) | Total<br>equity |
|   | Share<br>capital<br>(Note 30)                              | Share<br>premium<br>(Note 31) | Transfer of<br>net income<br>(Note 32) | Retained<br>earnings | Sub-total      |                            |   |   |                        |                 |
| January 1, 2016   | 11,684,782,610   | 8,391,351,697                 | 757,911,634                            | 4,516,270,879        | 25,350,316,820 | 7,535,760,069              | 122,853,678   | 124,679,105   | 7,783,292,852          | 33,133,609,672  |
| Profit for the quarter  | -  | -                             | -                                      | 194,303,024          | 194,303,024    | -                          | -   | 6,185,987   | 6,185,987              | 200,489,011     |
| Other comprehensive income for the quarter  | -  | -                             | -                                      | -                    | -              | -                          | -   | -   | -                      | -               |
| Total comprehensive income for the quarter  | -  | -                             | -                                      | 194,303,024          | 194,303,024    | -                          | -   | 6,185,987   | 6,185,987              | 200,489,011     |
| Dividend paid to non-controlling interest during the quarter                                      | -  | -                             | -                                      | -                    | -              | -                          | -   | (90,000,000)  | (90,000,000)           | (90,000,000)    |
| March 31, 2016  | 11,684,782,610   | 8,391,351,697                 | 757,911,634                            | 4,710,573,903        | 25,544,619,844 | 7,535,760,069              | 122,853,678   | 40,865,092  | 7,699,478,839          | 33,244,098,683  |
| Loss for the remainder of the year  | -  | -                             | -                                      | (205,042,245)        | (205,042,245)  | -                          | -   | (143,319,210)   | (143,319,210)          | (348,361,455)   |
| Other comprehensive income / (loss) for the remainder of the year                                 | -  | -                             | -                                      | 2,436,205            | 2,436,205      | -                          | -   | (665,620)   | (665,620)              | 1,770,585       |
| Total comprehensive loss for the remainder of the year  | -  | -                             | -                                      | (202,606,040)        | (202,606,040)  | -                          | -   | (143,984,830)   | (143,984,830)          | (346,590,870)   |
| Dividend paid to non-controlling interest during the remainder of the year                        | -  | -                             | -                                      | -                    | -              | -                          | -   | (361,192,963)   | (361,192,963)          | (361,192,963)   |
| Net income transferred to statutory reserve   | -  | -                             | 40,063,908                             | (40,063,908)         | -              | -                          | -   | -   | -                      | -               |
| Increase in non-controlling interest / share capital contributed during the remainder of the year | -  | -                             | -                                      | -                    | -              | 612,560,821                | (12,560,821)  | -   | 600,000,000            | 600,000,000     |
| December 31, 2016   | 11,684,782,610   | 8,391,351,697                 | 797,975,542                            | 4,467,903,955        | 25,342,013,804 | 8,148,320,890              | 110,292,857   | (464,312,701)   | 7,794,301,046          | 33,136,314,850  |

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**  
**(A Saudi Arabian joint stock company)**  
**Consolidated interim statement of changes in equity for the quarter ended March 31, 2017 (Unaudited)**  
(All amounts in Saudi Riyals unless otherwise stated)



**Continued**

|   | Equity attributable to shareholders' of the parent company |                               |  |                      |                       | Non-controlling interest   |   |   |                        |                       |
|---|--|-------------------------------|--|----------------------|-----------------------|----------------------------|---|---|------------------------|-----------------------|
|   | Statutory reserve  |                               |  |                      |                       | Share capital<br>(Note 33) | Payments to<br>increase<br>share<br>capital*<br>(Note 33) | Net income<br>attributable<br>to non-<br>controlling<br>interest<br>(Note 33) | Sub-total<br>(Note 33) | Total<br>equity       |
|   | Share<br>capital<br>(Note 30)                              | Share<br>premium<br>(Note 31) | Transfer of<br>net income<br>(Note 32) | Retained<br>earnings | Sub-total             |                            |   |   |                        |                       |
| December 31, 2016   | 11,684,782,610   | 8,391,351,697                 | 797,975,542                            | 4,467,903,955        | 25,342,013,804        | 8,148,320,890              | 110,292,857   | (464,312,701)   | 7,794,301,046          | 33,136,314,850        |
| Profit for the quarter  | -  | -                             | -                                      | 275,611,289          | 275,611,289           | -                          | -   | 64,918,848  | 64,918,848             | 340,530,137           |
| Other comprehensive income for<br>the quarter   | -  | -                             | -                                      | -                    | -                     | -                          | -   | -   | -                      | -                     |
| Total comprehensive income for<br>the quarter   | -  | -                             | -                                      | 275,611,289          | 275,611,289           | -                          | -   | 64,918,848  | 64,918,848             | 340,530,137           |
| Increase in non-controlling interest<br>/ share capital contributed<br>during the quarter | -  | -                             | -                                      | -                    | -                     | -                          | 94,125,000  | -   | 94,125,000             | 94,125,000            |
| <b>March 31, 2017</b>   | <b>11,684,782,610</b>                                      | <b>8,391,351,697</b>          | <b>797,975,542</b>                     | <b>4,743,515,244</b> | <b>25,617,625,093</b> | <b>8,148,320,890</b>       | <b>204,417,857</b>  | <b>(399,393,853)</b>  | <b>7,953,344,894</b>   | <b>33,570,969,987</b> |

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

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**

(A Saudi Arabian joint stock company)

**Consolidated interim statement of cash flows for the quarter ended March 31, 2017 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)



|   | Notes   | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|---|---------|------------------------------------|------------------------------------|------------------------------------|
| <b>Operating activities</b>   |         |                                    |                                    |                                    |
| Profit / (loss) before zakat and income tax   |         | 366,177,511                        | 211,661,018                        | (89,326,755)                       |
| <b>Adjustments for non-cash flow items:</b>   |         |                                    |                                    |                                    |
| Inventory loss  | 9       | 14,754,862                         | 14,400,047                         | 16,509,086                         |
| Income from time deposits   | 13      | (22,668,591)                       | (27,075,667)                       | (151,636,138)                      |
| Finance cost  | 14      | 322,083,359                        | 154,907,830                        | 789,667,424                        |
| Unwinding of discount of non-current obligations under finance lease                      | 14      | 815,703                            | 168,600                            | 2,972,122                          |
| Accretion of provision for non-current liabilities  | 14      | 302,202                            | (14,229,046)                       | (8,031,737)                        |
| Amortization of transaction cost  | 14,35.9 | 31,462,683                         | 8,517,275                          | 74,233,992                         |
| Accretion of provision for decommissioning, site rehabilitation and dismantling provision | 14,36   | 4,590,391                          | 3,907,375                          | 16,832,346                         |
| Interest cost on employees' termination benefits  | 14,38   | 3,919,619                          | 3,725,672                          | 14,741,559                         |
| Depletion and depreciation of mine properties   | 17      | 116,479,493                        | 69,483,186                         | 394,512,195                        |
| Adjustment to mine properties   | 17      | 1,003,439                          | -                                  | -                                  |
| Depreciation of property, plant and equipment   | 18      | 582,027,908                        | 519,878,414                        | 2,091,091,048                      |
| Adjustment to property, plant and equipment   | 18      | -                                  | -                                  | 4,211,478                          |
| Write-off of plant and equipment  | 18      | 15,844,837                         | -                                  | 23,661,182                         |
| Impairment of capital work-in-progress  | 19      | -                                  | -                                  | 566,250,000                        |
| Write-off of capital work-in-progress   | 19      | -                                  | -                                  | 34,091,444                         |
| Adjustment to capital work-in-progress  | 19      | -                                  | 738,005                            | (669,167)                          |
| Amortisation of intangible assets   | 20.1    | 7,695,897                          | 10,346,812                         | 32,926,041                         |
| Share in net profit of joint ventures   | 21.1    | (10,941,485)                       | -                                  | (3,725,530)                        |
| Reversal of allowance for inventory obsolescence  | 26      | -                                  | -                                  | (131,520)                          |
| Allowance for doubtful debts  | 27      | 41,000,000                         | 312,475                            | 312,475                            |
| Current service cost of employees' end of service benefits                                | 38      | 28,101,556                         | 17,922,130                         | 70,455,189                         |
| Contribution for the employees' savings plan  | 38      | 5,341,857                          | 6,599,663                          | 26,408,207                         |
| Provision for severance fees  | 39      | 8,470,809                          | 6,281,639                          | 8,278,039                          |
| <b>Changes in working capital:</b>  |         |                                    |                                    |                                    |
| Advances and prepayments  | 25      | (93,689,885)                       | (50,840,658)                       | 80,660,849                         |
| Inventories   | 26      | (227,363,648)                      | (127,364,507)                      | (414,789,933)                      |
| Trade and other receivables   | 27      | (285,214,182)                      | 69,319,805                         | (15,404,592)                       |
| Projects and other payables – Trade   | 41      | (140,548,397)                      | (178,314,616)                      | 193,979,981                        |
| Accrued expenses – Trade  | 42      | 220,981,595                        | (206,766,730)                      | (43,782,164)                       |
| Finance cost paid   |         | (115,125,629)                      | (123,608,743)                      | (1,478,420,020)                    |
| Decommissioning, rehabilitation and dismantling obligations utilised                      | 36      | -                                  | (880,000)                          | (2,500,001)                        |
| Employees' termination benefits paid  | 38      | (6,774,479)                        | (3,927,018)                        | (15,324,858)                       |
| Employees' savings plan withdrawal  | 38      | (3,417,734)                        | (1,185,550)                        | (15,874,040)                       |
| Severance fees paid   | 39      | (8,284,996)                        | (1,773,126)                        | (16,103,550)                       |
| Zakat paid  | 40.2    | -                                  | -                                  | (44,082,363)                       |
| <b>Net cash generated from operating activities</b>                                       |         | <b>857,024,695</b>                 | <b>362,204,285</b>                 | <b>2,141,992,289</b>               |
| <b>Investing activities</b>   |         |                                    |                                    |                                    |
| Income received from time deposits  |         | 35,070,266                         | 4,585,597                          | 144,658,139                        |
| (Increase) / decrease in restricted cash  |         | (1,924,123)                        | 539,142,089                        | 534,022,035                        |
| Additions to mine properties  | 17      | (166,986,075)                      | (563,143,534)                      | (1,472,295,942)                    |
| Additions to property, plant and equipment  | 18      | (32,647,446)                       | (49,271,023)                       | (51,425,260)                       |
| Additions to capital work-in-progress   | 19      | (191,357,022)                      | (2,472,470,717)                    | (6,542,642,993)                    |
| Additions to intangible assets  | 20      | -                                  | -                                  | (1,285,986)                        |
| Due from joint venture partners   | 24      | -                                  | -                                  | 720,000,000                        |
| Increase in time deposits   | 28      | (1,405,696,766)                    | (5,072,947,011)                    | (1,811,947,011)                    |
| Projects and other payables - Projects  | 41      | 45,742,325                         | 579,226,131                        | 176,158,017                        |
| Accrued expenses - Projects   | 42      | (582,904,232)                      | 273,285,303                        | (1,854,673,101)                    |
| <b>Net cash utilized in investing activities</b>  |         | <b>(2,300,703,073)</b>             | <b>(6,761,593,165)</b>             | <b>(10,159,432,102)</b>            |

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**

(A Saudi Arabian joint stock company)

**Consolidated interim statement of cash flows for the quarter ended March 31, 2017 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)


**Continued**

|  | Notes    | Quarter ended          |                      | Year ended           |
|--|----------|------------------------|----------------------|----------------------|
|  |          | March 31,<br>2017      | March 31,<br>2016    | December 31,<br>2016 |
| <b>Financing activities</b>  |          |                        |                      |                      |
| Due to a joint venture partner   | 21       | -                      | 6,086,750            | 6,086,750            |
| Dividend paid to non-controlling interest  | 33.3     | -                      | (90,000,000)         | (451,192,963)        |
| Increase in share capital of non-controlling interest  | 33.3     | -                      | -                    | 600,000,000          |
| Payment to increase share capital of non-controlling interest  | 33.3     | <b>94,125,000</b>      | -                    | -                    |
| Proceeds from long-term borrowings received  | 35.5     | <b>753,436,897</b>     | 18,741,325,484       | 22,551,717,226       |
| Repayment of long-term borrowings  | 35.5     | <b>(657,687,500)</b>   | (11,020,016,885)     | (14,059,224,385)     |
| Obligations under finance lease  | 37       | <b>(8,737,318)</b>     | (7,790,090)          | (34,519,775)         |
| <b>Net cash generated from financing activities</b>  |          | <b>181,137,079</b>     | <b>7,629,605,259</b> | <b>8,612,866,853</b> |
| <b>Net change in cash and cash equivalents</b>   |          | <b>(1,262,541,299)</b> | <b>1,230,216,379</b> | <b>595,427,040</b>   |
| Unrestricted cash and cash equivalents at the beginning of the quarter / year                            | 29       | <b>4,310,373,308</b>   | <b>3,714,946,268</b> | <b>3,714,946,268</b> |
| <b>Unrestricted cash and cash equivalents at the end of the quarter / year</b>                           | 29       | <b>3,047,832,009</b>   | <b>4,945,162,647</b> | <b>4,310,373,308</b> |
| <b>Non-cash flow transactions</b>  |          |                        |                      |                      |
| Transfer of capital spares to mine properties from inventories   | 17       | -                      | 26,323,519           | 26,323,519           |
| Transfer to mine properties from capital work-in-progress  | 17,19    | <b>107,211,504</b>     | -                    | -                    |
| Transfer of capital spares to property, plant & equipment from inventories                               | 18       | -                      | 197,563,018          | 197,563,018          |
| Transfer to property, plant and equipment from capital work-in-progress                                  | 18,19    | <b>3,382,584,518</b>   | 71,168,460           | 11,102,301,072       |
| Borrowing cost capitalized as part of capital work-in-progress   | 19, 14.1 | <b>17,943,897</b>      | 171,416,538          | 695,720,611          |
| Interest cost on defined benefits capitalised as part of capital work-in-progress                        | 19,14.1  | -                      | 289,606              | 974,740              |
| Depreciation of mine properties capitalized as part of capital-work-in-progress                          | 19,17    | -                      | 6,385,789            | 6,766,444            |
| Depreciation of property, plant and equipment capitalized as part of capital-work-in-progress            | 19,17    | <b>10,539,232</b>      | 17,698,130           | 56,845,533           |
| Amortization of intangible assets capitalized as part of capital-work-in-progress                        | 19,20.1  | <b>933,973</b>         | 3,888,023            | 9,576,144            |
| Re-measurements of employees' end of service benefits capitalized as part of capital work-in-progress    | 19,38.1  | -                      | -                    | 4,425,464            |
| Amortization of transaction cost capitalised as part of capital work-in-progress                         | 19,35.2  | <b>10,110,517</b>      | 26,371,485           | 88,924,063           |
| Transfer to intangible assets from capital work-in-progress  | 20,19    | <b>1,687,485</b>       | 30,053,685           | 40,715,230           |
| Transfer from payments to increase share capital to share capital pertaining to non-controlling interest | 33.6     | -                      | -                    | 12,560,821           |

## 1 General information

Saudi Arabian Mining Company ("Ma'aden") (the "Company") was formed as a Saudi Arabian joint stock company, following the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to March 17, 1997) and incorporated in the Kingdom of Saudi Arabia pursuant to Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to March 23, 1997) with Commercial Registration No. 1010164391, dated 10 Zul Qaida 1421H (corresponding to February 4, 2001). The Company has an authorized and issued share capital of Saudi Riyals ("SAR") 11,684,782,610 divided into 1,168,478,261 ordinary shares with a nominal value of SAR 10 each (Note 30).

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

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

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

The Group is also involved in the following aluminum project:

On February 14, 2012 the Board of Directors approved a plan, developed by the Company in collaboration with Alcoa Corporation (Note 34), to extend the product mix of their aluminum complex at Ras Al Khair, to include:

- automotive heat treated and non-heat treated sheet,
- building and construction sheet and
- foil stock sheet

## 2 Group structure

The Company has the following subsidiaries and joint ventures, all incorporated in the Kingdom of Saudi Arabia:

| <u>Subsidiaries</u>                                   | <u>Type of company</u>    | <b>Effective ownership</b> |                         |                         |                        |
|---|---------------------------|----------------------------|-------------------------|-------------------------|------------------------|
|   |                           | <b>Mar 31,<br/>2017</b>    | <b>Mar 31,<br/>2016</b> | <b>Dec 31,<br/>2016</b> | <b>Jan 1,<br/>2016</b> |
| Ma'aden Gold and Base Metals Company ("MGBM")         | Limited liability company | <b>100%</b>                | 100%                    | 100%                    | 100%                   |
| Ma'aden Infrastructure Company ("MIC")                | Limited liability company | <b>100%</b>                | 100%                    | 100%                    | 100%                   |
| Industrial Minerals Company ("IMC")                   | Limited liability company | <b>100%</b>                | 100%                    | 100%                    | 100%                   |
| Ma'aden Aluminium Company ("MAC")                     | Limited liability company | <b>74.9%</b>               | 74.9%                   | 74.9%                   | 74.9%                  |
| Ma'aden Rolling Company ("MRC")                       | Limited liability company | <b>74.9%</b>               | 74.9%                   | 74.9%                   | 74.9%                  |
| Ma'aden Bauxite and Alumina Company ("MBAC")          | Limited liability company | <b>74.9%</b>               | 74.9%                   | 74.9%                   | 74.9%                  |
| Ma'aden Phosphate Company ("MPC")                     | Limited liability company | <b>70%</b>                 | 70%                     | 70%                     | 70%                    |
| Ma'aden Wa'ad Al-Shamal Phosphate Company ("MWSPC")   | Limited liability company | <b>60%</b>                 | 60%                     | 60%                     | 60%                    |
| <b>Joint ventures</b>                                 |                           |                            |                         |                         |                        |
| Sahara and Ma'aden Petrochemicals Company ("SAMAPCO") | Limited liability company | <b>50%</b>                 | 50%                     | 50%                     | 50%                    |
| Ma'aden Barrick Copper Company ("MBCC")               | Limited liability company | <b>50%</b>                 | 50%                     | 50%                     | 50%                    |

The financial year end of all the subsidiaries and joint ventures coincide with that of the parent company.

## **2.1 MGBM**

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

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

On April 1, 2016, the company announced the commencement of commercial production at Ad Duwayhi mine.

## **2.2 MIC**

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

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

## **2.3 IMC**

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

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

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

## **2.4 MAC**

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

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Smelting Inversiones S.L. ("ASSI"), a foreign shareholder, a company wholly owned by Alcoa Corporation, which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 33).

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

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

## **2.5 MRC**

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

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Rolling Inversiones S.L. ("ASRI"), a foreign shareholder, a company wholly owned by Alcoa Corporation, which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 33).

The objectives of the company are the production of:

- can body sheets and
- can ends stock.

The company is currently in its commissioning phase.



## **2.6 MBAC**

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

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by AWA Saudi Limited ("AWA"), a foreign shareholder, which is owned 60% by Alcoa Corporation and 40% by Alumina Limited, an unrelated third party, which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 33).

The objectives of the company are to:

- produce and refine bauxite and
- produce alumina.

The company started commercial production on October 1, 2016.

## **2.7 MPC**

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

- 70% by Saudi Arabian Mining Company ("Ma'aden") and
- 30% by Saudi Basic Industries Corporation ("SABIC"), which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 33).

The objectives of the company are to:

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

## **2.8 MWSPC**

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

- 60% by Saudi Arabian Mining Company ("Ma'aden");
- 25% by Mosaic Phosphate B.V., a foreign shareholder, a limited liability company registered in Netherlands wholly owned by The Mosaic Company ("Mosaic"), which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 33) and
- 15% by Saudi Basic Industries Corporation ("SABIC"), which is accounted for as a non-controlling interest in these consolidated interim financial statements (Note 33).

The objectives of the Company are the production of:

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

The company started commercial production of the ammonia plant on January 1, 2017.



## **2.9 SAMAPCO**

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

- 50% by Saudi Arabian Mining Company ("Ma'aden") (Note 21.1.2) and
- 50% by Sahara Petrochemical Company.

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

The objectives of the company are the production of:

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

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

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

## **2.10 MBCC**

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

- 50% by Saudi Arabian Mining Company ("Ma'aden") (Note 21.1) and
- 50% by Barrick Middle East PTY Limited ("Barrick").

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

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

## **3 Basis of preparation**

### ***Statement of compliance***

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

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

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

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

For all periods up to and including the year ended December 31, 2016, the Group prepared its consolidated financial statements in accordance with the accounting standards promulgated by SOCPA. These consolidated interim financial statements for the quarter ended March 31, 2017 are the first consolidated interim financial statements that the Group has prepared in full compliance with IFRS.

Refer to Note 5 for information on how the Group adopted IFRS for the first time.

The consolidated interim financial statements have been prepared on the historical cost basis except where IFRS requires other basis.

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

***New IFRS standards, amendments and interpretations not yet effective and not early adopted***

At the date of authorization of these consolidated interim financial statements, the following new and amended IFRS accounting standards, which are applicable to the Group, were issued by the IASB but not yet effective. The Group is currently evaluating the impact that these new accounting standards, amendments and interpretations may have on the consolidated financial statements.

**IFRS 9 – “Financial instruments”**

**Nature of change**

The IASB has issued a new standard for financial instruments. This standard will replace the majority of **IAS 39 – “Financial instruments: Recognition and Measurement”** except for certain transitional adjustments such as macro-hedging and all previous versions of **IFRS 9 – “Financial instruments”**.

The new accounting standard covers the classification, measurement and de-recognition of financial assets and financial liabilities, impairment of financial assets and provides a new hedge accounting model.

**Mandatory application date / Date of adoption by the Company**

Mandatory for financial years commencing on or after January 1, 2018. Expected date of adoption by the Company is January 1, 2018.

**IFRS 15 – “Revenue from Contracts with Customers”**

**Nature of change**

The IASB has issued a new standard for the recognition of revenue. This standard will replace **International Accounting Standard (“IAS”) 18 – “Revenue”** and **IAS 11, - “Construction contracts”**.

The new standard is based on the principle that an entity recognizes revenue related to the transfer of promised goods or services when control of goods or services passes to the customer. The amount of revenue recognized should reflect the consideration to which the entity expects to be entitled to in exchange for those goods or services.

**Mandatory application date / Date of adoption by the Company**

Mandatory for financial years commencing on or after January 1, 2018. Expected date of adoption by the Company is January 1, 2018.

**IFRS 16 – “Leases”**

**Nature of change**

The IASB has issued a new standard for the recognition of leases. This standard will replace:

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

Under IFRS 16, a lessee is required to:

- recognize all right of use assets and lease liabilities, with the exception of short term (under 12 months) and low value leases, on the statement of financial position. The liability is initially measured at the present value of future lease payments for the lease term. This includes variable lease payments that depend on an index or rate but excludes other variable lease payments. The right of use assets reflects the lease liability, initial direct cost, any lease payments made before the commencement date of the lease, less any lease incentives and, where applicable, provisions for dismantling and restoration.
- recognize depreciation right of use assets and interest on lease liabilities in the consolidated statement of profit or loss over the lease term.
- separate the total amount of cash paid into a principal portion (presented within financing activities) and interest portion (which the Group presents in operating activities) in the consolidated statement of cashflows.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

***Mandatory application date / Date of adoption by the Group***

Mandatory for financial years commencing on or after January 1, 2019. Expected date of adoption by the Group: January 1, 2019.

**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 quarters / year presented.

**4.1 Basis of consolidation and equity accounting**

***Subsidiaries***

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

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

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

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

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

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

***Joint ventures***

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

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

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

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

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

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 4.10.

#### **4.2 Foreign currency translation**

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

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

#### **4.3 Revenue recognition**

Sales revenue is derived principally from the sale of goods and is measured at the fair value of the consideration received or receivable, after deducting discounts, volume rebates and other amounts collected on behalf of third parties.

Sales of goods are recognised when all the following conditions are met:

- the significant risks and rewards of ownership of goods have been transferred , which is considered to occur when title passes to the customer;
- 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;
- the costs incurred or to be incurred in respect of the sale can be measured reliably and
- the goods have been delivered to a contractually agreed location and/or physically transferred onto a vessel, train, conveyor or other delivery mechanism.

Sales of metal concentrate are stated at the invoiced amount, which is net of treatment or refining charges. Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date and is based on the market price at that time. Revenue on these sales is initially recognized (when all the above criteria are met), at the current market price. Provisionally priced sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This marked to market adjustment is recognized in sales.

Sale of by-products, which is not regarded as significant, is credited against production cost (Note 9).

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

#### **4.4 Selling, marketing and logistic expenses**

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

#### **4.5 General and administrative expenses**

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

#### **4.6 Earnings per share**

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

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

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

#### **4.7 Mine properties and property, plant and equipment**

##### ***Mine properties and property, plant and equipment***

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

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

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

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

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

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

|  | <b>Number of years</b>   |
|--|--|
| • Civil works                              | 4 – 50   |
| • Buildings                                | 9 – 40   |
| • Heavy equipment                          | 5 – 40   |
| • Mobile and workshop equipment            | 5 – 40   |
| • Laboratory and safety equipment          | 5  |
| • Fixed plant and heap leaching facilities | 4 – 20   |
| • Other equipment                          | 4 – 20   |
| • Office equipment                         | 4 – 10   |
| • Furniture and fittings                   | 4 – 10   |
| • Computer equipment                       | 4 – 5  |
| • Motor vehicles                           | 4  |
| • Mine properties                          | Using UOP method over proven and probable reserves or straight line method over economic useful life, whichever is shorter |

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

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

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

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

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

### ***Exploration and evaluation assets***

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

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

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

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

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

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

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

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

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

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

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



Once it has been identified that an exploration and evaluation asset may be impaired, the entity performs impairment and reversal of impairment on exploration and evaluation assets as specified in Note 17.

Based on the final technical scope, receipt of mining license and commercial feasibility, if the economic benefit will be realized and management intends to develop and execute the mine, the exploration and evaluation asset is transferred to "Mine under construction".

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

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

#### ***Stripping activity asset and stripping activity expense***

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

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

Stripping activities during production phase generally create two types of benefits being as follows:

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

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

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

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

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

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

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

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

#### **4.8 Capital work-in-progress**

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

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

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

Capital work-in-progress is not depreciated.

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

#### **4.9 Intangible assets**

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

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

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

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

|   | <b>Number of years</b>                       |
|---|--|
| • Contractual right to use (Infrastructure) | 35   |
| • ERP System                                | 4 - 10                                       |
| • Plant technology development              | 5 – 7  |
| • IT Software and licenses (mine related)   | Over life of mine using straight line method |

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

#### **4.10 Impairment of mine properties, property, plant and equipment and intangible assets**

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

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

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



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

#### **4.11 Inventories**

##### ***Finished goods***

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

Total cost of production assigned to inventories on hand at the reporting date comprises of:

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

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

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

##### ***Work-in-process***

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

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

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

##### ***Ore stockpiles***

Ore stockpiles represent ore that has been extracted from the mine, and considered to be of future economic benefits under current prices and is available for further processing. Cost of ore stockpile is determined by using the weighted-average method. If the ore is considered not to be economically viable it is expensed immediately.

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

#### ***Spares and consumables***

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

Net realizable value is the estimated replacement cost of consumable material / spare parts.

#### ***Raw materials***

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

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

#### **4.12 Trade and other receivables**

Trade receivables are carried at the original sales invoice amount less an allowance for doubtful debt. An allowance for doubtful debt is created only, if there is objective evidence that a trade receivable is not recoverable.

Such allowances for doubtful debt are charged to the consolidated statement of profit or loss and reported under "General and administrative expenses". When a trade receivable is uncollectible, it is written-off against the impairment allowance in the consolidated statement of profit or loss. When a subsequent event causes the amount of allowance for doubtful debt to decrease, the decrease in the allowance for doubtful debt is reversed through the consolidated statement of profit or loss.

#### **4.13 Time deposits**

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

#### **4.14 Cash and cash equivalents**

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

Restricted cash and cash equivalents that are not available for use by the Group are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows. Restricted cash and cash equivalents are related to the employees' savings plan program, see Notes 4.20 and 29.

#### **4.15 Financial assets and liabilities**

Financial assets and financial liabilities carried in the consolidated statement of financial position. Financial assets principally include other investments, due from joint venture partners, trade and other receivable, time deposits and cash and cash equivalents. Financial liabilities include amounts due to a joint venture partner, Long-term borrowings, trade, projects and other payables and accrued expenses.

#### ***Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial liability is recognised initially at fair value, less attributable transaction costs. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

The Group determines the classification of its financial liabilities at initial recognition.

### ***Measurement***

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss.

The Group holds debt instruments for collection of contractual cash flows representing solely the payments of principal and interest. Hence, all debt instruments held by the Group are subsequently measured at amortised cost.

Interest income from these financial assets is included in finance income using the effective interest rate method.

Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in the consolidated statement of profit or loss over the period of borrowings on an effective interest basis.

### ***Impairment and uncollectibility of financial assets***

An assessment is made at each consolidated statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of other comprehensive income. Impairment is determined as follows:

- for assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of comprehensive income;
- for assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- for assets carried at amortised cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the original effective interest rate.

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 46.2 details how the Group determines whether there has been a significant increase in credit risk.

### ***Offsetting a financial asset and a financial liability***

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

## **4.16 Long-term borrowings**

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

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

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

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

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

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

#### **4.17 Provisions**

Provisions are recognised when the Group has:

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

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

#### **4.18 Provision for decommissioning, site rehabilitation and dismantling obligations**

The mining, extraction and processing activities of the Group normally give rise to obligations for mine closure decommissioning, site rehabilitation and plant dismantling (collectively referred to as "decommissioning site rehabilitation and dismantling obligations"). Decommissioning and site restoration work can include facility decommissioning and dismantling of plant and buildings; removal or treatment of waste materials, site and land rehabilitation. The extent of the work required and the associated costs are dependent on the requirements of current laws and regulations work.

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

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

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

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

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

#### **4.19 Leasing**

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

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

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

#### **4.20 Employees' benefits**

##### ***Employees' savings plan program***

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

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

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

##### ***Other short term obligations***

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

##### ***Home owners plan***

The interest cost associated with the funding of the acquisition or construction of the employees' house is borne by the Group in accordance with the approved Home owners plan, and expensed as part of employees' cost.

##### ***Employees' end-of-service benefits***

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

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

The net finance cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

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

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

#### **4.21 Projects, other payables and accrued expenses**

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

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

#### **4.22 Zakat, income tax, withholding tax and deferred tax**

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

Foreign shareholders in subsidiaries are subject to income tax, which is included in their share of non-controlling interest in the consolidated statement of profit or loss.

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

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

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

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

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

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

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

#### **4.23 Severance fees**

Effective from year 2005 onwards, as per Article No. 71 of the Saudi Mining Investment Code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is the lower. The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated statement of profit or loss (Notes 9 and 40).

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

| <b>Minerals</b>   | <b>Basis</b>              | <b>Rate</b>               |
|-------------------|---------------------------|---------------------------|
| Low grade bauxite | Actual metric tonnes sold | SAR 1.50 per metric tonne |
| Kaolin            | Actual metric tonnes sold | SAR 2.25 per metric tonne |
| Magnesia          | Actual metric tonnes sold | SAR 4.50 per metric tonne |

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



## **5 First time adoption of IFRS**

These consolidated interim financial statements, for the quarter ended March 31, 2017, are the first the Group has prepared in accordance with IFRS as endorsed by SOCPA. For periods up to and including the year ended December 31, 2016, the Group prepared its consolidated financial statements in accordance with the accounting standards promulgated by SOCPA.

Accordingly, the Group has prepared consolidated interim financial statements that comply with IFRS applicable as at March 31, 2017, together with the comparative period data for the quarter ended March 31, 2016 and year ended December 31, 2016, as described in the summary of significant accounting policies.

This note explains the principal adjustments made by the Group in preparing:

- the opening consolidated statement of financial position as at January 1, 2016, the Group's date of transitioning from SOCPA to IFRS and the reclassification of the SOCPA balance sheet as at December 31, 2015 (see the reconciliation in Note 5.2 and the explanatory notes in Note 5.7);
- the comparative consolidated interim statement of financial position as at March 31, 2016 (see the reconciliation in Note 5.3), the comparative consolidated interim statement of profit or loss and other comprehensive income for the quarter ended March 31, 2016 (see the reconciliation in Note 5.5) and
- the comparative consolidated statement of financial position as at December 31, 2016 (see the reconciliation in Note 5.4), the comparative consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2016 (see the reconciliation in Note 5.6).

### **5.1 Exemptions applied**

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements Under other IFRS. The Group has applied at the date of transition, the following exemptions, provided for in IFRS:

- Paragraph D9 and D9A of IFRS 1 for measuring leased assets and obligations
- Paragraph D21 of IFRS 1 for measuring the decommissioning obligations
- Paragraph D32 of IFRS 1 for measuring the stripping activity asset

**5.2 Reconciliation of the opening consolidated statement of financial position of IFRS to SOCPA as at January 1, 2016 (date of transition to IFRS)**

|  | Notes  | IFRS as at<br>January 1,<br>2016 | Re-<br>classification | Remeasure-<br>ments due to<br>transition | SOCPA as at<br>December 31,<br>2015 |
|--|--------|----------------------------------|-----------------------|--|-------------------------------------|
| <b>Assets</b>  |        |                                  |                       |  |                                     |
| <b>Non-current assets</b>  |        |                                  |                       |  |                                     |
| Mine properties  | 5.7.1  | 8,149,210,130                    | 7,950,297,772         | 198,912,358                              | -                                   |
| Property, plant and equipment  | 5.7.2  | 33,299,548,961                   | (2,996,946,085)       | (385,693,501)                            | 36,682,188,547                      |
| Capital work-in-progress   | 5.7.3  | 33,505,471,004                   | (4,655,557,338)       | (2,241,405,495)                          | 40,402,433,837                      |
| Exploration and evaluation assets  | 5.7.1  | -                                | (233,233,575)         | -  | 233,233,575                         |
| Deferred stripping expense   | 5.7.1  | -                                | (41,181,348)          | (2,991,643)                              | 44,172,991                          |
| Intangible assets  | 5.7.4  | 374,949,546                      | -                     | 2,522,984                                | 372,426,562                         |
| Investment in joint ventures   | 5.7.5  | 828,680,585                      | -                     | (372,774,239)                            | 1,201,454,824                       |
| Deferred tax assets  | 5.7.6  | 248,382,944                      | -                     | 248,382,944                              | -                                   |
| Long-term investment   |        | 50,000,000                       | -                     | -  | 50,000,000                          |
| Advances and prepayments   |        | 21,645,868                       | -                     | -  | 21,645,868                          |
| <b>Total non-current assets</b>  |        | <b>76,477,889,038</b>            | <b>23,379,426</b>     | <b>(2,553,046,592)</b>                   | <b>79,007,556,204</b>               |
| <b>Current assets</b>  |        |                                  |                       |  |                                     |
| Due from joint venture partners  |        | 720,000,000                      | -                     | -  | 720,000,000                         |
| Advances and prepayments   | 5.7.11 | 229,304,473                      | -                     | (19,411,566)                             | 248,716,039                         |
| Inventories  | 5.7.7  | 2,918,468,061                    | (23,379,426)          | -  | 2,941,847,487                       |
| Trade and other receivables  | 5.7.8  | 1,251,146,787                    | -                     | (996,824)                                | 1,252,143,611                       |
| Short-term investments   |        | 899,052,989                      | -                     | -  | 899,052,989                         |
| Cash and cash equivalents  |        | 4,308,309,524                    | -                     | -  | 4,308,309,524                       |
| <b>Total current assets</b>  |        | <b>10,326,281,834</b>            | <b>(23,379,426)</b>   | <b>(20,408,390)</b>                      | <b>10,370,069,650</b>               |
| <b>Total assets</b>  |        | <b>86,804,170,872</b>            | <b>-</b>              | <b>(2,573,454,982)</b>                   | <b>89,377,625,854</b>               |
| <b>Equity and liabilities</b>  |        |                                  |                       |  |                                     |
| <b>Equity</b>  |        |                                  |                       |  |                                     |
| Share capital  |        | 11,684,782,610                   | -                     | -  | 11,684,782,610                      |
| Statutory reserve  |        |                                  |                       |  |                                     |
| Share premium  |        | 8,391,351,697                    | -                     | -  | 8,391,351,697                       |
| Transfer of net income   |        | 757,911,634                      | -                     | -  | 757,911,634                         |
| Retained earnings  | 5.2.2  | 4,516,270,879                    | -                     | (1,948,091,550)                          | 6,464,362,429                       |
| Equity attributable to shareholders' of the parent company                     |        | 25,350,316,820                   | -                     | (1,948,091,550)                          | 27,298,408,370                      |
| Non-controlling interest   | 5.2.3  | 7,783,292,852                    | -                     | (313,218,088)                            | 8,096,510,940                       |
| <b>Total equity</b>  |        | <b>33,133,609,672</b>            | <b>-</b>              | <b>(2,261,309,638)</b>                   | <b>35,394,919,310</b>               |
| <b>Non-current liabilities</b>   |        |                                  |                       |  |                                     |
| Deferred tax liabilities   | 5.7.6  | 164,155,080                      | -                     | 164,155,080                              | -                                   |
| Due to joint venture partners  | 5.7.3  | 184,929,613                      | -                     | (115,773,750)                            | 300,703,363                         |
| Long-term borrowings   | 5.7.9  | 42,744,072,108                   | -                     | (523,645,986)                            | 43,267,718,094                      |
| Provision for decommissioning, site rehabilitation and dismantling obligations | 5.7.10 | 255,190,219                      | -                     | 97,078,345                               | 158,111,874                         |
| Non-current portion of obligation under finance lease                          | 5.7.11 | 95,413,846                       | -                     | 68,380,653                               | 27,033,193                          |
| Employees' benefits  | 5.7.12 | 405,720,553                      | -                     | 52,416,223                               | 353,304,330                         |
| Projects, trade and other payables   | 5.7.13 | 981,303,164                      | (279,162,159)         | (73,922,306)                             | 1,334,387,629                       |
| <b>Total non-current liabilities</b>   |        | <b>44,830,784,583</b>            | <b>(279,162,159)</b>  | <b>(331,311,741)</b>                     | <b>45,441,258,483</b>               |
| <b>Current liabilities</b>   |        |                                  |                       |  |                                     |
| Projects, trade and other payables   | 5.7.13 | 2,089,175,160                    | 279,162,159           | -  | 1,810,013,001                       |
| Accrued expenses   |        | 4,520,925,588                    | -                     | -  | 4,520,925,588                       |
| Zakat payable  |        | 50,962,237                       | -                     | -  | 50,962,237                          |
| Severance fees payable   |        | 16,096,147                       | -                     | -  | 16,096,147                          |
| Current portion of obligation under finance lease                              | 5.7.11 | 31,297,581                       | -                     | 19,166,397                               | 12,131,184                          |
| Current portion of long-term borrowings  |        | 2,131,319,904                    | -                     | -  | 2,131,319,904                       |
| <b>Total current liabilities</b>   |        | <b>8,839,776,617</b>             | <b>279,162,159</b>    | <b>19,166,397</b>                        | <b>8,541,448,061</b>                |
| <b>Total liabilities</b>   |        | <b>53,670,561,200</b>            | <b>-</b>              | <b>(312,145,344)</b>                     | <b>53,982,706,544</b>               |
| <b>Total equity and liabilities</b>  |        | <b>86,804,170,872</b>            | <b>-</b>              | <b>(2,573,454,982)</b>                   | <b>89,377,625,854</b>               |



**5.2.1 Reconciliation of retained earnings under IFRS as at January 1, 2016 and retained earnings under SOCPA as at December 31, 2015**

|  | Notes |                               |
|--|-------|-------------------------------|
| <b>Effect of re-measurements on transition:</b>  |       |                               |
| Increase in accumulated depreciation on capital spares   |       | (4,240,293)                   |
| Decrease in stripping activity asset   |       | (2,991,643)                   |
| Effect of mine closure asset   |       | (6,060,896)                   |
| Increase in accumulated depletion and depreciation due to componentization of plant and equipment recorded under mine properties and property, plant and equipment | 5.7.1 | (120,055,436)                 |
| Decrease due to write-off of ineligible cost recorded under capital work-in-progress   | 5.7.3 | (34,594,000)                  |
| Decrease due to impairment of capital work-in-progress   | 5.2.4 | (1,800,476,250)               |
| Decrease due to impairment of investment in joint ventures   | 5.2.4 | (372,774,239)                 |
| Decrease in amortization of intangible assets due to change in useful life   |       | 3,913,398                     |
| Decrease due to write-off of intangible assets   |       | (1,390,414)                   |
| Impact of deferred tax   |       | 84,227,864                    |
| Re-measurement of borrowings under effective interest rate method  |       | (29,259,056)                  |
| Re-measurement of provision for decommissioning, site rehabilitation and dismantling obligation  |       | (795,725)                     |
| Adjustment for finance lease   |       | (27,405)                      |
| Re-measurement of employees' termination benefits obligation   |       | (49,711,025)                  |
| Decrease in value of long-term liabilities due to discounting  |       | 73,922,305                    |
| Adjustment for provisional pricing   |       | (996,823)                     |
| <b>Total</b>   |       | <b><u>(2,261,309,638)</u></b> |
| <b>Effect of re-measurement is attributable to:</b>  |       |                               |
| Retained earnings of shareholders' of the parent company   | 5.2.2 | (1,948,091,550)               |
| Equity of non-controlling interest   | 5.2.3 | (313,218,088)                 |
| <b>Total</b>   |       | <b><u>(2,261,309,638)</u></b> |

**5.2.2 Reconciliation of retained earnings under IFRS as at January 1, 2016 and retained earnings under SOCPA as at December 31, 2015, attributable to shareholders' of the parent company**

|                 | Notes               | IFRS as at<br>January 1,<br>2016 | Re-<br>classification | Remeasure-<br>ments due to<br>transition | SOCPA as at<br>December 31,<br>2015 |
|-----------------|---------------------|----------------------------------|-----------------------|--|-------------------------------------|
| January 1, 2016 | 5.2,<br>5.2.1,5.3.1 | 4,516,270,879                    | -                     | (1,948,091,550)                          | 6,464,362,429                       |

**5.2.3 Reconciliation of equity of non-controlling interest under IFRS as at January 1, 2016 and equity of non-controlling interest under SOCPA as at December 31, 2015**

|                 | Notes               | IFRS as at<br>January 1,<br>2016 | Re-<br>classification | Remeasure-<br>ments due to<br>transition | SOCPA as at<br>December 31,<br>2015 |
|-----------------|---------------------|----------------------------------|-----------------------|--|-------------------------------------|
| January 1, 2016 | 5.2,<br>5.2.1,5.3.1 | 7,783,292,852                    | -                     | (313,218,088)                            | 8,096,510,940                       |

#### 5.2.4 Impairment of non-current assets

|  | Notes              |                             |
|--|--------------------|-----------------------------|
| <b>Capital work in progress</b>  |                    |                             |
| Autosheet project at cost (Ma'aden Corporate)  |                    | 461,250,000                 |
| Less: Joint venture partner's 25.1% share of the impairment loss, adjusted against amount due to joint venture partner | 34                 | <u>(115,773,750)</u>        |
| Share of impairment attributable to shareholders' of the parent company  |                    | 345,476,250                 |
| Plant and equipment (MRC)  |                    | <u>1,455,000,000</u>        |
| <b>Total impairment charged against opening retained earnings</b>  | <b>5.2.1</b>       | <b><u>1,800,476,250</u></b> |
| <b>Investment in joint ventures</b>  |                    |                             |
| Impairment of carrying value of investment in joint ventures   | 21.2               | 324,775,820                 |
| Additional contribution  | 21.2               | <u>47,998,419</u>           |
| <b>Impairment charged against opening retained earnings</b>  | <b>21.2, 5.2.1</b> | <b><u>372,774,239</u></b>   |

There is a difference between IFRS and SOCPA in the initial calculation of the impairment test i.e. the formal estimate of the asset's recoverable amount as set out in IAS 36.

Under SOCPA the execution of the impairment test is carried out in a two stage process namely:

- Comparing the undiscounted estimated future cash flows derived from the utilization of the asset (recoverable amount) with the carrying value of that assets in the financial records. If the undiscounted recoverable amount exceeds the carrying amount of the assets the conclusion is that there is no impairment.
- If, however the undiscounted recoverable amount is less than the carrying amount the next step is to discount the estimated future cash flows, by using an appropriate discount rate to its present value. The amount by which the carrying value of an asset exceeds the present value of the recoverable amount represents the quantum of the impairment. This represents the amount by which the carrying amount is adjusted by.

Under IFRS an impairment test is required to be performed if indications of impairment exist (IAS 36.9). The recoverable amount is calculated using the discounted estimated future cash flows, immediately. Invariably this leads to an earlier recognition of impairment compared to SOCPA.

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**

(A Saudi Arabian joint stock company)

Notes to the consolidated interim financial statements for the quarter ended March 31, 2017 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)


**5.3 Reconciliation of the consolidated interim statement of financial position of IFRS to SOCPA as at March 31, 2016**

|  | Notes  | IFRS as at<br>March 31,<br>2016 | Re-<br>classification | Remeasure-<br>ments due to<br>transition | SOCPA as at<br>March 31,<br>2016 |
|--|--------|---------------------------------|-----------------------|--|----------------------------------|
| <b>Assets</b>  |        |                                 |                       |  |                                  |
| <b>Non-current assets</b>  |        |                                 |                       |  |                                  |
| Mine properties  | 5.7.1  | 8,662,808,208                   | 8,457,959,368         | 204,848,840                              | -                                |
| Property, plant and equipment  | 5.7.2  | 33,079,974,918                  | (2,946,520,353)       | (410,008,839)                            | 36,436,504,110                   |
| Capital work-in-progress   | 5.7.3  | 36,102,031,142                  | (5,206,128,441)       | (2,229,132,819)                          | 43,537,292,402                   |
| Exploration and evaluation assets  | 5.7.1  | -                               | (235,157,299)         | -  | 235,157,299                      |
| Deferred stripping expense   | 5.7.1  | -                               | (46,773,849)          | 3,907,056                                | 42,866,793                       |
| Intangible assets  | 5.7.4  | 390,768,396                     | -                     | 4,531,877                                | 386,236,519                      |
| Investment in joint ventures   | 5.7.5  | 828,680,585                     | -                     | (347,701,927)                            | 1,176,382,512                    |
| Deferred tax assets  | 5.7.6  | 274,107,530                     | -                     | 274,107,530                              | -                                |
| Long-term investment   |        | 50,000,000                      | -                     | -  | 50,000,000                       |
| Advances and prepayments   |        | 18,646,032                      | -                     | -  | 18,646,032                       |
| <b>Total non-current assets</b>  |        | <b>79,407,016,811</b>           | <b>23,379,426</b>     | <b>(2,499,448,282)</b>                   | <b>81,883,085,667</b>            |
| <b>Current assets</b>  |        |                                 |                       |  |                                  |
| Due from joint venture partners  |        | 720,000,000                     | -                     | -  | 720,000,000                      |
| Advances and prepayments   |        | 283,144,967                     | -                     | (18,117,462)                             | 301,262,429                      |
| Inventories  | 5.7.7  | 2,807,545,984                   | (23,379,426)          | -  | 2,830,925,410                    |
| Trade and other receivables  | 5.7.8  | 1,204,004,577                   | -                     | (3,260,965)                              | 1,207,265,542                    |
| Short-term investments   |        | 5,972,000,000                   | -                     | -  | 5,972,000,000                    |
| Cash and cash equivalents  |        | 4,999,383,814                   | -                     | -  | 4,999,383,814                    |
| <b>Total current assets</b>  |        | <b>15,986,079,342</b>           | <b>(23,379,426)</b>   | <b>(21,378,427)</b>                      | <b>16,030,837,195</b>            |
| <b>Total assets</b>  |        | <b>95,393,096,153</b>           | <b>-</b>              | <b>(2,520,826,709)</b>                   | <b>97,913,922,862</b>            |
| <b>Equity and liabilities</b>  |        |                                 |                       |  |                                  |
| <b>Equity</b>  |        |                                 |                       |  |                                  |
| Share capital  |        | 11,684,782,610                  | -                     | -  | 11,684,782,610                   |
| Statutory reserve  |        |                                 |                       |  |                                  |
| Share premium  |        | 8,391,351,697                   | -                     | -  | 8,391,351,697                    |
| Transfer of net income   |        | 757,911,634                     | -                     | -  | 757,911,634                      |
| Retained earnings  | 5.3.1  | 4,710,573,903                   | -                     | (1,922,709,526)                          | 6,633,283,429                    |
| Equity attributable to shareholders' of the parent company                     |        | 25,544,619,844                  | -                     | (1,922,709,526)                          | 27,467,329,370                   |
| Non-controlling interest   | 5.3.2  | 7,699,478,839                   | -                     | (322,687,012)                            | 8,022,165,851                    |
| <b>Total equity</b>  |        | <b>33,244,098,683</b>           | <b>-</b>              | <b>(2,245,396,538)</b>                   | <b>35,489,495,221</b>            |
| <b>Non-current liabilities</b>   |        |                                 |                       |  |                                  |
| Deferred tax liabilities   | 5.7.6  | 198,878,105                     | -                     | 198,878,105                              | -                                |
| Due to joint venture partners  | 5.7.3  | 191,016,363                     | -                     | (115,773,750)                            | 306,790,113                      |
| Long-term borrowings   | 5.7.9  | 51,350,694,371                  | -                     | (503,891,523)                            | 51,854,585,894                   |
| Provision for decommissioning, site rehabilitation and dismantling obligations | 5.7.10 | 258,217,594                     | -                     | 100,688,554                              | 157,529,040                      |
| Non-current portion of obligation under finance lease                          | 5.7.11 | 91,444,598                      | -                     | 67,643,587                               | 23,801,011                       |
| Employees' benefits  | 5.7.12 | 429,145,056                     | -                     | 49,977,037                               | 379,168,019                      |
| Projects, trade and other payables   | 5.7.13 | 1,217,670,867                   | (309,033,103)         | (88,151,353)                             | 1,614,855,323                    |
| <b>Total non-current liabilities</b>   |        | <b>53,737,066,954</b>           | <b>(309,033,103)</b>  | <b>(290,629,343)</b>                     | <b>54,336,729,400</b>            |
| <b>Current liabilities</b>   |        |                                 |                       |  |                                  |
| Projects, trade and other payables   | 5.7.13 | 2,239,489,926                   | 309,033,103           | -  | 1,930,456,823                    |
| Accrued expenses   |        | 4,790,159,786                   | -                     | -  | 4,790,159,786                    |
| Zakat payable  |        | 53,135,805                      | -                     | -  | 53,135,805                       |
| Severance fees payable   |        | 20,604,660                      | -                     | -  | 20,604,660                       |
| Current portion of obligation under finance lease                              | 5.7.11 | 27,645,339                      | -                     | 15,199,172                               | 12,446,167                       |
| Current portion of long-term borrowings  |        | 1,280,895,000                   | -                     | -  | 1,280,895,000                    |
| <b>Total current liabilities</b>   |        | <b>8,411,930,516</b>            | <b>309,033,103</b>    | <b>15,199,172</b>                        | <b>8,087,698,241</b>             |
| <b>Total liabilities</b>   |        | <b>62,148,997,470</b>           | <b>-</b>              | <b>(275,430,171)</b>                     | <b>62,424,427,641</b>            |
| <b>Total equity and liabilities</b>  |        | <b>95,393,096,153</b>           | <b>-</b>              | <b>(2,520,826,709)</b>                   | <b>97,913,922,862</b>            |



**5.3.1 Reconciliation of retained earnings under IFRS and SOCPA as at March 31, 2016, attributable to shareholders' of the parent company**

|                        | Notes | IFRS as at<br>March 31,<br>2016 | Re-<br>classification | Remeasure-<br>ments due to<br>transition | SOCPA as at<br>March 31,<br>2016 |
|------------------------|-------|---------------------------------|-----------------------|--|----------------------------------|
| January 1, 2016        | 5.2.2 | 4,516,270,879                   | -                     | (1,948,091,550)                          | 6,464,362,429                    |
| Profit for the quarter | 5.5   | 194,303,024                     | -                     | 25,382,024                               | 168,921,000                      |
| <b>March 31, 2016</b>  | 5.3   | <b>4,710,573,903</b>            | -                     | <b>(1,922,709,526)</b>                   | <b>6,633,283,429</b>             |

**5.3.2 Reconciliation of equity of non-controlling interest under IFRS and SOCPA as at March 31, 2016**

|                                   | Notes | IFRS as at<br>March 31,<br>2016 | Re-<br>classification | Remeasure-<br>ments due to<br>transition | SOCPA as at<br>March 31,<br>2016 |
|-----------------------------------|-------|---------------------------------|-----------------------|--|----------------------------------|
| January 1, 2016                   | 5.2.3 | 7,783,292,852                   | -                     | (313,218,088)                            | 8,096,510,940                    |
| Profit for the quarter            | 5.5   | 6,185,987                       | -                     | (9,468,924)                              | 15,654,911                       |
| Dividends paid during the quarter | 33.3  | (90,000,000)                    | -                     | -  | (90,000,000)                     |
| <b>March 31, 2016</b>             | 5.3   | <b>7,699,478,839</b>            | -                     | <b>(322,687,012)</b>                     | <b>8,022,165,851</b>             |

**5.4 Reconciliation of the consolidated statement of financial position of IFRS to SOCPA as at December 31, 2016**

|  | Notes  | IFRS as at<br>December 31,<br>2016 | Re-<br>classification | Remeasure-<br>ments due to<br>transition | SOCPA as at<br>December 31,<br>2016 |
|--|--------|------------------------------------|-----------------------|--|-------------------------------------|
| <b>Assets</b>  |        |                                    |                       |  |                                     |
| <b>Non-current assets</b>  |        |                                    |                       |  |                                     |
| Mine properties  | 5.7.1  | 9,246,550,952                      | 9,099,666,015         | 146,884,937                              | -                                   |
| Property, plant and equipment  | 5.7.2  | 42,459,053,601                     | (5,921,208,744)       | (507,288,676)                            | 48,887,551,021                      |
| Capital work-in-progress   | 5.7.3  | 29,184,633,886                     | (2,814,051,029)       | (2,638,597,475)                          | 34,637,282,390                      |
| Exploration and evaluation assets  | 5.7.1  | -                                  | (269,803,530)         | -  | 269,803,530                         |
| Deferred stripping expense   | 5.7.1  | -                                  | (71,223,286)          | (6,120,990)                              | 77,344,276                          |
| Intangible assets  | 5.7.4  | 374,448,577                        | -                     | 5,325,369                                | 369,123,208                         |
| Investment in joint ventures   | 5.7.5  | 832,406,115                        | -                     | (295,260,561)                            | 1,127,666,676                       |
| Deferred tax assets  | 5.7.6  | 378,439,046                        | -                     | 378,439,046                              | -                                   |
| Long-term investment   |        | 50,000,000                         | -                     | -  | 50,000,000                          |
| Advances and prepayments   |        | 29,730,480                         | -                     | -  | 29,730,480                          |
| <b>Total non-current assets</b>  |        | <b>82,555,262,657</b>              | <b>23,379,426</b>     | <b>(2,916,618,350)</b>                   | <b>85,448,501,581</b>               |
| <b>Current assets</b>  |        |                                    |                       |  |                                     |
| Advances and prepayments   |        | 140,559,012                        | -                     | (14,235,150)                             | 154,794,162                         |
| Inventories  | 5.7.7  | 3,092,993,891                      | (23,379,426)          | -  | 3,116,373,317                       |
| Trade and other receivables  | 5.7.8  | 1,273,216,903                      | -                     | 298,225                                  | 1,272,918,678                       |
| Short-term investments   |        | 2,711,000,000                      | -                     | -  | 2,711,000,000                       |
| Cash and cash equivalents  |        | 4,369,714,529                      | -                     | -  | 4,369,714,529                       |
| <b>Total current assets</b>  |        | <b>11,587,484,335</b>              | <b>(23,379,426)</b>   | <b>(13,936,925)</b>                      | <b>11,624,800,686</b>               |
| <b>Total assets</b>  |        | <b>94,142,746,992</b>              | <b>-</b>              | <b>(2,930,555,275)</b>                   | <b>97,073,302,267</b>               |
| <b>Equity and liabilities</b>  |        |                                    |                       |  |                                     |
| <b>Equity</b>  |        |                                    |                       |  |                                     |
| Share capital  |        | 11,684,782,610                     | -                     | -  | 11,684,782,610                      |
| Statutory reserve  |        |                                    |                       |  |                                     |
| Share premium  |        | 8,391,351,697                      | -                     | -  | 8,391,351,697                       |
| Transfer of net income   |        | 797,975,542                        | -                     | -  | 797,975,542                         |
| Retained earnings  | 5.4.1  | 4,467,903,955                      | -                     | (2,357,033,646)                          | 6,824,937,601                       |
| Equity attributable to shareholders' of the parent company                     |        | 25,342,013,804                     | -                     | (2,357,033,646)                          | 27,699,047,450                      |
| Non-controlling interest   | 5.4.2  | 7,794,301,046                      | -                     | (450,943,519)                            | 8,245,244,565                       |
| <b>Total equity</b>  |        | <b>33,136,314,850</b>              | <b>-</b>              | <b>(2,807,977,165)</b>                   | <b>35,944,292,015</b>               |
| <b>Non-current liabilities</b>   |        |                                    |                       |  |                                     |
| Deferred tax liabilities   | 5.7.6  | 274,328,467                        | -                     | 274,328,467                              | -                                   |
| Due to joint venture partners  | 5.7.3  | 191,016,363                        | -                     | (115,773,750)                            | 306,790,113                         |
| Long-term borrowings   | 5.7.9  | 50,778,534,391                     | -                     | (444,628,135)                            | 51,223,162,526                      |
| Provision for decommissioning, site rehabilitation and dismantling obligations | 5.7.10 | 269,522,564                        | -                     | 112,445,535                              | 157,077,029                         |
| Non-current portion of obligation under finance lease                          | 5.7.11 | 61,598,017                         | -                     | 48,255,936                               | 13,342,081                          |
| Employees' benefits  | 5.7.12 | 489,756,229                        | -                     | 64,623,160                               | 425,133,069                         |
| Projects, trade and other payables   | 5.7.13 | 1,230,757,918                      | (793,626,305)         | (81,954,040)                             | 2,106,338,263                       |
| <b>Total non-current liabilities</b>   |        | <b>53,295,513,949</b>              | <b>(793,626,305)</b>  | <b>(142,702,827)</b>                     | <b>54,231,843,081</b>               |
| <b>Current liabilities</b>   |        |                                    |                       |  |                                     |
| Projects, trade and other payables   | 5.7.13 | 2,201,826,667                      | 793,626,305           | -  | 1,408,200,362                       |
| Accrued expenses   |        | 2,629,438,338                      | -                     | -  | 2,629,438,338                       |
| Zakat payable  |        | 85,308,278                         | -                     | -  | 85,308,278                          |
| Severance fees payable   |        | 8,270,636                          | -                     | -  | 8,270,636                           |
| Current portion of obligation under finance lease                              | 5.7.11 | 33,565,757                         | -                     | 20,124,717                               | 13,441,040                          |
| Current portion of long-term borrowings  |        | 2,752,508,517                      | -                     | -  | 2,752,508,517                       |
| <b>Total current liabilities</b>   |        | <b>7,710,918,193</b>               | <b>793,626,305</b>    | <b>20,124,717</b>                        | <b>6,897,167,171</b>                |
| <b>Total liabilities</b>   |        | <b>61,006,432,142</b>              | <b>-</b>              | <b>(122,578,110)</b>                     | <b>61,129,010,252</b>               |
| <b>Total equity and liabilities</b>  |        | <b>94,142,746,992</b>              | <b>-</b>              | <b>(2,930,555,275)</b>                   | <b>97,073,302,267</b>               |

**5.4.1 Reconciliation of retained earnings under IFRS and SOCPA as at December 31, 2016, attributable to shareholders' of the parent company**

|   | Notes | IFRS as at<br>December 31,<br>2016 | Re-<br>classification | Remeasure-<br>ments due to<br>transition | SOCPA as at<br>December 31,<br>2016 |
|---|-------|------------------------------------|-----------------------|--|-------------------------------------|
| January 1, 2016   | 5.2.2 | 4,516,270,879                      | -                     | (1,948,091,550)                          | 6,464,362,429                       |
| (Loss) / profit for the year  | 5.6   | (10,739,221)                       | -                     | (411,378,301)                            | 400,639,080                         |
| Other comprehensive income –<br>Re-measurement of employees'<br>termination benefits obligation | 5.6   | 2,436,205                          | -                     | 2,436,205                                | -                                   |
| Net income transferred to statutory<br>reserves   | 32    | (40,063,908)                       | -                     | -  | (40,063,908)                        |
| <b>December 31, 2016</b>  | 5.4   | <b>4,467,903,955</b>               | -                     | <b>(2,357,033,646)</b>                   | <b>6,824,937,601</b>                |

**5.4.2 Reconciliation of equity of non-controlling interest under IFRS and SOCPA as at December 31, 2016**

|   | Notes | IFRS as at<br>December 31,<br>2016 | Re-<br>classification | Remeasure-<br>ments due to<br>transition | SOCPA as at<br>December 31,<br>2016 |
|---|-------|------------------------------------|-----------------------|--|-------------------------------------|
| January 1, 2016   | 5.2.3 | 7,783,292,852                      | -                     | (313,218,088)                            | 8,096,510,940                       |
| Loss for the year   | 5.6   | (137,133,223)                      | -                     | (137,059,811)                            | (73,412)                            |
| Other comprehensive loss –<br>Re-measurement of employees'<br>termination benefits obligation | 33.3  | (665,620)                          | -                     | (665,620)                                | -                                   |
| Dividend paid during the year   | 33.3  | (451,192,963)                      | -                     | -  | (451,192,963)                       |
| Increase in non-controlling interest<br>during the year                                       | 33.3  | 600,000,000                        | -                     | -  | 600,000,000                         |
| <b>December 31, 2016</b>  | 5.4   | <b>7,794,301,046</b>               | -                     | <b>(450,943,519)</b>                     | <b>8,245,244,565</b>                |

**5.5 Reconciliation of consolidated interim statement of profit or loss and other comprehensive income of IFRS to SOCPA for the quarter ended March 31, 2016**

|   | Notes  | IFRS for the<br>quarter ended<br>March 31,<br>2016 | Correction of<br>errors | Remeasure-<br>ments due to<br>transition | SOCPA for the<br>quarter ended<br>March 31,<br>2016 |
|---|--------|--|-------------------------|--|---|
| Sales   | 5.5.1A | 2,270,431,826                                      | -                       | (2,653,708)                              | 2,273,085,534                                       |
| Cost of sales   | 5.5.1B | (1,775,575,061)                                    | -                       | (571,491)                                | (1,775,003,570)                                     |
| <b>Gross profit</b>   |        | <b>494,856,765</b>                                 | -                       | (3,225,199)                              | 498,081,964   |
| <b>Operating expenses</b>   |        |  |                         |  |   |
| Selling, marketing and logistic expenses                                  | 5.5.1C | (87,726,021)                                       | -                       | (28,642)                                 | (87,697,379)  |
| General and administrative expenses                                       | 5.5.1D | (59,372,589)                                       | -                       | 4,759,376                                | (64,131,965)  |
| Exploration and technical services expenses                               | 5.5.1E | (10,364,990)                                       | -                       | 126,602                                  | (10,491,592)  |
| <b>Operating profit</b>   |        | <b>337,393,165</b>                                 | -                       | 1,632,137                                | 335,761,028   |
| <b>Other income / (expenses)</b>  |        |  |                         |  |   |
| Income from time deposits   |        | 27,075,667   | -                       | -  | 27,075,667  |
| Finance cost  | 5.5.1F | (156,997,706)                                      | -                       | (1,792,910)                              | (155,204,796)                                       |
| Other income, net   |        | 4,189,892  | -                       | -  | 4,189,892   |
| Share of net loss of joint ventures accounted for using the equity method | 5.5.1G | -  | -                       | 25,072,312                               | (25,072,312)  |
| <b>Profit before zakat and income tax</b>                                 |        | <b>211,661,018</b>                                 | -                       | 24,911,539                               | 186,749,479   |
| Zakat expenses  | 39.2   | (2,173,568)  | -                       | -  | (2,173,568)   |
| Income tax  | 22.1   | (8,998,439)  | -                       | (8,998,439)                              | -   |
| <b>Profit for the quarter</b>   |        | <b>200,489,011</b>                                 | -                       | 15,913,100                               | 184,575,911   |
| <b>Other comprehensive income</b>   |        |  |                         |  |   |
| Re-measurements of employees' termination benefit obligations             |        | -  | -                       | -  | -   |
| <b>Other comprehensive income for the quarter</b>                         |        | -  | -                       | -  | -   |
| <b>Total comprehensive income for the quarter</b>                         |        | <b>200,489,011</b>                                 | -                       | 15,913,100                               | 184,575,911   |
| <b>Profit for the quarter is attributable to:</b>                         |        |  |                         |  |   |
| Shareholders' of the parent company                                       | 5.3.1  | 194,303,024  | -                       | 25,382,024                               | 168,921,000   |
| Non-controlling interest  | 5.3.2  | 6,185,987  | -                       | (9,468,924)                              | 15,654,911  |
|   |        | <b>200,489,011</b>                                 | -                       | 15,913,100                               | 184,575,911   |

|   |              |                           |
|---|--------------|---------------------------|
| <b>5.5.1 Breakdown of adjustments affecting consolidated interim statement of profit or loss and other comprehensive income on transition to IFRS from SOCPA for the quarter ended March 31, 2016</b> |              |                           |
|   | <b>Notes</b> |                           |
| <b>5.5.1A Sales</b>   |              |                           |
| Adjustment arising due to prior year provisional pricing  | 5.7.8        | (1,311,707)               |
| Adjustment arising due to current year provisional pricing  | 5.7.8        | (1,342,001)               |
| <b>Total</b>  |              | <b><u>(2,653,708)</u></b> |
| <b>5.5.1B Cost of Sales</b>   |              |                           |
| Decrease in depreciation of mine properties   | 5.7.1        | 13,121,640                |
| Increase in stripping activity asset  | 5.7.1        | 6,616,776                 |
| Adjustment arising from depreciation on mine closure and rehabilitation asset   | 5.7.1        | (310,760)                 |
| Adjustment arising from depreciation due to componentization of property, plant and equipment   | 5.7.2        | (26,670,951)              |
| Reversal of depreciation for the capitalized transaction cost   | 5.7.2        | 3,105,484                 |
| Adjustment arising from amortization of intangible assets   | 5.7.4        | 1,541,952                 |
| Depreciation charged on capital spares  | 5.7.7        | (1,254,955)               |
| Adjustment arising due to prior year provisional pricing  | 5.7.8        | 2,308,531                 |
| Adjustment arising due to current year provisional pricing  | 5.7.8        | (1,918,964)               |
| Accumulated adjustment for finance lease  | 5.7.11       | 97,071                    |
| Re-measurement of employees' termination benefits obligation  | 5.7.12       | 2,792,685                 |
| <b>Total</b>  |              | <b><u>(571,491)</u></b>   |
| <b>5.5.1C Selling, marketing and logistic expenses</b>  |              |                           |
| Re-measurement of employees' termination benefits obligation  | 5.7.12       | <b><u>(28,642)</u></b>    |
| <b>5.5.1D General and administrative expenses</b>   |              |                           |
| Adjustment arising from depreciation due to componentization of property plant and equipment  | 5.7.2        | 471,815                   |
| Adjustment arising from amortization of intangible assets   | 5.7.4        | 466,942                   |
| Intangible cost written-off during the period in SOCPA reversed due to opening IFRS adjustment  | 5.7.4        | 152,670                   |
| Accumulated adjustment for finance lease  | 5.7.11       | (9,625)                   |
| Re-measurement of employees' termination benefits obligation  | 5.7.12       | 3,677,574                 |
| <b>Total</b>  |              | <b><u>4,759,376</u></b>   |
| <b>5.5.1E Exploration and technical services expenses</b>   |              |                           |
| Accumulated adjustment for finance lease  | 5.7.11       | 4,628                     |
| Re-measurement of employees' termination benefits obligation  | 5.7.12       | 121,974                   |
| <b>Total</b>  |              | <b><u>126,602</u></b>     |
| <b>5.5.1F Finance cost</b>  |              |                           |
| Amortization of transaction cost under effective interest rate method   | 5.7.9        | (8,517,475)               |
| Accretion of provision for decommissioning site rehabilitation and dismantling obligations  | 5.7.10       | (3,610,209)               |
| Unwinding of discount of non-current obligations under finance lease  | 5.7.11       | (168,600)                 |
| Accretion of employees' termination benefits obligation   | 5.7.12       | (3,725,672)               |
| Increase due to unwinding of long-term liability  | 5.7.13       | 14,229,046                |
| <b>Total</b>  |              | <b><u>(1,792,910)</u></b> |
| <b>5.5.1G Share in net loss of joint ventures accounted for using the equity method</b>   |              |                           |
| Reversal of share in net loss of SAMAPCO  | 5.7.5        | <b><u>25,072,312</u></b>  |



**5.6 Reconciliation of consolidated interim statement of profit or loss or other comprehensive income of IFRS to SOCPA for the year ended December 31, 2016**

|  | Notes  | IFRS for the<br>year ended<br>December 31,<br>2016 | Correction of<br>errors | Remeasure-<br>ments due to<br>transition | SOCPA for the<br>year ended<br>December 31,<br>2016 |
|--|--------|--|-------------------------|--|---|
| Sales  | 5.6.1A | 9,504,243,424                                      | -                       | (1,997,792)                              | 9,506,241,216                                       |
| Cost of sales  | 5.6.1B | (7,483,685,416)                                    | -                       | (23,716,953)                             | (7,459,968,463)                                     |
| <b>Gross profit</b>  |        | <b>2,020,558,008</b>                               | -                       | (25,714,745)                             | 2,046,272,753                                       |
| <b>Operating expenses</b>  |        |  |                         |  |   |
| Selling, marketing and logistic expenses   | 5.6.1C | (409,963,201)                                      | -                       | 91,742                                   | (410,054,943)                                       |
| General and administrative expenses  | 5.6.1D | (324,671,177)                                      | -                       | 8,846,806                                | (333,517,983)                                       |
| Exploration and technical services expenses  | 5.6.1E | (49,336,885)                                       | -                       | 1,753,907                                | (51,090,792)  |
| Write-off of plant and equipment   |        | (57,752,626)                                       | -                       | -  | (57,752,626)  |
| Impairment of plant and equipment  |        | (566,250,000)                                      | -                       | (566,250,000)                            | -   |
| <b>Operating profit</b>  |        | <b>612,584,119</b>                                 | -                       | (581,272,290)                            | 1,193,856,409                                       |
| <b>Other income / (expenses)</b>   |        |  |                         |  |   |
| Income from time deposits  |        | 151,636,138  | -                       | -  | 151,636,138   |
| Finance cost   | 5.6.1F | (890,415,706)                                      | -                       | (64,562,215)                             | (825,853,491)                                       |
| Other income, net  |        | 33,143,164   | -                       | -  | 33,143,164  |
| Share of net loss of joint ventures accounted for using the equity method                      | 5.6.1G | 3,725,530  | -                       | 77,513,678                               | (73,788,148)  |
| <b>(Loss) / Profit before zakat and income tax</b>   |        | <b>(89,326,755)</b>                                | -                       | (568,320,827)                            | 478,994,072   |
| Zakat expenses   | 39.2   | (78,428,404)                                       | -                       | -  | (78,428,404)  |
| Income tax   | 22.1   | 19,882,715   | -                       | 19,882,715                               | -   |
| <b>(Loss) / profit for the year</b>  |        | <b>(147,872,444)</b>                               | -                       | (548,438,112)                            | 400,565,668   |
| <b>Other comprehensive income</b>  |        |  |                         |  |   |
| Re-measurements of employees' termination benefit obligations                                  | 5.6.1H | 1,770,585  | -                       | 1,770,585                                | -   |
| <b>Other comprehensive income for the year</b>   |        | <b>1,770,585</b>                                   | -                       | 1,770,585                                | -   |
| <b>Total comprehensive (loss) / income for the year</b>  |        | <b>(146,101,859)</b>                               | -                       | (546,667,527)                            | 400,565,668   |
| <b>Total comprehensive (loss) / income attributable to shareholders' of the parent company</b> |        |  |                         |  |   |
| (Loss) / Profit for the year   |        | (10,739,221)                                       | -                       | (411,378,301)                            | 400,639,080   |
| Re-measurements of employees' termination benefits obligation                                  |        | 2,436,205  | -                       | 2,436,205                                | -   |
| <b>Total</b>   |        | <b>(8,303,016)</b>                                 | -                       | (408,942,096)                            | 400,639,080   |
| <b>Total comprehensive loss attributable to non-controlling interest</b>                       |        |  |                         |  |   |
| Loss for the year  |        | (137,133,223)                                      | -                       | (137,059,811)                            | (73,412)  |
| Re-measurements of employees' termination benefits obligation                                  |        | (665,620)  | -                       | (665,620)                                | -   |
| <b>Total</b>   |        | <b>(137,798,843)</b>                               | -                       | (137,725,431)                            | (73,412)  |

|   |              |                     |
|---|--------------|---------------------|
| <b>5.6.1 Breakdown of adjustments affecting consolidated interim statement of profit or loss and other comprehensive income on transition to IFRS from SOCPA for the year ended December 31, 2016</b> |              |                     |
|   | <b>Notes</b> |                     |
| <b>5.6.1A Sales</b>   |              |                     |
| Adjustment arising due to prior year provisional pricing  | 5.7.8        | (1,311,707)         |
| Adjustment arising due to current year provisional pricing  | 5.7.8        | (686,085)           |
| <b>Total</b>  |              | <b>(1,997,792)</b>  |
| <b>5.6.1B Cost of Sales</b>   |              |                     |
| Decrease in depreciation of mine properties   | 5.7.1        | 10,629,313          |
| Increase in stripping activity asset  | 5.7.1        | 427,855             |
| Adjustment arising from depreciation on mine closure & rehabilitation asset   | 5.7.1        | (1,246,751)         |
| Adjustment arising from depreciation due to componentization of property, plant and equipment   | 5.7.2        | (40,539,188)        |
| Reversal of depreciation for the capitalized transaction cost   | 5.7.2        | 15,169,741          |
| Adjustment arising from amortization of intangible assets   | 5.7.4        | 1,120,173           |
| Depreciation charged on capital spares  | 5.7.7        | (5,045,736)         |
| Adjustment arising due to prior year provisional pricing  | 5.7.8        | 2,308,531           |
| Adjustment arising due to current year provisional pricing  | 5.7.8        | 984,310             |
| Accumulated adjustment for finance lease  | 5.7.11       | 1,446,973           |
| Re-measurement of employees' termination benefits obligation  | 5.7.12       | (8,972,174)         |
| <b>Total</b>  |              | <b>(23,716,953)</b> |
| <b>5.6.1C Selling, marketing and logistic expenses</b>  |              |                     |
| Re-measurement of employees' termination benefits obligation  | 5.7.12       | <b>91,742</b>       |
| <b>5.6.1D General and administrative expenses</b>   |              |                     |
| Adjustment arising from depreciation due to componentization of property plant and equipment  | 5.7.2        | 2,031,304           |
| Ineligible capitalization   | 5.7.3        | (7,603,500)         |
| Adjustment arising from amortization of intangible assets   | 5.7.4        | 1,682,213           |
| Intangible cost written-off during the period in SOCPA reversed due to opening IFRS adjustment  | 5.7.4        | 152,670             |
| Accumulated adjustment for finance lease  | 5.7.11       | 116,658             |
| Re-measurement of employees' termination benefits obligation  | 5.7.12       | 12,467,461          |
| <b>Total</b>  |              | <b>8,846,806</b>    |
| <b>5.6.1E Exploration and technical services expenses</b>   |              |                     |
| Adjustment arising from depreciation due to componentization of property plant and equipment  | 5.7.1        | (37,483)            |
| Accumulated adjustment for finance lease  | 5.7.11       | (1,229)             |
| Re-measurement of employees' termination benefits obligation  | 5.7.12       | 1,792,619           |
| <b>Total</b>  |              | <b>1,753,907</b>    |
| <b>5.6.1F Finance cost</b>  |              |                     |
| Amortization of transaction cost under effective interest rate method   | 5.7.9        | (39,513,082)        |
| Accretion of provision for decommissioning site rehabilitation and dismantling obligations  | 5.7.10       | (15,367,192)        |
| Unwinding of discount of non-current obligations under finance lease  | 5.7.11       | (2,972,120)         |
| Accretion of employees' termination benefits obligation   | 5.7.12       | (14,741,558)        |
| Increase due to unwinding of long-term liability  | 5.7.13       | 8,031,737           |
| <b>Total</b>  |              | <b>(64,562,215)</b> |

|   | Notes  |                         |
|---|--------|-------------------------|
| <b>5.6.1G Share in net loss of joint ventures accounted for using the equity method</b> |        |                         |
| Reversal of share in net loss of SAMAPCO  | 5.7.5  | <u>77,513,678</u>       |
| <b>5.6.1H Re-measurement of employees' termination benefits obligation</b>              |        |                         |
| Experience adjustment   | 5.7.12 | 28,092,902              |
| Loss from change in financial assumptions   | 5.7.12 | <u>(26,322,317)</u>     |
| <b>Total</b>  |        | <u><b>1,770,585</b></u> |

## 5.7 Notes to the reconciliation of:

- the retained earnings under IFRS as at January 1, 2016 and retained earnings under SOCPA as at December 31, 2015 and
- the total comprehensive income and the statement of financial position for the quarter ended March 31, 2016 and the year ended December 31, 2016 between IFRS and SOCPA.

### 5.7.1 Mine properties

Current best practice in the mining industry is to distinguish between mining and non-mining items of property, plant and equipment, especially in a diversified mining company where there is a significant concentration of downstream non-mining assets. This reclassification also facilitated the introduction of the units of production (UOP) method of depreciation. Accumulated mine development costs are depreciated / amortized on a UOP basis over the economically recoverable proven and probable ore reserves of the mine concerned, except in the case of those mining assets whose economic useful life is shorter than the life of the mine, in which case the straight line method is applied.

As part of the transition from SOCPA to IFRS, on the transition date January 1, 2016, all items of property, plant and equipment, capital work-in-progress, exploration and evaluation assets, deferred stripping expense and inventories representing capital spares were reclassified into mining and non-mining assets.

Under the disclosure of "mine properties" all mining and mining related assets and activities are disclosed as different categories of mine properties (See Note 17).

The following net book value of assets currently servicing the mines have been reclassified to mine properties:

|   | <b>March 31,<br/>2016<br/>(Note 5.4)</b> | <b>December 31,<br/>2016<br/>(Note 5.3)</b> | <b>January 1,<br/>2016<br/>(Note 5.2)</b> |
|---|--|---|---|
| Property, plant & equipment             | 2,946,520,353                            | 5,921,208,744                               | 2,996,946,085                             |
| Capital work-in-progress                | 5,206,128,441                            | 2,814,051,029                               | 4,655,557,338                             |
| Exploration and evaluation assets       | 235,157,299                              | 269,803,530                                 | 233,233,575                               |
| Deferred stripping expense              | 46,773,849                               | 71,223,286                                  | 41,181,348                                |
| Inventories representing capital spares | 23,379,426                               | 23,379,426                                  | 23,379,426                                |
| <b>Total assets</b>                     | <u><b>8,457,959,368</b></u>              | <u><b>9,099,666,015</b></u>                 | <u><b>7,950,297,772</b></u>               |

Further, following transition date adjustments were also recognized in mine properties:

|  |                           |
|--|---------------------------|
| Recognition of mine closure and rehabilitation provision                   | 109,805,519               |
| Recognition of assets under finance lease                                  | 105,600,452               |
| Depreciation on capital spares (Note 5.7.7)                                | (3,860,719)               |
| Increase in accumulated depreciation due to the effect of componentization | <u>(12,632,894)</u>       |
| <b>Total (Note 5.2)</b>  | <u><b>198,912,358</b></u> |

Under IFRS, an item of property, plant and equipment should be componentized into its significant parts with each component depreciated separately over their estimated economic useful lives. The componentization concept was not a standard practice followed in the Kingdom of Saudi Arabia. As part of the transition to IFRS, the Company has applied the concept of asset componentization and accounted for its impact on the estimated economic useful lives of the components, which resulted in a decrease in the net book value of the item of plant and equipment recorded under mine properties and property, plant and equipment, with a corresponding decrease in the opening balance of the retained earnings, on the transition date to IFRS, amounting to

SAR 120,055,436 (Note 5.2.1). The net impact has been booked as part of the IFRS transition adjustments on January 1, 2016. The same apply to property, plant and equipment in Note 5.7.2.

Net decrease in depreciation charge as a result of componentization, the application of UOP method, and depreciation charged on mine closure and rehabilitation provision has been credited to consolidated statement of profit or loss.

|  | <b>Quarter ended<br/>March 31,<br/>2016</b> | <b>Year ended<br/>December 31,<br/>2016</b> |
|--|---|---|
| <b>Cost of sales</b>   |   |   |
| Decrease in depreciation of mine properties  | 13,121,640                                  | 10,629,313                                  |
| Increase in stripping activity asset   | 6,616,776                                   | 427,855                                     |
| Adjustment arising from depreciation of mine closure and rehabilitation provision            | (310,760)                                   | (1,246,751)                                 |
| <b>Exploration and technical services expenses</b>   |   |   |
| Adjustment arising from depreciation due to componentization of property plant and equipment | -   | (37,483)                                    |
| <b>Total adjustment to the consolidated statement of profit or loss</b>                      | <b>19,427,656</b>                           | <b>9,772,934</b>                            |

#### **5.7.2 Property, plant and equipment**

IAS 16 requires significant component parts of an item of property, plant and equipment to be depreciated separately. At the date of transition to IFRS, a decrease in the value of property, plant and equipment was recognized due to separate depreciation of these significant components.

Further, under SOCPA, the transaction costs on borrowings primarily comprising of upfront fee and commitment fee were capitalized under property, plant and equipment. Under IFRS, such transaction costs have to be accounted for using effective interest rate method. Total transaction costs capitalized under SOCPA have been reduced from property, plant and equipment and long-term borrowings and the related depreciation charged under SOCPA has been added back to the property, plant and equipment at the date of transition.

Therefore, the transition date adjustments recognized in property, plant and equipment are as follows:

|   |                      |
|---|----------------------|
| Decrease due to componentization of property, plant and equipment                                       | (141,741,102)        |
| Upfront and commitment fee on long-term borrowings capitalized as part of property, plant and equipment | (243,952,399)        |
| <b>Total</b>  | <b>(385,693,501)</b> |

The cumulative difference in depreciation charge arising as a result of these re-measurements under IFRS have been credited to consolidated statement of profit or loss.

|  | <b>Quarter ended<br/>March 31,<br/>2016</b> | <b>Year ended<br/>December 31,<br/>2016</b> |
|--|---|---|
| <b>Cost of sales</b>   |   |   |
| Adjustment arising from depreciation due to componentization of property plant and equipment | (26,670,951)                                | (40,539,188)                                |
| Reversal of depreciation for the capitalized transaction cost                                | 3,105,484                                   | 15,169,741                                  |
| <b>General and administrative expenses</b>   |   |   |
| Adjustment arising from depreciation due to componentization of property plant and equipment | 471,815                                     | 2,031,304                                   |
| <b>Total adjustment to the consolidated statement of profit or loss</b>                      | <b>(23,093,652)</b>                         | <b>(23,338,143)</b>                         |

### 5.7.3 Capital work-in-progress

As at January 1, 2016, the Group determined that the recoverable amounts of two assets, which are considered as separate cash generating units are less than their carrying amounts. These recoverable amounts were calculated using an asset's value-in-use model and included an appropriate market related discount rate. This has resulted in an impairment loss of SAR 1,916,250,000 as of the date of transition to IFRS.

Further, proportionate share of impairment related to the autosheet project amounting to SAR 115,773,750 has been adjusted against the amount due to the joint venture partner.

The breakdown of this impairment loss is as follows:

|  |                      |
|--|----------------------|
| Plant and equipment (MRC)  | 1,455,000,000        |
| Plant and equipment (Autosheet project)  | 461,250,000          |
| <b>Total impairment</b>  | <b>1,916,250,000</b> |
| Less: 25.1% share of the impairment adjusted against the amount due to the joint venture partner (Note 34) | (115,773,750)        |
| <b>Impairment charged to retained earnings</b>   | <b>1,800,476,250</b> |

Further, under SOCPA, the upfront and commitment fees on certain qualifying loans were capitalized under capital work-in-progress. The outstanding balance of these fees amounting to SAR 308,952,643 has been deducted from the value of the capital work-in-progress as of the date of transition to IFRS.

Therefore, the transition date adjustments recognized in capital work-in-progress are as follows:

|   |                        |
|---|------------------------|
| Impairment of plant and equipment   | (1,916,250,000)        |
| Upfront and commitment fees on long-term borrowings capitalized as part of capital work-in-progress | (308,952,643)          |
| Re-measurement of provision for decommissioning, site rehabilitation and dismantling obligation     | 11,293,524             |
| Re-measurement of employees' termination benefit obligation   | 5,036,371              |
| Ineligible cost written-off   | (34,594,000)           |
| Other adjustments   | 2,061,253              |
| <b>Total</b>  | <b>(2,241,405,495)</b> |

December 31, 2016, the following amounts have been recognized as an impairment loss in the consolidated statement of profit or loss:

|   | <b>Quarter ended<br/>March 31,<br/>2016</b> | <b>Year ended<br/>December 31,<br/>2016</b> |
|---|---|---|
| <b>Impairment of plant and equipment</b>                                |   |   |
| Plant and equipment (MRC) (Note 19)                                     | -   | (566,250,000)                               |
| <b>General and administrative expenses</b>                              |   |   |
| Ineligible cost written-off   | -   | (7,603,500)                                 |
| <b>Total adjustment to the consolidated statement of profit or loss</b> | <b>-</b>                                    | <b>(573,853,500)</b>                        |

### 5.7.4 Intangible assets

In accordance with SOCPA, the Company was required to amortize the intangible asset over a maximum useful life of 7 years. However, as at the date of transition to IFRS, the Company retrospectively re-measured the intangible assets based on the actual useful life of the intangible assets. This resulted in a decrease in accumulated amortization of intangible assets that was adjusted against the consolidated retained earnings. Further, certain intangible assets that did not qualify for recognition as intangible assets have been written-off and charged to the opening balance of consolidated retained earnings.

The following transition date adjustments were recognized in intangible assets:

|  |                         |
|--|-------------------------|
| Decrease in amortization of intangible assets due to change in useful life | 3,913,398               |
| Decrease due to write-off of intangible assets                             | <u>(1,390,414)</u>      |
| <b>Total</b>   | <b><u>2,522,984</u></b> |

Decrease in amortization charge as a result of re-measurement of intangible assets based on the actual useful life and the reversal of write-off of ineligible cost that was adjusted against the consolidated retained earnings at the transition date, has been credited to consolidated statement of profit or loss.

|   | <b>Quarter ended<br/>March 31,<br/>2016</b> | <b>Year ended<br/>December 31,<br/>2016</b> |
|---|---|---|
| <b>Cost of sales</b>  |   |   |
| Adjustment arising from amortization of intangible assets   | 1,541,952                                   | 1,120,173                                   |
| <b>General and administrative expenses</b>  |   |   |
| Adjustment arising from amortization of intangible assets   | 466,942                                     | 1,682,213                                   |
| Ineligible intangible cost written-off during the quarter / year in SOCPA reversed due to opening IFRS adjustment | <u>152,670</u>                              | <u>152,670</u>                              |
| <b>Total adjustment to the consolidated statement of profit or loss</b>   | <b><u>2,161,564</u></b>                     | <b><u>2,955,056</u></b>                     |

#### **5.7.5 Investment in joint ventures**

At the date of transition, the Group determined that the recoverable amount of the total investment in one of its joint ventures (SAMAPCO), including an additional contribution amounting to SAR 47,998,419 that was shown as a receivable from SAMAPCO, was less than its carrying amount. The impairment test used an equity valuation model and included an appropriate market related discount rate. This has resulted in an impairment loss of SAR 324,775,820 as at the date of transition to IFRS (Note 21.2).

Therefore, the transition date adjustments recognized in investment in joint venture are as follows:

|   |                           |
|---|---------------------------|
| Impairment of investment in joint venture | 324,775,820               |
| Additional contribution written-off       | <u>47,998,419</u>         |
| <b>Total</b>                              | <b><u>372,774,239</u></b> |

Consequently, the share in net loss recognized for this investment during the quarter ended March 31, 2016 and for the year ended December 31, 2016 has been credited to "Share in net loss of joint ventures accounted for using the equity method" in the consolidated statement of profit or loss which is as follows:

|   | <b>Quarter ended<br/>March 31,<br/>2016</b> | <b>Year ended<br/>December 31,<br/>2016</b> |
|---|---|---|
| <b>Share in net loss of joint venture accounted for using the equity method</b> |   |   |
| Reversal of share in net of SAMAPCO   | <u>25,072,312</u>                           | <u>77,513,678</u>                           |

#### 5.7.6 Deferred tax

In accordance with SOCPA, the Group was not required to recognize deferred tax assets and liabilities. However, as part of the transition from SOCPA to IFRS, the Group had recognized deferred tax assets and liabilities on the following items as of the date of transition to IFRS:

##### Deferred tax assets

|  |                    |
|--|--------------------|
| Un-utilized tax losses   | 172,984,641        |
| Differences between the carrying value of property, plant and equipment, capital work-in-progress and intangible assets and their tax base   | 68,247,856         |
| Difference between the carrying value of employees' termination benefits and their tax base  | 5,566,893          |
| Difference between the carrying value of the provision for decommissioning, site rehabilitation and dismantling obligations and its tax base | 1,583,554          |
| <b>Total</b>   | <b>248,382,944</b> |

Further, deferred tax liabilities on account of difference between the carrying value of certain items of mine properties, property, plant and equipment and certain intangible assets amounting to SAR 164,155,080, had been recognized in the consolidated statement of financial position as at January 1, 2016.

The movement in deferred tax assets for the quarter ended March 31, 2016 and year ended December 31, 2016 amounting to SAR 25,724,586 and SAR 130,056,102 respectively has been credited to consolidated statement of profit or loss for those periods. The itemized movement of deferred tax assets is presented below:

|  | Un-utilized<br>tax losses | Provision for<br>decommissioning,<br>site rehabilitation<br>and dismantling<br>obligations | Property, plant<br>and equipment,<br>capital work-in-<br>progress and<br>intangible<br>assets | Employees'<br>termination<br>benefits | Total              |
|--|---------------------------|--|---|---------------------------------------|--------------------|
| January 1, 2016  | 172,984,640               | 1,583,554  | 68,247,856  | 5,566,894                             | 248,382,944        |
| Credit to profit or loss<br>for the quarter                  | 25,095,538                | 21,118   | 256,207   | 351,723                               | 25,724,586         |
| March 31, 2016   | 198,080,178               | 1,604,672  | 68,504,063  | 5,918,617                             | 274,107,530        |
| Credit to profit or loss<br>for the remainder of<br>the year | 76,926,039                | 63,355   | 25,667,660  | 1,674,462                             | 104,331,516        |
| <b>December 31, 2016</b>                                     | <b>275,006,217</b>        | <b>1,668,027</b>   | <b>94,171,723</b>   | <b>7,593,079</b>                      | <b>378,439,046</b> |

Similarly, movement to deferred tax liabilities for the quarter ended March 31, 2016 and year ended December 31, 2016 amounting to SAR 34,723,025 and SAR 110,173,387 respectively has been charged to consolidated statement of profit or loss for those periods.

#### 5.7.7 Inventories

IAS 16 requires that capital spares related to a host asset be capitalized as part of the host asset and depreciated over the economic useful life. Capital spares with a cost of SAR 23,379,426 previously shown under inventory, were reclassified as part of mine properties and depreciated in accordance with the depreciation rates applicable to the host asset. The depreciation rates were applied retrospectively in accordance with IFRS1 from the date that the host asset was put into use. The cumulative effect of the increase in the depreciation charge of SAR 3,860,719 (Note 5.2.1) was debited against opening retained earnings as at January 1, 2016 and credited against accumulated depreciation.

The depreciation related to these capital spares were charged to the consolidated statement of profit or loss as follows:

|                                       | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|---------------------------------------|------------------------------------|------------------------------------|
| <b>Cost of sales</b>                  |                                    |                                    |
| Depreciation charge on capital spares | (1,254,955)                        | (5,045,736)                        |





#### 5.7.8 Trade and other receivables and sales

In accordance with IAS 18 "Revenue" the company is required to calculate the effect of provisional pricing on the un-finalized invoices outstanding as at the end of the reporting period. As of January 1, 2016, an amount of SAR 996,824 has been charged against retained earnings.

Further, for the quarter ended March 31, 2016 and year ended December 31, 2016, the following amounts have been charged to consolidated statement of profit or loss .

|   | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|---|------------------------------------|------------------------------------|
| <b>Sales</b>  |                                    |                                    |
| Adjustment arising due to prior year provisional pricing                | (1,311,707)                        | (1,311,707)                        |
| Adjustment arising due to current year provisional pricing              | (1,342,001)                        | (686,085)                          |
| <b>Cost of sales</b>  |                                    |                                    |
| Adjustment arising due to prior year provisional pricing                | 2,308,531                          | 2,308,531                          |
| Adjustment arising due to current year provisional pricing              | (1,918,964)                        | 984,310                            |
| <b>Total adjustment to the consolidated statement of profit or loss</b> | <b>(2,264,141)</b>                 | <b>1,295,049</b>                   |

#### 5.7.9 Long-term borrowings

Under SOCPA, certain upfront and commitment fees on qualifying borrowings was capitalized to capital work-in-progress and property, plant and equipment. Consequently, these borrowings were recognized at full value upon initial recognition.

However, IFRS requires these upfront and commitment fees to be amortized using the effective interest method and charged to capital work-in-progress in case the asset is under construction or charged to the consolidated statement of profit or loss after completion of construction of the asset for which the borrowing took place.

The outstanding balances of these upfront and commitment fees after taking into account of amortization using effective interest method amounting to SAR 523,645,986 has been deducted from "Long Term Borrowings" and capital work-in-progress or property, plant and equipment as the case may be.

Further, IAS 32 requires amortization of upfront fees and commitment fees on these qualifying long-term borrowings using the effective interest rate method. The amortization of these transaction costs has been charged to "Finance cost" in the consolidated statement of profit or loss.

|   | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|---|------------------------------------|------------------------------------|
| <b>Finance cost</b>   |                                    |                                    |
| Amortization of transaction cost under effective interest rate method | (8,517,475)                        | (39,513,082)                       |

#### 5.7.10 Provision for decommissioning, site rehabilitation and dismantling obligations

At the date of transition to IFRS, the provision for decommission, site rehabilitation and dismantling was re-measured in accordance with the requirements of IAS 37 which resulted in a decrease of the provision for decommissioning by SAR 97,078,345 (Note 5.2) (March 31, 2016: SAR 100,688,554, December 31, 2016: 112,445,535).

The accretion of the provision arising from the passage of time and the unwinding of the present value is charged to consolidated statement of profit or loss.

|  | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|--|------------------------------------|------------------------------------|
| <b>Finance cost</b>  |                                    |                                    |
| Accretion of provision for decommissioning site rehabilitation and dismantling obligations | (3,610,209)                        | (15,367,192)                       |

#### **5.7.11 Obligation under finance lease**

Certain assets, comprising of motor vehicles, power plant and certain mining equipment, were the subject of lease agreements that did not meet the criteria of a capital lease under SOCPA and had been treated as an operating lease. On the date of transition to IFRS January 01, 2016 these lease agreements were assessed and re-classified as finance leases under IFRS and capitalized in accordance with IAS 17. Both the assets held under finance lease amounting to SAR 105,600,452 and the liability relating to the obligation under finance lease amounting to SAR 87,547,050 were recognized in the consolidated statement of financial position on January 1, 2016. Further, outstanding balance of a mobilization advance amounting to SAR 19,411,566 has been reclassified from advances and prepayments to assets held under finance lease under mine properties.

The related depreciation charges and finance cost were calculated and charged to the appropriate reporting periods against the reversal of the operating lease expense previously charged.

Further, the unwinding of discount of non-current obligations under finance lease over the duration of the lease is charged to finance cost in the consolidated statement of profit or loss.

|   | <b>Quarter ended<br/>March 31,<br/>2016</b> | <b>Year ended<br/>December 31,<br/>2016</b> |
|---|---|---|
| <b>Cost of sales</b>  |   |   |
| Accumulated adjustment for assets held under finance lease              | 97,071                                      | 1,446,973                                   |
| <b>General and administrative expenses</b>                              |   |   |
| Accumulated adjustment for assets held under finance lease              | (9,625)                                     | 116,658                                     |
| <b>Exploration and technical services expenses</b>                      |   |   |
| Accumulated adjustment for assets held under finance lease              | 4,628                                       | (1,229)                                     |
| <b>Finance cost</b>   |   |   |
| Unwinding of discount of non-current obligations under finance lease    | (168,600)                                   | (2,972,120)                                 |
| <b>Total adjustment to the consolidated statement of profit or loss</b> | <b>(76,526)</b>                             | <b>(1,409,718)</b>                          |

#### **5.7.12 Employees' end of service termination benefits**

As at the date of transition to IFRS, the employees end of service termination benefit liability was measured in accordance with IAS-19 using the projected unit credit method. This resulted in an increase of liability by SAR 52,416,223 (Note 5.2.1) (March 31, 2016: SAR 49,977,037 and December 31, 2016: SAR 64,623,160).

One of the assumptions used in arriving at the present value of the defined termination benefits liability is a discount rate of 4.5%. The accretion of the present value of the defined benefits termination liability over the weighted average duration of the defined termination benefit obligation is charged to finance cost in the consolidated statement of profit or loss.

The resulting accretion of employees' termination benefits obligation have been charged to consolidated statement of profit or loss.

|   | <b>Quarter ended<br/>March 31,<br/>2016</b> | <b>Year ended<br/>December 31,<br/>2016</b> |
|---|---|---|
| <b>Cost of sales</b>  |   |   |
| Re-measurement of employees' termination benefits obligation            | 2,792,685                                   | (8,972,174)                                 |
| <b>Selling, marketing and logistic expenses</b>                         |   |   |
| Re-measurement of employees' termination benefits obligation            | (28,642)                                    | 91,742                                      |
| <b>General and administrative expenses</b>                              |   |   |
| Re-measurement of employees' termination benefits obligation            | 3,677,574                                   | 12,467,461                                  |
| <b>Exploration and technical services expenses</b>                      |   |   |
| Re-measurement of employees' termination benefits obligation            | 121,974                                     | 1,792,619                                   |
| <b>Finance cost</b>   |   |   |
| Accretion of employees' termination benefit obligation                  | (3,725,672)                                 | (14,741,558)                                |
| <b>Total adjustment to the consolidated statement of profit or loss</b> | <b>2,837,919</b>                            | <b>(9,361,910)</b>                          |

Further, the actuarial loss due to change in actuarial assumptions and the related experience adjustment has been recognised as a separate component in the consolidated statement of other comprehensive income.

|  | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|--|------------------------------------|------------------------------------|
| <b><i>Re-measurement of employees' termination benefits obligation</i></b>   |                                    |                                    |
| Experience adjustment  | -                                  | 28,092,902                         |
| Loss from change in financial assumptions                                    | -                                  | (26,322,317)                       |
| <b>Total charged to consolidated statement of other comprehensive income</b> | <b>-</b>                           | <b>1,770,585</b>                   |

#### **5.7.13 Projects, trade and other payable**

In accordance with SOCPA, the Group was not required to discount payable balances having a maturity date of more than one year from the statement of financial position date. As at the date of transition, the Company has discounted these balances using its incremental borrowing rate. Consequently, an amount of SAR 279,162,159 was reclassified from non-current project, trade and other payables to current project, trade and other payables and the corresponding reduction because of discounting amounting to SAR 73,922,306 (Note 5.2.1) was adjusted against the opening retained earnings.

The resulting accretion of projects and other payables arising from passage of time and unwinding of present value have been charged to the consolidated statement of profit or loss.

|  | Quarter ended<br>March 31,<br>2016<br>(Note 5.5.1F) | Year ended<br>December 31,<br>2016<br>(Note 5.6.1F) |
|--|---|---|
| <b><i>Finance cost</i></b>                         |   |   |
| Increase due to unwinding of long-term liabilities | <b>14,229,046</b>                                   | <b>8,031,737</b>                                    |

#### **5.7.14 First time adoption of IFRS – effect on consolidated interim statement of cash flow**

The transition from SOCPA to IFRS has not had a material impact on the consolidated statement of cash flows.

## **6 Critical accounting judgments, estimates and assumptions**

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

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

### **6.1 Critical accounting judgements in applying accounting standards**

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

- economic useful lives of property, plant and equipment;
- impairment and the reversal of impairment
- zakat and income tax
- exploration and evaluation expenditure
- stripping costs
- production start date

### ***Economic useful lives of property, plant and equipment***

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

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

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

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

Any of these changes could affect prospective depreciation of 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 the reversal of impairment***

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

### ***Zakat and income tax***

During the year ended December 31, 2016 an amount of SAR 44,082,363 was paid to GAZT pertaining to the year ended December 31, 2015 (during the year ended December 31, 2015 an amount of SAR 54,147,978 was paid to GAZT pertaining to the year ended December 31, 2014).

During April 2017, the GAZT has issued final zakat assessment for the Company and its wholly owned subsidiaries for the years 2008 until 2013. The Company intends to file an appeal against the assessed amount. Differences, if any, at the finalization of final assessments and subject to decision under appeals will be accounted for when such amounts are determined.

### ***Exploration and evaluation expenditure***

The application of the Group's accounting policy for E&E expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's E&E assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions.

### ***Stripping costs***

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset. Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations.

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

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

#### ***Commercial production start date***

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

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

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

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

#### **6.2 Key sources of estimation uncertainty**

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

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

#### ***Ore reserve and mineral resource estimates***

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

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

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

#### ***Mine decommissioning 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 Kingdom of Saudi Arabia, terms of the license agreements and engineering estimates. Provision is made, for decommissioning as soon as the obligation arises. Actual costs incurred in future years could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations and life-of-mine estimates could affect the carrying amount of this provision.

#### ***Allowances for obsolete and slow moving spare parts***

The Group also creates an allowance for obsolete and slow-moving spare parts. At March 31, 2017, the allowance for obsolete slow-moving items amounted to SAR 15,853,329 (March 31, 2016: SAR 15,984,849, December 31, 2016: SAR 15,853,329 and January 1, 2016: SAR 15,984,849). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year.

#### ***Contingencies***

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

## **7 Segmental information**

### **Segment reporting**

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

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

#### **7.1 Business segment**

A business segment is a component of the Group :

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

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

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

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

- **Phosphate Strategic Business Unit Segment**, consist of operations related to:
  - **MPC** – the mining and beneficiation of phosphate concentrated rock at Al Jalamid. The utilization of natural gas and sulphur to produce Phosphate fertilizers as well as ammonia products at Ras Al Khair.
  - **IMC** – the mining of industrial minerals at a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine at Al Ghazallah and a processing plant at Al Madinah Al Munawarah.
  - **MWSPC** – the development of a mine to exploit the Al-Khabra and Umm Wu'al phosphate deposits. The project is in the development stage.
  - **Phosphate and Industrial Minerals division under Corporate** – related cost and exploration expenses in Ma'aden Corporate has been allocated to this segment.
  - **MIC** – is responsible for the development, construction and delivery of services to Ma'aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a 33% proportionate share of MIC's revenues, costs and assets have been allocated to this segment.



- **Aluminum Strategic Business Unit Segment**, consists of the operations related to:
  - **MAC** – operates the smelter at Ras Al Khair and it currently processes the alumina feedstock that it purchases from Alcoa and produces aluminum products. MAC started commercial production on September 1, 2014.
  - **MRC** – in the process of constructing a rolling mill. The project is in the commissioning phase.
  - **MBAC** – the mining of bauxite at the Al Baitha mine and the transportation thereof to its refinery at Ras Al Khair. The refinery is in its commissioning phase. Once the refinery is in commercial production MAC will process alumina supplied by MBAC's Al Baitha mine.
  - **SAMAPCO** – a joint venture that produces concentrated caustic soda, chlorine and ethylene dichloride and supply all the required feedstock for use in the alumina refinery at MBAC, any excess production is sold in the international and domestic market. SAMAPCO started commercial production on July 1, 2014.
  - **Automotive sheet** project include automotive heat treated and non-treated sheet, building and construction sheet and foil stock sheet. The project is in the development stage (Note 1).
  - **Aluminum division under Corporate** – related cost and external sales revenue have been allocated to this segment.
  - **MIC** – is responsible for the development, construction and delivery of services to Ma'aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a 67% proportionate share of MIC's revenues, costs and assets have been allocated to this segment.
- **Precious and Base Metals Strategic Business Unit Segment**, consists of operations related to:
  - **MGBM** – that operates five gold mines, i.e. Mahd Ad Dahab, Al-Amar, Bulghah, As Suq and Ad Duwayhi (which came into commercial production on April 1, 2016) and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia.
  - **MBCC** – a joint venture that produces copper and various by-products located in the southeast of Al Madinah Al Munawarah. MBCC started commercial production on July 1, 2016.
  - **Precious and base metals division under Corporate** – related cost and exploration expenses in Ma'aden Corporate has been allocated to this segment.
- **Corporate**
  - Is responsible for effective management and governance including funding of subsidiaries and joint ventures that carry out various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by-products.



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**7.2 Business segment financial information**

|   | Notes | Phosphate      | Aluminum       | Precious and<br>base metals | Corporate     | Total          |
|---|-------|----------------|----------------|-----------------------------|---------------|----------------|
| <b>March 31, 2017</b>   |       |                |                |                             |               |                |
| Sales of goods to external customers  | 8     | 1,259,430,852  | 1,131,494,607  | 326,507,029                 | -             | 2,717,432,488  |
| Gross profit  |       | 433,886,829    | 375,336,394    | 116,420,463                 | -             | 925,643,686    |
| Income from short-term investments  | 13    | 2,343,734      | 269,337        | -                           | 20,055,520    | 22,668,591     |
| <b>Underlying EBITDA</b>  |       | 589,888,790    | 716,942,240    | 180,096,289                 | (50,076,217)  | 1,436,851,102  |
| Amortization, depletion and depreciation                                      |       | 242,471,490    | 383,608,659    | 83,947,762                  | 4,646,196     | 714,674,107    |
| <b>Underlying EBIT</b>  |       | 347,417,300    | 333,333,581    | 96,148,527                  | (54,722,413)  | 722,176,995    |
| Operating special items and re-measurements:                                  |       |                |                |                             |               |                |
| Non-operating other (expenses) / income, net                                  |       | (5,125,160)    | 1,862,790      | (1,042,664)                 | (22,130,569)  | (26,435,603)   |
| Share in net income of a joint venture  |       | -              | -              | 10,941,485                  | -             | 10,941,485     |
| <b>Net profit before net finance income / (cost) and zakat and income tax</b> |       | 342,292,140    | 335,196,371    | 106,047,348                 | (76,852,982)  | 706,682,877    |
| Net profit / (loss) attributable to shareholders' of the parent company       |       | 168,745,249    | 95,917,750     | 94,251,095                  | (83,302,805)  | 275,611,289    |
| Mine properties   | 17    | 4,934,897,019  | 1,536,534,087  | 2,931,834,493               | -             | 9,403,265,599  |
| Property, plant and equipment   | 18    | 15,722,679,716 | 29,388,606,425 | 11,424,701                  | 143,162,746   | 45,265,873,588 |
| Capital work-in-progress  | 19    | 19,965,040,318 | 5,904,914,031  | 9,043,583                   | 45,037,088    | 25,924,035,020 |
| Intangible assets   | 20    | 92,902,736     | 247,334,386    | 11,203,835                  | 16,065,235    | 367,506,192    |
| Investment in a joint venture   | 21    | -              | -              | 843,347,600                 | -             | 843,347,600    |
| Total assets  |       | 44,809,852,511 | 41,043,301,894 | 4,221,556,327               | 4,499,799,859 | 94,574,510,591 |
| Obligation under capital lease  | 37    | -              | 23,801,011     | 63,441,148                  | -             | 87,242,159     |
| Long-term borrowings  | 35.6  | 27,337,791,245 | 25,037,451,531 | 1,293,122,729               | -             | 53,668,365,505 |
| Total liabilities   |       | 31,146,295,279 | 27,692,570,076 | 1,758,288,563               | 406,386,686   | 61,003,540,604 |

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**7.2 Business segment financial information (continued)**

|   | Notes | Phosphate          | Aluminium          | Precious and<br>base metals | Corporate           | Total              |
|---|-------|--------------------|--------------------|-----------------------------|---------------------|--------------------|
| <b>March 31, 2016</b>   |       |                    |                    |                             |                     |                    |
| Sales of goods to external customers  | 8     | 1,052,716,226      | 1,036,485,392      | 181,230,208                 | -                   | 2,270,431,826      |
| Gross profit  |       | 180,665,278        | 254,286,918        | 59,904,569                  | -                   | 494,856,765        |
| Income from short-term investments  | 13    | 1,460,243          | 349                | -                           | 25,615,075          | 27,075,667         |
| <b>Underlying EBITDA</b>  |       | <b>449,870,276</b> | <b>445,711,361</b> | <b>63,797,840</b>           | <b>(15,996,261)</b> | <b>943,383,216</b> |
| Amortization, depletion and depreciation                                      |       | 344,041,386        | 225,490,932        | 31,551,943                  | 4,905,790           | 605,990,051        |
| <b>Underlying EBIT</b>  |       | <b>105,828,890</b> | <b>220,220,429</b> | <b>32,245,897</b>           | <b>(20,902,051)</b> | <b>337,393,165</b> |
| Operating special items and re-measurements:                                  |       |                    |                    |                             |                     |                    |
| Non-operating other (expenses) / income, net                                  |       | 9,918,578          | 3,869,945          | (3,851,799)                 | (5,746,832)         | 4,189,892          |
| <b>Net profit before net finance income / (cost) and zakat and income tax</b> |       | <b>115,747,468</b> | <b>224,090,374</b> | <b>28,394,098</b>           | <b>(26,648,883)</b> | <b>341,583,057</b> |
| Net profit / (loss) attributable to shareholders' of the parent company       |       | 71,445,756         | 125,208,679        | 24,107,930                  | (26,459,341)        | 194,303,024        |
| Mine properties   | 17    | 4,354,302,604      | 1,451,554,761      | 2,856,950,843               | -                   | 8,662,808,208      |
| Property, plant and equipment   | 18    | 13,321,930,630     | 19,586,694,077     | 12,225,192                  | 159,125,019         | 33,079,974,918     |
| Capital work-in-progress  | 19    | 19,131,879,408     | 16,879,508,448     | 53,065,685                  | 37,577,601          | 36,102,031,142     |
| Intangible assets   | 20    | 103,388,390        | 259,325,126        | 12,648,226                  | 15,406,654          | 390,768,396        |
| Investment in a joint venture   | 21    | -                  | -                  | 828,680,585                 | -                   | 828,680,585        |
| Total assets  |       | 44,250,613,430     | 41,490,959,756     | 4,170,212,318               | 5,481,310,649       | 95,393,096,153     |
| Obligation under capital lease  | 37    | -                  | 36,247,178         | 82,842,759                  | -                   | 119,089,937        |
| Long-term borrowings  | 35.6  | 24,393,525,406     | 25,183,432,094     | 654,631,871                 | 2,400,000,000       | 52,631,589,371     |
| Total liabilities   |       | 30,154,674,709     | 28,139,168,801     | 1,205,343,998               | 2,649,809,963       | 62,148,997,470     |

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**7.2 Business segment financial information (continued)**

|   | Notes | Phosphate            | Aluminum             | Precious and<br>base metals | Corporate            | Total                |
|---|-------|----------------------|----------------------|-----------------------------|----------------------|----------------------|
| <b>December 31, 2016</b>  |       |                      |                      |                             |                      |                      |
| Sales of goods to external customers  | 8     | 4,205,441,852        | 4,249,270,671        | 1,049,530,901               | -                    | 9,504,243,424        |
| Gross profit  |       | 705,891,898          | 988,223,778          | 326,442,332                 | -                    | 2,020,558,008        |
| Income from short-term investments  | 13    | 9,517,140            | 351                  | -                           | 142,118,647          | 151,636,138          |
| <b>Underlying EBITDA</b>  |       | <b>1,627,218,302</b> | <b>1,267,791,092</b> | <b>401,095,115</b>          | <b>(156,713,067)</b> | <b>3,139,391,442</b> |
| Amortization, depletion and depreciation                                      |       | 1,257,087,287        | 1,020,819,573        | 229,691,162                 | 19,209,301           | 2,526,807,323        |
| <b>Underlying EBIT</b>  |       | <b>370,131,015</b>   | <b>246,971,519</b>   | <b>171,403,953</b>          | <b>(175,922,368)</b> | <b>612,584,119</b>   |
| Operating special items and re-measurements:                                  |       |                      |                      |                             |                      |                      |
| Non-operating other (expenses) / income, net                                  |       | 16,363,869           | 1,029,392            | (4,006,255)                 | 19,756,158           | 33,143,164           |
| Share in net income of a joint venture  |       | -                    | -                    | 3,725,530                   | -                    | 3,725,530            |
| <b>Net profit before net finance income / (cost) and zakat and income tax</b> |       | <b>386,494,884</b>   | <b>248,000,911</b>   | <b>171,123,228</b>          | <b>(156,166,210)</b> | <b>649,452,813</b>   |
| Net profit / (loss) attributable to shareholders' of the parent company       |       | 105,446,747          | (83,987,402)         | 131,401,911                 | (163,600,477)        | (10,739,221)         |
| Mine properties   | 17    | 4,887,243,977        | 1,454,789,879        | 2,904,517,096               | -                    | 9,246,550,952        |
| Property, plant and equipment   | 18    | 12,584,703,836       | 29,714,754,663       | 12,541,365                  | 147,053,737          | 42,459,053,601       |
| Capital work-in-progress  | 19    | 23,257,705,695       | 5,864,309,338        | 22,873,396                  | 39,745,457           | 29,184,633,886       |
| Intangible assets   | 20    | 94,906,091           | 250,877,209          | 11,844,837                  | 16,820,440           | 374,448,577          |
| Investment in joint ventures  | 21    | -                    | -                    | 832,406,115                 | -                    | 832,406,115          |
| Total assets  |       | 45,663,662,521       | 40,378,529,747       | 4,172,966,973               | 3,927,587,751        | 94,142,746,992       |
| Obligation under capital lease  | 37    | -                    | 26,783,121           | 68,380,653                  | -                    | 95,163,774           |
| Long-term borrowings  | 35.6  | 27,878,968,248       | 24,751,023,599       | 901,051,061                 | -                    | 53,531,042,908       |
| Total liabilities   |       | 32,021,417,239       | 27,198,381,264       | 1,421,937,328               | 364,696,311          | 61,006,432,142       |

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**7.3 Geographical segment**

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

*The Group's geographical distribution of revenue generation by destination is as follows:*

|   | Notes    | Phosphate            | Aluminium            | Precious and<br>base metals | Corporate | Total                |
|---|----------|----------------------|----------------------|-----------------------------|-----------|----------------------|
| <b>March 31, 2017</b>                                     |          |                      |                      |                             |           |                      |
| <b>International</b>                                      |          |                      |                      |                             |           |                      |
| Indian subcontinent and Asia-Pacific                      |          | 714,180,803          | 242,868,284          | -                           | -         | 957,049,087          |
| Brazil, GCC MENA, Europe, Latin America and North America |          | 260,285,842          | 691,772,455          | 285,713                     | -         | 952,344,010          |
| Switzerland and others                                    |          | 266,999,602          | 4,589,322            | 326,221,316                 | -         | 597,810,240          |
| <b>Sub-total</b>  |          | <b>1,241,466,247</b> | <b>939,230,061</b>   | <b>326,507,029</b>          | <b>-</b>  | <b>2,507,203,337</b> |
| <b>Domestic</b>   |          | <b>17,964,605</b>    | <b>192,264,546</b>   | <b>-</b>                    | <b>-</b>  | <b>210,229,151</b>   |
| <b>Total</b>  | <b>8</b> | <b>1,259,430,852</b> | <b>1,131,494,607</b> | <b>326,507,029</b>          | <b>-</b>  | <b>2,717,432,488</b> |
| <b>March 31, 2016</b>                                     |          |                      |                      |                             |           |                      |
| <b>International</b>                                      |          |                      |                      |                             |           |                      |
| Indian subcontinent and Asia-Pacific                      |          | 399,529,220          | 284,696,987          | -                           | -         | 684,226,207          |
| Brazil, GCC MENA, Europe, Latin America and North America |          | 452,623,534          | 410,483,642          | -                           | -         | 863,107,176          |
| Switzerland and others                                    |          | 166,412,625          | 188,267,293          | 179,744,228                 | -         | 534,424,146          |
| <b>Sub-total</b>  |          | <b>1,018,565,379</b> | <b>883,447,922</b>   | <b>179,744,228</b>          | <b>-</b>  | <b>2,081,757,529</b> |
| <b>Domestic</b>   |          | <b>34,150,847</b>    | <b>153,037,470</b>   | <b>1,485,980</b>            | <b>-</b>  | <b>188,674,297</b>   |
| <b>Total</b>  | <b>8</b> | <b>1,052,716,226</b> | <b>1,036,485,392</b> | <b>181,230,208</b>          | <b>-</b>  | <b>2,270,431,826</b> |
| <b>December 31, 2016</b>                                  |          |                      |                      |                             |           |                      |
| <b>International</b>                                      |          |                      |                      |                             |           |                      |
| Indian subcontinent and Asia-Pacific                      |          | 2,527,012,739        | 1,516,441,146        | -                           | -         | 4,043,453,885        |
| Brazil, GCC MENA, Europe, Latin America and North America |          | 1,090,996,415        | 1,287,934,099        | 3,463,528                   | -         | 2,382,394,042        |
| Switzerland and others                                    |          | 471,223,772          | 645,581,518          | 1,042,489,597               | -         | 2,159,294,887        |
| <b>Sub-total</b>  |          | <b>4,089,232,926</b> | <b>3,449,956,763</b> | <b>1,045,953,125</b>        | <b>-</b>  | <b>8,585,142,814</b> |
| <b>Domestic</b>   |          | <b>116,208,926</b>   | <b>799,313,908</b>   | <b>3,577,776</b>            | <b>-</b>  | <b>919,100,610</b>   |
| <b>Total</b>  | <b>8</b> | <b>4,205,441,852</b> | <b>4,249,270,671</b> | <b>1,049,530,901</b>        | <b>-</b>  | <b>9,504,243,424</b> |

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**7.3 Geographical segment (continued)**

*The Group's geographical distribution of external revenue by major customers by destination are as follows:*

|                                      | Phosphate     | Aluminium     | Precious and<br>base metals | Corporate | Total         |
|--------------------------------------|---------------|---------------|-----------------------------|-----------|---------------|
| <b>March 31, 2017</b>                |               |               |                             |           |               |
| Customer No. 1 - Switzerland         | -             | -             | 287,652,545                 | -         | 287,652,545   |
| Customer No. 2 - Spain               | -             | 270,872,242   | -                           | -         | 270,872,242   |
| Customer No. 3 - Asia Pacific        | 236,154,398   | -             | -                           | -         | 236,154,398   |
| Customer No. 4 - Brazil              | 198,980,802   | -             | -                           | -         | 198,980,802   |
| <b>March 31, 2016</b>                |               |               |                             |           |               |
| Customer No. 1 - Spain               | -             | 249,202,312   | -                           | -         | 249,202,312   |
| Customer No. 2 - Brazil              | 286,113,750   | -             | -                           | -         | 286,113,750   |
| Customer No. 3 - Indian subcontinent | 170,003,903   | -             | -                           | -         | 170,003,903   |
| Customer No. 4 - Switzerland         | -             | -             | 157,340,962                 | -         | 157,340,962   |
| <b>December 31, 2016</b>             |               |               |                             |           |               |
| Customer No. 1 - Indian subcontinent | 1,712,104,332 | -             | -                           | -         | 1,712,104,332 |
| Customer No. 2 - Spain               | -             | 1,012,405,330 | -                           | -         | 1,012,405,330 |
| Customer No. 3 - Switzerland         | -             | -             | 886,774,396                 | -         | 886,774,396   |
| Customer No. 4 - Brazil              | 727,980,825   | -             | -                           | -         | 727,980,825   |

*The Group's revenue generation by product is as follows:*

| Note                             | Phosphate            | Aluminium            | Precious and<br>base metals | Corporate | Total                |
|----------------------------------|----------------------|----------------------|-----------------------------|-----------|----------------------|
| <b>March 31, 2017</b>            |                      |                      |                             |           |                      |
| Phosphate fertilizer and ammonia | 1,230,218,947        | -                    | -                           | -         | 1,230,218,947        |
| Low grade bauxite                | 8,537,492            | -                    | -                           | -         | 8,537,492            |
| Caustic calcined magnesita       | 11,325,494           | -                    | -                           | -         | 11,325,494           |
| Kaolin                           | 9,346,135            | -                    | -                           | -         | 9,346,135            |
| Primary aluminium                | -                    | 1,131,488,954        | -                           | -         | 1,131,488,954        |
| Gold                             | -                    | -                    | 326,507,029                 | -         | 326,507,029          |
| Infrastructure                   | 2,784                | 5,653                | -                           | -         | 8,437                |
| <b>Total</b>                     | <b>1,259,430,852</b> | <b>1,131,494,607</b> | <b>326,507,029</b>          | <b>-</b>  | <b>2,717,432,488</b> |

**7.3 Geographical segment (continued)***The Group's revenue generation by product is as follows:*

|                                  | Notes | Phosphate     | Aluminium     | Precious and<br>base metals | Corporate | Total         |
|----------------------------------|-------|---------------|---------------|-----------------------------|-----------|---------------|
| <b>March 31, 2016</b>            |       |               |               |                             |           |               |
| Phosphate fertilizer and ammonia |       | 1,011,463,909 | -             | -                           | -         | 1,011,463,909 |
| Low grade bauxite                |       | 22,949,372    | -             | -                           | -         | 22,949,372    |
| Caustic calcined magnesias       |       | 8,661,419     | -             | -                           | -         | 8,661,419     |
| Kaolin                           |       | 9,638,193     | -             | -                           | -         | 9,638,193     |
| Primary aluminium                |       | -             | 1,036,478,725 | -                           | -         | 1,036,478,725 |
| Gold                             |       | -             | -             | 181,230,208                 | -         | 181,230,208   |
| Infrastructure                   |       | 3,333         | 6,667         | -                           | -         | 10,000        |
| <b>Total</b>                     | 8     | 1,052,716,226 | 1,036,485,392 | 181,230,208                 | -         | 2,270,431,826 |
| <b>December 31, 2016</b>         |       |               |               |                             |           |               |
| Phosphate fertilizer and ammonia |       | 4,056,326,243 | -             | -                           | -         | 4,056,326,243 |
| Low grade bauxite                |       | 70,497,397    | -             | -                           | -         | 70,497,397    |
| Caustic calcined magnesias       |       | 38,224,871    | -             | -                           | -         | 38,224,871    |
| Kaolin                           |       | 40,386,328    | -             | -                           | -         | 40,386,328    |
| Primary aluminium                |       | -             | 4,249,256,434 | -                           | -         | 4,249,256,434 |
| Gold                             |       | -             | -             | 1,049,530,901               | -         | 1,049,530,901 |
| Infrastructure                   |       | 7,013         | 14,237        | -                           | -         | 21,250        |
| <b>Total</b>                     | 8     | 4,205,441,852 | 4,249,270,671 | 1,049,530,901               | -         | 9,504,243,424 |

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

**8 Sales**

|  | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Sale of goods</b>                           |                                    |                                    |                                    |
| <b><i>Phosphate segment</i></b>                |                                    |                                    |                                    |
| Phosphate fertilizer and ammonia               | 1,230,218,947                      | 1,011,463,909                      | 4,056,326,243                      |
| Low grade bauxite                              | 8,537,492                          | 22,949,372                         | 70,497,397                         |
| Caustic calcined magnesia                      | 11,325,494                         | 8,661,419                          | 38,224,871                         |
| Kaolin   | 9,346,135                          | 9,638,193                          | 40,386,328                         |
| <b>Sub-total</b>                               | <b>1,259,428,068</b>               | <b>1,052,712,893</b>               | <b>4,205,434,839</b>               |
| <b><i>Aluminum segment</i></b>                 |                                    |                                    |                                    |
| Primary aluminium                              | 1,131,488,954                      | 1,036,478,725                      | 4,249,256,434                      |
| <b><i>Precious and base metals segment</i></b> |                                    |                                    |                                    |
| Gold   | 326,507,029                        | 181,230,208                        | 1,049,530,901                      |
| <b>Rendering of services</b>                   |                                    |                                    |                                    |
| Infrastructure revenue                         | 8,437                              | 10,000                             | 21,250                             |
| <b>Total</b>                                   | <b>2,717,432,488</b>               | <b>2,270,431,826</b>               | <b>9,504,243,424</b>               |
| <b>Gold sales analysis</b>                     |                                    |                                    |                                    |
| Quantity of gold ounces (Oz) sold              | 70,352                             | 40,404                             | 224,576                            |
| Average realized price per ounce (Oz) in:      |                                    |                                    |                                    |
| US\$   | 1,238                              | 1,196                              | 1,246                              |
| Saudi Riyals (equivalent)                      | 4,641                              | 4,485                              | 4,673                              |



**9 Cost of sales**

|  | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|--|------------------------------------|------------------------------------|------------------------------------|
| Salaries and staff related benefits                          | 218,919,602                        | 153,933,714                        | 760,179,167                        |
| Contracted services  | 178,862,457                        | 80,485,530                         | 439,698,732                        |
| Repairs and maintenance                                      | 27,474,723                         | 18,143,449                         | 62,732,179                         |
| Consumables  | 37,424,035                         | 29,628,413                         | 143,671,934                        |
| Overheads  | 127,695,551                        | 95,989,806                         | 368,334,373                        |
| Raw material and utilities consumed                          | 682,249,125                        | 834,190,228                        | 3,226,190,536                      |
| Inventory losses   | 14,754,862                         | 14,400,047                         | 16,509,086                         |
| Sale of by-products (Note 4.3 and 9.1)                       | (20,019,326)                       | (5,950,722)                        | (44,008,143)                       |
| Reversal of inventory obsolescence (Note 26)                 | -                                  | -                                  | (131,520)                          |
| Severance fees (Note 40)                                     | 8,470,809                          | 6,281,639                          | 8,278,039                          |
| <b>Total cash operating costs</b>                            | <b>1,275,831,838</b>               | <b>1,227,102,104</b>               | <b>4,981,454,383</b>               |
| Depletion and depreciation of mine properties<br>(Note 17.1) | 116,344,641                        | 69,330,724                         | 393,922,609                        |
| Depreciation of property, plant and equipment<br>(Note 18.1) | 575,212,764                        | 511,919,035                        | 2,060,404,913                      |
| Amortisation of intangible assets (Note 20.1)                | 6,908,543                          | 9,616,762                          | 29,927,970                         |
| <b>Total operating costs</b>                                 | <b>1,974,297,786</b>               | <b>1,817,968,625</b>               | <b>7,465,709,875</b>               |
| (Increase) / decrease in inventory (Note 26)                 | (182,508,984)                      | (42,393,564)                       | 17,975,541                         |
| <b>Total</b>   | <b>1,791,788,802</b>               | <b>1,775,575,061</b>               | <b>7,483,685,416</b>               |

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

|                       | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|-----------------------|------------------------------------|------------------------------------|------------------------------------|
| Copper                | 7,933,841                          | 3,138,784                          | 19,297,994                         |
| Zinc                  | 6,361,643                          | 1,984,170                          | 19,022,849                         |
| Silver                | 5,723,842                          | 827,768                            | 5,687,300                          |
| <b>Total (Note 9)</b> | <b>20,019,326</b>                  | <b>5,950,722</b>                   | <b>44,008,143</b>                  |

**10 Selling, marketing and logistic expenses**

|                                     | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Salaries and staff related benefits | 6,689,023                          | 5,553,425                          | 43,091,632                         |
| Contracted services                 | 1,017,642                          | 151,262                            | 3,311,801                          |
| Freight and overheads               | 29,559,964                         | 27,147,582                         | 117,377,469                        |
| Consumables                         | 54,830                             | 6,245                              | 63,942                             |
| Deductibles                         | 15,906,734                         | 32,451,628                         | 151,350,159                        |
| Marketing fees                      | -                                  | 16,589,313                         | 69,196,820                         |
| Other selling expenses              | 3,285,135                          | 5,826,566                          | 25,571,378                         |
| <b>Total</b>                        | <b>56,513,328</b>                  | <b>87,726,021</b>                  | <b>409,963,201</b>                 |

**11 General and administrative expenses**

|  | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|--|------------------------------------|------------------------------------|------------------------------------|
| Salaries and staff related benefits                          | 32,860,074                         | 33,297,669                         | 216,848,654                        |
| Contracted services  | 32,501,035                         | 10,460,575                         | 30,167,377                         |
| Overheads and other  | 7,070,089                          | 6,484,108                          | 42,544,710                         |
| Consumables  | 304,282                            | 360,124                            | 1,735,433                          |
| Repair parts   | -                                  | 29,025                             | 829,677                            |
| Provision for doubtful debts (Note 27)                       | 41,000,000                         | 312,475                            | 312,475                            |
| Depreciation of mine properties (Note 17.1)                  | 98,206                             | 117,496                            | 438,072                            |
| Depreciation of property, plant and equipment<br>(Note 18.1) | 6,147,111                          | 7,581,067                          | 28,796,708                         |
| Amortisation of intangible assets (Note 20.1)                | 787,354                            | 730,050                            | 2,998,071                          |
| <b>Total</b>   | <b>120,768,151</b>                 | <b>59,372,589</b>                  | <b>324,671,177</b>                 |

**12 Exploration and technical services expenses**

|  | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|--|------------------------------------|------------------------------------|------------------------------------|
| Salaries and staff related benefits                          | 4,367,716                          | 5,395,443                          | 33,944,091                         |
| Contracted services  | 4,342,530                          | 300,043                            | 9,349,771                          |
| Overheads and other  | 772,132                            | 3,942,428                          | 3,743,012                          |
| Consumables  | 147,742                            | 297,892                            | 248,258                            |
| Repair parts   | 5,576                              | 15,906                             | 10,812                             |
| Depletion and depreciation of mine properties<br>(Note 17.1) | 36,646                             | 34,966                             | 151,514                            |
| Depreciation of property, plant and equipment<br>(Note 18.1) | 668,033                            | 378,312                            | 1,889,427                          |
| <b>Total</b>   | <b>10,340,375</b>                  | <b>10,364,990</b>                  | <b>49,336,885</b>                  |

**13 Income from time deposits**

|   | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|---|------------------------------------|------------------------------------|------------------------------------|
| Income on short-term investment – measured at<br>amortised cost | <b>22,668,591</b>                  | 27,075,667                         | 151,636,138                        |

**14 Finance cost**

|   | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|---|------------------------------------|------------------------------------|------------------------------------|
| Public Investment Fund  | <b>78,706,504</b>                  | 35,882,353                         | 140,705,757                        |
| Saudi Riyal procurement   | <b>62,619,421</b>                  | 49,359,171                         | 176,104,082                        |
| Al-Rajhi Bank   | -                                  | 8,226,879                          | 8,226,879                          |
| The Export Import Bank of Korea   | -                                  | 2,194,015                          | 2,194,015                          |
| Korea Export Insurance Corporation  | -                                  | 5,728,642                          | 5,728,642                          |
| Commercial  | <b>8,953,672</b>                   | 10,403,541                         | 31,031,974                         |
| US Dollar procurement   | <b>13,297,978</b>                  | 6,361,522                          | 31,179,532                         |
| Wakala  | <b>15,097,416</b>                  | 6,678,999                          | 36,748,886                         |
| Saudi Industrial Development Fund   | <b>1,404,500</b>                   | 2,010,179                          | 8,900,990                          |
| Riyal Murabaha Facility   | <b>96,495,512</b>                  | 6,525,177                          | 274,871,707                        |
| Revolving Credit Facility   | <b>5,662,447</b>                   | 16,143,447                         | 64,297,882                         |
| Amortization of transaction cost (Note 35.9)  | <b>31,462,683</b>                  | 8,517,275                          | 74,233,992                         |
| Others  | <b>39,845,909</b>                  | 5,393,905                          | 9,677,078                          |
| <b>Sub-total</b>  | <b>353,546,042</b>                 | 163,425,105                        | 863,901,416                        |
| Accretion of provision for mine decommissioning<br>obligations (Note 36.1, 36.2, 36.3 and 36.4) | <b>4,590,391</b>                   | 3,907,375                          | 16,832,346                         |
| Unwinding of discount of non-current obligations<br>under finance lease                         | <b>815,703</b>                     | 168,600                            | 2,972,122                          |
| Interest cost on employees' termination benefits<br>(Note 38.1)                                 | <b>3,919,619</b>                   | 3,725,672                          | 14,741,559                         |
| Accretion of provision for non-current liabilities  | <b>302,202</b>                     | (14,229,046)                       | (8,031,737)                        |
| <b>Total</b>  | <b>363,173,957</b>                 | 156,997,706                        | 890,415,706                        |

**14.1 Summary of finance cost**

|  | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|--|------------------------------------|------------------------------------|------------------------------------|
| Expensed during the year (Note 14)   | <b>363,173,957</b>                 | 156,997,706                        | 890,415,706                        |
| Borrowing cost capitalised as part of qualifying<br>assets in capital work-in-progress during the year<br>(Note 19)                      | <b>17,943,897</b>                  | 171,416,538                        | 695,720,611                        |
| Interest cost on defined benefits capitalised as part<br>of qualifying assets in capital work-in-progress<br>during the year (Note 38.1) | -                                  | 289,606                            | 974,740                            |
| <b>Total</b>   | <b>381,117,854</b>                 | 328,703,850                        | 1,587,111,057                      |

**15 Other income, net**

|                                 | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|---------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Other (expenses) / income , net | <u>(26,435,603)</u>                | <u>4,189,892</u>                   | <u>33,143,164</u>                  |

**16 Earnings per ordinary share**

|  | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|--|------------------------------------|------------------------------------|------------------------------------|
| Profit / (loss) attributable to shareholders' of the parent company  | <b>275,611,289</b>                 | 194,303,024                        | (10,739,221)                       |
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (Note 30) | <b>1,168,478,261</b>               | 1,168,478,261                      | 1,168,478,261                      |
| Basic and diluted earnings per ordinary share from continuing operations   | <u><b>0.23</b></u>                 | <u>0.16</u>                        | <u>(0.01)</u>                      |

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

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**

(A Saudi Arabian joint stock company)

**Notes to the consolidated interim financial statements for the quarter ended March 31, 2017 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)


**17 Mine properties**

| Note                                       | Exploration and evaluation assets | Mines under construction | Producing mines                           |                                 |                 |                               |             |                          |                                 |             | Total          |
|--|-----------------------------------|--------------------------|---|---------------------------------|-----------------|-------------------------------|-------------|--------------------------|---------------------------------|-------------|----------------|
|  |                                   |                          | Mine closure and rehabilitation provision | Mine infrastructure / buildings | Heavy equipment | Fixed plant and heap leaching | Civil works | Stripping activity asset | Mining capital work-in-progress | Others      |                |
| Cost                                       |                                   |                          |   |                                 |                 |                               |             |                          |                                 |             |                |
| January 1, 2016                            | 233,233,575                       | 4,274,833,758            | 174,697,247                               | 940,441,205                     | 135,434,455     | 3,148,689,924                 | 59,228,787  | 48,105,087               | 398,940,798                     | 176,136,412 | 9,589,741,248  |
| Additions during the quarter               | 1,923,723                         | 523,501,300              | -   | -                               | -               | (11,685,576)                  | -           | 6,441,615                | 42,962,472                      | -           | 563,143,534    |
| Transfer of capital spares                 | -                                 | -                        | -   | -                               | -               | 26,323,519                    | -           | -                        | -                               | -           | 26,323,519     |
| Transfers within mine properties           | -                                 | -                        | -   | 48,900                          | 3,756,768       | 767,721                       | -           | -                        | (5,199,939)                     | 626,550     | -              |
| Adjustments                                | -                                 | -                        | -   | -                               | -               | -                             | -           | -                        | -                               | (13,590)    | (13,590)       |
| March 31, 2016                             | 235,157,298                       | 4,798,335,058            | 174,697,247                               | 940,490,105                     | 139,191,223     | 3,164,095,588                 | 59,228,787  | 54,546,702               | 436,703,331                     | 176,749,372 | 10,179,194,711 |
| Additions during the remainder of the year | 34,646,232                        | 768,556,131              | -   | -                               | -               | 1,075,324                     | -           | 38,999,145               | 65,875,576                      | -           | 909,152,408    |
| Transfers within mine properties           | -                                 | (3,247,819,510)          | 11,248,741                                | 991,321,015                     | 209,612,001     | 1,438,523,719                 | 408,472,487 | -                        | (32,360,891)                    | 221,002,438 | -              |
| Adjustments                                | -                                 | -                        | -   | (4,071,415)                     | -               | -                             | -           | -                        | -                               | -           | (4,071,415)    |
| December 31, 2016                          | 269,803,530                       | 2,319,071,679            | 185,945,988                               | 1,927,739,705                   | 348,803,224     | 4,603,694,631                 | 467,701,274 | 93,545,847               | 470,218,016                     | 397,751,810 | 11,084,275,704 |
| Additions during the quarter               | 2,138,035                         | 115,141,964              | -   | -                               | -               | -                             | -           | 26,847,024               | 22,859,052                      | -           | 166,986,075    |
| Transfers within mine properties           | -                                 | (164,408,974)            | -   | -                               | -               | 59,946,498                    | 33,373,975  | -                        | 70,883,501                      | 205,000     | -              |
| Transfer from capital work-in-progress     | 19                                | -                        | -   | -                               | -               | -                             | -           | -                        | 107,211,504                     | -           | 107,211,504    |
| Adjustments                                | -                                 | -                        | -   | -                               | -               | -                             | -           | -                        | (1,003,439)                     | -           | (1,003,439)    |
| March 31, 2017                             | 271,941,565                       | 2,269,804,669            | 185,945,988                               | 1,927,739,705                   | 348,803,224     | 4,663,641,129                 | 501,075,249 | 120,392,871              | 670,168,634                     | 397,956,810 | 11,357,469,844 |

**17 Mine properties (continued)**

|   | Producing mines                   |                          |   |                                 |                    |                               |                    |                          |                                 |                    | Total                |
|---|-----------------------------------|--------------------------|---|---------------------------------|--------------------|-------------------------------|--------------------|--------------------------|---------------------------------|--------------------|----------------------|
|   | Exploration and evaluation assets | Mines under construction | Mine closure and rehabilitation provision | Mine infrastructure / buildings | Heavy equipment    | Fixed plant and heap leaching | Civil works        | Stripping activity asset | Mining capital work-in-progress | Others             |                      |
| <b>Accumulated depletion and depreciation</b> |                                   |                          |   |                                 |                    |                               |                    |                          |                                 |                    |                      |
| January 1, 2016                               | -                                 | -                        | 15,529,895                                | 386,201,244                     | 70,067,806         | 854,824,100                   | 16,573,332         | 3,825,987                | -                               | 93,508,754         | 1,440,531,118        |
| Charge for the quarter                        | -                                 | -                        | 1,026,186                                 | 9,810,359                       | 4,729,475          | 52,992,785                    | 727,582            | 1,131,037                | -                               | 5,451,551          | 75,868,975           |
| Adjustments                                   | -                                 | -                        | -   | -                               | -                  | -                             | -                  | -                        | -                               | (13,590)           | (13,590)             |
| March 31, 2016                                | -                                 | -                        | 16,556,081                                | 396,011,603                     | 74,797,281         | 907,816,885                   | 17,300,914         | 4,957,024                | -                               | 98,946,715         | 1,516,386,503        |
| Charge for the remainder of the year          | -                                 | -                        | 5,601,090                                 | 53,803,001                      | 19,087,458         | 196,823,092                   | 6,249,160          | 10,865,469               | -                               | 32,980,394         | 325,409,664          |
| Adjustments                                   | -                                 | -                        | -   | (4,071,415)                     | -                  | -                             | -                  | -                        | -                               | -                  | (4,071,415)          |
| December 31, 2016                             | -                                 | -                        | 22,157,171                                | 445,743,189                     | 93,884,739         | 1,104,639,977                 | 23,550,074         | 15,822,493               | -                               | 131,927,109        | 1,837,724,752        |
| Charge for the quarter                        | -                                 | -                        | 1,880,072                                 | 36,952,771                      | 17,745,331         | 39,066,671                    | 4,631,711          | 3,287,184                | -                               | 12,915,753         | 116,479,493          |
| <b>March 31, 2017</b>                         | <b>-</b>                          | <b>-</b>                 | <b>24,037,243</b>                         | <b>482,695,960</b>              | <b>111,630,070</b> | <b>1,143,706,648</b>          | <b>28,181,785</b>  | <b>19,109,677</b>        | <b>-</b>                        | <b>144,842,862</b> | <b>1,954,204,245</b> |
| <b>Net book value as at</b>                   |                                   |                          |   |                                 |                    |                               |                    |                          |                                 |                    |                      |
| January 1, 2016                               | 233,233,575                       | 4,274,833,758            | 159,167,352                               | 554,239,961                     | 65,366,649         | 2,293,865,824                 | 42,655,455         | 44,279,100               | 398,940,798                     | 82,627,658         | 8,149,210,130        |
| March 31, 2016                                | 235,157,298                       | 4,798,335,058            | 158,141,166                               | 544,478,502                     | 64,393,942         | 2,256,278,703                 | 41,927,873         | 49,589,678               | 436,703,331                     | 77,802,657         | 8,662,808,208        |
| December 31, 2016                             | 269,803,530                       | 2,319,071,679            | 163,788,817                               | 1,481,996,516                   | 254,918,485        | 3,499,054,654                 | 444,151,200        | 77,723,354               | 470,218,016                     | 265,824,701        | 9,246,550,952        |
| <b>March 31, 2017</b>                         | <b>271,941,565</b>                | <b>2,269,804,669</b>     | <b>161,908,745</b>                        | <b>1,445,043,745</b>            | <b>237,173,154</b> | <b>3,519,934,481</b>          | <b>472,893,464</b> | <b>101,283,194</b>       | <b>670,168,634</b>              | <b>253,113,948</b> | <b>9,403,265,599</b> |

## **17. Mine properties (continued)**

### ***Initial recognition at cost***

#### ***Exploration and evaluation asset***

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

#### ***Mines under construction***

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

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

#### ***Mine closure and rehabilitation provision***

Mine closure and rehabilitation provision includes the following restoration activities:

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

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

#### ***Producing mines***

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

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

#### ***Stripping activity asset***

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



## **17. Mine properties (continued)**

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

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

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

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

### ***Mining capital work-in-progress***

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

### ***Depletion, depreciation and impairment***

#### ***Exploration and evaluation assets***

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

#### ***Mines under construction***

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

#### ***Mine closure and rehabilitation provision, producing mines and stripping activity asset***

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

### ***Mining capital work-in-progress***

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

## 17. Mine properties (continued)

### 17.1 Allocation of depletion and depreciation charge for the quarter / year to:

|   | Notes | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|---|-------|------------------------------------|------------------------------------|------------------------------------|
| Cost of sales                               | 9     | 116,344,641                        | 69,330,724                         | 393,922,609                        |
| General and administrative expenses         | 11    | 98,206                             | 117,496                            | 438,072                            |
| Exploration and technical services expenses | 12    | 36,646                             | 34,966                             | 151,514                            |
| Capital work-in-progress                    | 19    | -                                  | 6,385,789                          | 6,766,444                          |
| <b>Total</b>                                |       | <b>116,479,493</b>                 | <b>75,868,975</b>                  | <b>401,278,639</b>                 |

### 17.2 Mining properties pledged as security

Mine properties with a net book value at March 31, 2017 of SAR 6,332,391,071 (March 31, 2016: SAR 5,494,008,552, December 31, 2016: SAR 6,491,016,247 and January 1, 2016: SAR 7,542,223,611) are pledged as security to lenders under the Common Term Agreements (Note 35.10).

### 17.3 Plant and equipment acquired as part of finance lease

|                                      | Heavy<br>equipment | Fixed plant<br>and heap<br>leaching | Others            | Total              |
|--------------------------------------|--------------------|-------------------------------------|-------------------|--------------------|
| <b>Cost</b>                          |                    |                                     |                   |                    |
| January 1, 2016                      | 56,931,767         | 89,732,132                          | 46,673,816        | 193,337,715        |
| March 31, 2016                       | 56,931,767         | 89,732,132                          | 46,673,816        | 193,337,715        |
| December 31, 2016                    | 56,931,767         | 89,732,132                          | 46,673,816        | 193,337,715        |
| <b>March 31, 2017</b>                | <b>56,931,767</b>  | <b>89,732,132</b>                   | <b>46,673,816</b> | <b>193,337,715</b> |
| <b>Accumulated depreciation</b>      |                    |                                     |                   |                    |
| January 1, 2016                      | 13,200,546         | 14,955,355                          | 11,944,258        | 40,100,159         |
| Charge for the quarter               | 2,698,097          | 4,486,607                           | 1,273,688         | 8,458,392          |
| March 31, 2016                       | 15,898,643         | 19,441,962                          | 13,217,946        | 48,558,551         |
| Charge for the remainder of the year | 3,941,695          | 13,459,820                          | 2,648,420         | 20,049,935         |
| December 31, 2016                    | 19,840,338         | 32,901,782                          | 15,866,366        | 68,608,486         |
| Charge for the quarter               | 1,319,349          | 4,486,607                           | 1,791,429         | 7,597,385          |
| <b>March 31, 2017</b>                | <b>21,159,687</b>  | <b>37,388,389</b>                   | <b>17,657,795</b> | <b>76,205,871</b>  |
| <b>Net book value</b>                |                    |                                     |                   |                    |
| January 1, 2016                      | 43,731,221         | 74,776,777                          | 34,729,558        | 153,237,556        |
| March 31, 2016                       | 41,033,124         | 70,290,170                          | 33,455,870        | 144,779,164        |
| December 31, 2016                    | 37,091,429         | 56,830,350                          | 30,807,450        | 124,729,229        |
| <b>March 31, 2017</b>                | <b>35,772,080</b>  | <b>52,343,743</b>                   | <b>29,016,021</b> | <b>117,131,844</b> |

Leased plant and equipment with a net book value of SAR 43,896,043 at March 31, 2017 (March 31, 2016: SAR 45,737,915, December 31, 2016: SAR 45,365,593 and January 1, 2016: SAR 47,637,104) has been pledged as security to the lessor (Note 37.2).

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**18 Property, plant and equipment**

|   | Notes | Non – mining assets |                   |                    |                       |                       |                      |                   |                      |                        | Total                 |
|---|-------|---------------------|-------------------|--------------------|-----------------------|-----------------------|----------------------|-------------------|----------------------|------------------------|-----------------------|
|   |       | Land                | Motor vehicles    | Heavy equipment    | Fixed plant           | Buildings             | Civil works          | Office equipment  | Other equipment      | Furniture and fittings |                       |
| <b>Cost</b>   |       |                     |                   |                    |                       |                       |                      |                   |                      |                        |                       |
| January 1, 2016   |       | 61,550,000          | 42,289,488        | 163,576,422        | 23,895,245,572        | 7,758,954,580         | 4,531,865,069        | 72,743,175        | 2,030,734,259        | 68,799,797             | 38,625,758,362        |
| Additions during the quarter  |       | -                   | -                 | -                  | 49,249,257            | -                     | -                    | 21,766            | -                    | -                      | 49,271,023            |
| Transfer from capital work-in-progress during the quarter               | 19    | -                   | -                 | -                  | 33,200,736            | 5,670,978             | 25,879,514           | 3,706,674         | 2,377,400            | 333,158                | 71,168,460            |
| Transfer of capital spares during the quarter                           |       | -                   | -                 | -                  | 197,563,018           | -                     | -                    | -                 | -                    | -                      | 197,563,018           |
| Adjustments   |       | -                   | (166,836)         | -                  | -                     | -                     | -                    | (1,731,409)       | (68,000)             | (26,687)               | (1,992,932)           |
| March 31, 2016  |       | 61,550,000          | 42,122,652        | 163,576,422        | 24,175,258,583        | 7,764,625,558         | 4,557,744,583        | 74,740,206        | 2,033,043,659        | 69,106,268             | 38,941,767,931        |
| Addition during the remainder of the year                               |       | -                   | -                 | -                  | 2,154,237             | -                     | -                    | -                 | -                    | -                      | 2,154,237             |
| Transfer from capital work-in-progress during the remainder of the year | 19    | -                   | 3,499,280         | (86,233)           | 4,631,485,009         | 5,245,417,752         | 667,806,402          | 1,828,671         | 480,047,209          | 1,134,522              | 11,031,132,612        |
| Transfer to capital work-in-progress during the remainder of the year   | 19    | -                   | -                 | -                  | (15,975,469)          | -                     | -                    | -                 | -                    | -                      | (15,975,469)          |
| Write-off during the remainder of the year                              |       | -                   | -                 | -                  | -                     | -                     | -                    | -                 | (44,237,425)         | -                      | (44,237,425)          |
| Adjustments   |       | -                   | 134,000           | (2,572,467)        | -                     | -                     | (7,670,522)          | (1,177,193)       | -                    | (3,793,904)            | (15,080,086)          |
| December 31, 2016   |       | 61,550,000          | 45,755,932        | 160,917,722        | 28,792,922,360        | 13,010,043,310        | 5,217,880,463        | 75,391,684        | 2,468,853,443        | 66,446,886             | 49,899,761,800        |
| Additions during the quarter  |       | -                   | -                 | -                  | 32,647,446            | -                     | -                    | -                 | -                    | -                      | 32,647,446            |
| Transfer from capital work-in-progress during the quarter               | 19    | -                   | -                 | -                  | 3,260,008,902         | 100,480,721           | -                    | 5,619,049         | 16,475,846           | -                      | 3,382,584,518         |
| Write-off during the quarter  |       | -                   | -                 | -                  | -                     | -                     | -                    | -                 | (32,976,705)         | -                      | (32,976,705)          |
| Adjustments   |       | -                   | (169,300)         | -                  | -                     | -                     | -                    | -                 | -                    | -                      | (169,300)             |
| <b>March 31, 2017</b>   |       | <b>61,550,000</b>   | <b>45,586,632</b> | <b>160,917,722</b> | <b>32,085,578,708</b> | <b>13,110,524,031</b> | <b>5,217,880,463</b> | <b>81,010,733</b> | <b>2,452,352,584</b> | <b>66,446,886</b>      | <b>53,281,847,759</b> |

**18 Property, plant and equipment (continued)**

|  | Non – mining assets |                |                 |                |                |               |                  |                 |                        |                |
|--|---------------------|----------------|-----------------|----------------|----------------|---------------|------------------|-----------------|------------------------|----------------|
|  | Land                | Motor vehicles | Heavy equipment | Fixed plant    | Buildings      | Civil works   | Office equipment | Other equipment | Furniture and fittings | Total          |
| Accumulated depreciation                   |                     |                |                 |                |                |               |                  |                 |                        |                |
| January 1, 2016                            | -                   | 21,012,496     | 45,186,418      | 3,969,994,044  | 479,565,379    | 312,790,428   | 34,706,039       | 415,844,148     | 47,110,449             | 5,326,209,401  |
| Charge for the quarter                     | -                   | 2,024,911      | 2,033,102       | 370,341,249    | 54,663,106     | 40,893,515    | 2,377,016        | 62,217,700      | 3,025,945              | 537,576,544    |
| Adjustment                                 | -                   | (166,836)      | -               | -              | -              | -             | (1,731,409)      | (68,000)        | (26,687)               | (1,992,932)    |
| March 31, 2016                             | -                   | 22,870,571     | 47,219,520      | 4,340,335,293  | 534,228,485    | 353,683,943   | 35,351,646       | 477,993,848     | 50,109,707             | 5,861,793,013  |
| Charge for the remainder of the year       | -                   | 6,425,771      | 7,667,224       | 1,064,822,955  | 206,663,033    | 113,651,466   | 6,488,397        | 197,248,108     | 7,393,083              | 1,610,360,037  |
| Write-off during the remainder of the year | -                   | -              | -               | -              | -              | -             | -                | (20,576,243)    | -                      | (20,576,243)   |
| Adjustment                                 | -                   | 134,000        | (2,572,467)     | -              | -              | (3,579,578)   | (1,171,231)      | -               | (3,679,332)            | (10,868,608)   |
| December 31, 2016                          | -                   | 29,430,342     | 52,314,277      | 5,405,158,248  | 740,891,518    | 463,755,831   | 40,668,812       | 654,665,713     | 53,823,458             | 7,440,708,199  |
| Charge for the quarter                     | -                   | 2,251,993      | 1,999,868       | 359,782,159    | 95,460,980     | 42,180,380    | 2,668,474        | 86,639,710      | 1,583,576              | 592,567,140    |
| Write-off during the quarter               | -                   | -              | -               | -              | -              | -             | -                | (17,131,868)    | -                      | (17,131,868)   |
| Adjustment                                 | -                   | (169,300)      | -               | -              | -              | -             | -                | -               | -                      | (169,300)      |
| March 31, 2017                             | -                   | 31,513,035     | 54,314,145      | 5,764,940,407  | 836,352,498    | 505,936,211   | 43,337,286       | 724,173,555     | 55,407,034             | 8,015,974,171  |
| Net book value                             |                     |                |                 |                |                |               |                  |                 |                        |                |
| January 1, 2016                            | 61,550,000          | 21,276,992     | 118,390,004     | 19,925,251,528 | 7,279,389,201  | 4,219,074,641 | 38,037,136       | 1,614,890,111   | 21,689,348             | 33,299,548,961 |
| March 31, 2016                             | 61,550,000          | 19,252,081     | 116,356,902     | 19,834,923,290 | 7,230,397,073  | 4,204,060,640 | 39,388,560       | 1,555,049,811   | 18,996,561             | 33,079,974,918 |
| December 31, 2016                          | 61,550,000          | 16,325,590     | 108,603,445     | 23,387,764,112 | 12,269,151,792 | 4,754,124,632 | 34,722,872       | 1,814,187,730   | 12,623,428             | 42,459,053,601 |
| March 31, 2017                             | 61,550,000          | 14,073,597     | 106,603,577     | 26,320,638,301 | 12,274,171,533 | 4,711,944,252 | 37,673,447       | 1,728,179,029   | 11,039,852             | 45,265,873,588 |

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**18. Property, plant and equipment (continued)****18.1 Allocation of depreciation charge for the quarter / year to:**

|   | Notes | Quarter ended<br>March 31,<br>2017 | March 31,<br>2016  | Year ended<br>December 31,<br>2016 |
|---|-------|------------------------------------|--------------------|------------------------------------|
| Cost of sales                               | 9     | 575,212,764                        | 511,919,035        | 2,060,404,913                      |
| General and administrative expenses         | 11    | 6,147,111                          | 7,581,067          | 28,796,708                         |
| Exploration and technical services expenses | 12    | 668,033                            | 378,312            | 1,889,427                          |
| Capital work-in-progress                    | 19    | 10,539,232                         | 17,698,130         | 56,845,533                         |
| <b>Total</b>                                |       | <b>592,567,140</b>                 | <b>537,576,544</b> | <b>2,147,936,581</b>               |

**18.2 Property, plant and equipment pledged as security**

Property, plant and equipment with a net book value at March 31, 2017 of SAR 32,551,389,660 (March 31, 2016: SAR 19,426,151,558, December 31, 2016: SAR 29,557,638,028 and January 1, 2016: SAR 32,659,970,932) are pledged as security to lenders under the Common Term Agreement (Note 35.10).

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**19 Capital work-in-progress**

|  |       | Property, plant and equipment |                   |                   |                  |
|--|-------|-------------------------------|-------------------|-------------------|------------------|
|  |       | Non-mining assets             |                   |                   |                  |
|  | Notes | Property, plant and equipment | Autosheet project | Mutrafiah housing | Total            |
| January 1, 2016                              |       | 31,703,253,256                | 793,185,851       | 1,009,031,897     | 33,505,471,004   |
| Additions during the quarter                 |       | 2,663,832,020                 | 8,974,292         | 25,713,976        | 2,698,520,288    |
| Transfer to property, plant and equipment    | 18    | (71,168,460)                  | -                 | -                 | (71,168,460)     |
| Transfer to intangible assets                | 20    | (30,053,685)                  | -                 | -                 | (30,053,685)     |
| Adjustments                                  |       | (738,005)                     | -                 | -                 | (738,005)        |
| March 31, 2016                               |       | 34,265,125,126                | 802,160,143       | 1,034,745,873     | 36,102,031,142   |
| Additions during the remainder of the year   |       | 4,549,963,506                 | 110,858,655       | 46,533,543        | 4,707,355,704    |
| Transfer to property, plant and equipment    | 18    | (11,031,132,612)              | -                 | -                 | (11,031,132,612) |
| Transfer from property, plant and equipment  | 18    | 15,975,469                    | -                 | -                 | 15,975,469       |
| Transfer to intangible assets                | 20    | (10,661,545)                  | -                 | -                 | (10,661,545)     |
| Write-off during the remainder of the year   |       | (34,091,444)                  | -                 | -                 | (34,091,444)     |
| Impairment during the remainder of the year* |       | (566,250,000)                 | -                 | -                 | (566,250,000)    |
| Adjustments                                  |       | 1,407,172                     | -                 | -                 | 1,407,172        |
| December 31, 2016                            |       | 27,190,335,672                | 913,018,798       | 1,081,279,416     | 29,184,633,886   |
| Additions during the quarter                 |       | 202,729,524                   | 22,713,016        | 5,442,101         | 230,884,641      |
| Transfer to mine properties                  | 17    | (107,211,504)                 | -                 | -                 | (107,211,504)    |
| Transfer to property, plant and equipment    | 18    | (3,382,584,518)               | -                 | -                 | (3,382,584,518)  |
| Transfer to intangible assets                | 20    | (1,687,485)                   | -                 | -                 | (1,687,485)      |
| March 31, 2017                               |       | 23,901,581,689                | 935,731,814       | 1,086,721,517     | 25,924,035,020   |

\*An impairment test was performed at December 31, 2016 and a value-in-use (VIU) discounted future cashflow model was used which included an appropriate market related discount rate. The result of the test was that the carrying value of that asset was higher than the recoverable amount. Consequently, an amount of SAR 566,250,000 was recognised as an impairment (Note 5.7.3).

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**19 Capital work-in-progress (continued)**

|  | Notes | March 31,<br>2017 | March 31,<br>2016 | December 31,<br>2016 |
|--|-------|-------------------|-------------------|----------------------|
| Interest cost on employees' termination benefits capitalised as part of capital work-in-progress   | 14    | -                 | 289,606           | 974,740              |
| Borrowing cost capitalised as part of capital work-in-progress                                     | 14    | 17,943,897        | 171,416,538       | 695,720,611          |
| Depletion and depreciation of mine properties capitalised as part of capital work-in-progress      | 17.1  | -                 | 6,385,789         | 6,766,444            |
| Depreciation of property, plant and equipment capitalised as part of capital work-in-progress      | 18.1  | 10,539,232        | 17,698,130        | 56,845,533           |
| Amortisation of intangible assets capitalised as part of capital work-in-progress                  | 20.1  | 933,973           | 3,888,023         | 9,576,144            |
| Amortization of transaction cost capitalised as part of capital work-in-progress                   | 35.9  | 10,110,517        | 26,371,485        | 88,924,063           |
| Re-measurements of employees' termination benefits capitalized as part of capital work-in-progress | 38.1  | -                 | -                 | 4,425,464            |

At March 31, 2017, the net book value of SAR 23,065,774,834 (March 31, 2016: 33,613,394,216, December 31, 2016: SAR 26,446,280,850 and January 1, 2016: SAR 31,595,660,537) are pledged as security to the lenders (Note 35.10).



**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**

(A Saudi Arabian joint stock company)

**Notes to the consolidated interim financial statements for the quarter ended March 31, 2017 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)


**20 Intangible assets**

|  | Note | Infrastructure     | Internally developed software | Software and licenses | Technical development | Total              |
|--|------|--------------------|-------------------------------|-----------------------|-----------------------|--------------------|
| <b>Cost</b>                                |      |                    |                               |                       |                       |                    |
| January 1, 2016                            |      | 297,876,390        | 24,369,462                    | 166,025,822           | 17,705,112            | 505,976,786        |
| Transfer from capital work-in-progress     | 19   | -                  | -                             | 30,053,685            | -                     | 30,053,685         |
| March 31, 2016                             |      | 297,876,390        | 24,369,462                    | 196,079,507           | 17,705,112            | 536,030,471        |
| Additions during the remainder of the year |      | -                  | -                             | 1,285,986             | -                     | 1,285,986          |
| Transfer from capital work-in-progress     | 19   | -                  | -                             | 10,661,545            | -                     | 10,661,545         |
| December 31, 2016                          |      | 297,876,390        | 24,369,462                    | 208,027,038           | 17,705,112            | 547,978,002        |
| Transfer from capital work-in-progress     | 19   | -                  | -                             | 1,687,485             | -                     | 1,687,485          |
| <b>March 31, 2017</b>                      |      | <b>297,876,390</b> | <b>24,369,462</b>             | <b>209,714,523</b>    | <b>17,705,112</b>     | <b>549,665,487</b> |
| <b>Accumulated amortisation</b>            |      |                    |                               |                       |                       |                    |
| January 1, 2016                            |      | 69,884,175         | 11,327,055                    | 47,413,174            | 2,402,836             | 131,027,240        |
| Charge for the quarter                     |      | 2,052,073          | 1,726,919                     | 9,855,134             | 600,709               | 14,234,835         |
| March 31, 2016                             |      | 71,936,248         | 13,053,974                    | 57,268,308            | 3,003,545             | 145,262,075        |
| Charge for the remainder of the year       |      | 6,156,220          | 2,091,672                     | 18,217,330            | 1,802,128             | 28,267,350         |
| December 31, 2016                          |      | 78,092,468         | 15,145,646                    | 75,485,638            | 4,805,673             | 173,529,425        |
| Charge for the quarter                     |      | 2,052,073          | 697,224                       | 5,279,864             | 600,709               | 8,629,870          |
| <b>March 31, 2017</b>                      |      | <b>80,144,541</b>  | <b>15,842,870</b>             | <b>80,765,502</b>     | <b>5,406,382</b>      | <b>182,159,295</b> |
| <b>Net book value</b>                      |      |                    |                               |                       |                       |                    |
| January 1, 2016                            |      | 227,992,215        | 13,042,407                    | 118,612,648           | 15,302,276            | 374,949,546        |
| March 31, 2016                             |      | 225,940,142        | 11,315,488                    | 138,811,199           | 14,701,567            | 390,768,396        |
| December 31, 2016                          |      | 219,783,922        | 9,223,816                     | 132,541,400           | 12,899,439            | 374,448,577        |
| <b>March 31, 2017</b>                      |      | <b>217,731,849</b> | <b>8,526,592</b>              | <b>128,949,021</b>    | <b>12,298,730</b>     | <b>367,506,192</b> |

**20 Intangible assets (continued)**

Intangible assets of with a net book value at March 31, 2017 of SAR 100,995,394 (March 31, 2016: SAR 107,282,030, December 31, 2016: SAR 103,105,996 and January 1, 2016: SAR 85,374,130) are pledged as security to lenders under the Common Term Financing Agreement (Note 35.10).

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

**20.1 Allocation of amortisation charge for the year to:**

|                                     | Notes | Quarter ended<br>March 31,<br>2017 | March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|-------------------------------------|-------|------------------------------------|-------------------|------------------------------------|
| Cost of sales                       | 9     | <b>6,908,543</b>                   | 9,616,762         | 29,927,970                         |
| General and administrative expenses | 11    | <b>787,354</b>                     | 730,050           | 2,998,071                          |
| Capital work-in-progress            | 19    | <b>933,973</b>                     | 3,888,023         | 9,576,144                          |
| <b>Total</b>                        |       | <b>8,629,870</b>                   | 14,234,835        | 42,502,185                         |

## 21 Investment in joint ventures

|              | Notes  | March 31,<br>2017  | March 31,<br>2016  | December 31,<br>2016 | January 1,<br>2016 |
|--------------|--------|--------------------|--------------------|----------------------|--------------------|
| MBCC         | 21.1.3 | <b>843,347,600</b> | 828,680,585        | 832,406,115          | 828,680,585        |
| SAMAPCO      | 21.2   | -                  | -                  | -                    | -                  |
| <b>Total</b> |        | <b>843,347,600</b> | <b>828,680,585</b> | <b>832,406,115</b>   | <b>828,680,585</b> |

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

### Summarised financial information related to joint ventures

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

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

## 21.1 MBCC

### 21.1.1 Summarised statement of profit or loss

|  | Quarter ended<br>March 31,<br>2017 | March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|--|------------------------------------|-------------------|------------------------------------|
| Sales and other operating revenues                               | <b>147,641,755</b>                 | -                 | 270,468,071                        |
| Interest expense   | <b>(1,611,412)</b>                 | -                 | (3,999,009)                        |
| Depreciation and amortisation                                    | <b>(29,483,004)</b>                | -                 | (53,102,842)                       |
| Other expense  | <b>(95,541,491)</b>                | -                 | (201,619,806)                      |
| <b>Profit before zakat and income tax</b>                        | <b>21,005,848</b>                  | -                 | 11,746,414                         |
| Zakat and income tax   | <b>(2,438,507)</b>                 | -                 | (56,721)                           |
| <b>Profit for the year from continuing operations</b>            | <b>18,567,341</b>                  | -                 | 11,689,693                         |
| Other comprehensive income                                       | -                                  | -                 | -                                  |
| <b>Total comprehensive income</b>                                | <b>18,567,341</b>                  | -                 | 11,689,693                         |
| <b>Group's share of profit / (loss) for the quarter / year *</b> | <b>10,941,485</b>                  | -                 | 3,725,530                          |

\*Share in net income is calculated based on available draft MBCC financial statements at the time of issuance of Ma'aden financial statements. This sometimes may lead to minor variation.

## 21. Investment in joint ventures (continued)

### 21.1.2 Summarised statement of financial position

|  | March 31,<br>2017    | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|----------------------|-------------------|----------------------|--------------------|
| <b>Assets</b>  |                      |                   |                      |                    |
| <b>Non-current assets</b>                                  | <b>1,809,454,190</b> | 1,731,704,283     | 1,766,089,471        | 1,694,949,673      |
| <b>Current assets</b>                                      |                      |                   |                      |                    |
| Other current assets                                       | 207,427,603          | 216,643,910       | 210,315,217          | 250,241,329        |
| Cash and cash equivalents                                  | 40,175,427           | 37,928,976        | 51,243,426           | 22,288,497         |
| <b>Total assets</b>  | <b>2,057,057,220</b> | 1,986,277,169     | 2,027,648,114        | 1,967,479,499      |
| <b>Liabilities</b>   |                      |                   |                      |                    |
| <b>Non-current liabilities</b>                             |                      |                   |                      |                    |
| Long-term borrowings                                       | 626,197,939          | 626,197,939       | 626,197,939          | 851,197,935        |
| Long-term advance extended by Ma'aden Group                | 626,197,939          | 626,197,939       | 626,197,939          | 626,197,939        |
| Other non-current liabilities                              | 42,963,170           | 44,724,138        | 39,417,475           | 44,528,269         |
| <b>Current liabilities</b>                                 |                      |                   |                      |                    |
| Murabaha loan  | 225,000,000          | 225,000,000       | 225,000,000          | -                  |
| Other current liabilities                                  | 103,009,850          | 60,698,869        | 95,686,780           | 42,097,068         |
| <b>Total liabilities</b>                                   | <b>1,623,368,898</b> | 1,582,818,885     | 1,612,500,133        | 1,564,021,211      |
| <b>Net assets</b>  | <b>433,688,322</b>   | 403,458,284       | 415,147,981          | 403,458,288        |
| <b>Group's proportionate ownership %</b>                   | <b>50%</b>           | <b>50%</b>        | <b>50%</b>           | <b>50%</b>         |
| <b>Group's proportionate ownership share in net assets</b> | <b>216,844,161</b>   | 201,729,142       | 207,573,990          | 201,729,144        |

### 21.1.3 Reconciliation to carrying amounts

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

|                                     | Notes | March 31,<br>2017  | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|-------------------------------------|-------|--------------------|-------------------|----------------------|--------------------|
| Shares at cost                      | 51    | 202,482,646        | 202,482,646       | 202,482,646          | 202,482,646        |
| Share of the accumulated profit     |       | 14,667,015         | -                 | 3,725,530            | -                  |
| <b>Carrying value of investment</b> |       | <b>217,149,661</b> | 202,482,646       | 206,208,176          | 202,482,646        |
| Long-term loan                      | 43.2  | 626,197,939        | 626,197,939       | 626,197,939          | 626,197,939        |
| <b>Total</b>                        | 21    | <b>843,347,600</b> | 828,680,585       | 832,406,115          | 828,680,585        |

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

Share of the accumulated profit in MBCC

|  | March 31,<br>2017 | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|-------------------|-------------------|----------------------|--------------------|
| January 1,                                 | 3,725,530         | -                 | -                    | -                  |
| Share in net profit for the quarter / year | 10,941,485        | -                 | 3,725,530            | -                  |
| <b>March 31 / December 31 / January 1</b>  | <b>14,667,015</b> | -                 | 3,725,530            | -                  |

## 21. Investment in joint ventures (continued)

### 21.2 SAMAPCO

#### *Reconciliation to carrying amounts*

The investment of 50% in the issued and paid up share capital in SAMAPCO together with the Group's share of SAMAPCO's accumulated loss has been impaired on the date of transition to IFRS, is as follows:

|  | Notes | March 31,<br>2017 | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|-------|-------------------|-------------------|----------------------|--------------------|
| Shares at cost                         | 51    | -                 | -                 | -                    | 450,000,000        |
| Additional contribution                |       | -                 | -                 | -                    | 47,998,419         |
| <b>Sub-total</b>                       |       | -                 | -                 | -                    | 497,998,419        |
| Share of the accumulated loss          |       | -                 | -                 | -                    | (125,224,180)      |
| <b>Carrying value of investment</b>    |       | -                 | -                 | -                    | 372,774,239        |
| Less: Impairment on date of transition | 5.2.4 | -                 | -                 | -                    | (372,774,239)      |
| <b>Total</b>                           |       | -                 | -                 | -                    | -                  |

The impairment test was done using an equity valuation model, which included an appropriate market related discount rate (Note 5.7.5).

The Group has issued a guarantee in favor of SIDF and certain commercial banks as is fully disclosed in Note 45.2.

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

## 22 Deferred tax

### 22.1 Income tax

|  | Notes | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|--|-------|------------------------------------|------------------------------------|------------------------------------|
| Current income tax   |       | -                                  | -                                  | -                                  |
| Deferred income tax  |       | (2,839,586)                        | (8,998,439)                        | 19,882,715                         |
| Deferred tax assets charged to the consolidated statement of profit or loss      | 22.2  | 41,637,963                         | 25,724,586                         | 130,056,102                        |
| Deferred tax liabilities charged to the consolidated statement of profit or loss | 22.3  | (44,477,549)                       | (34,723,025)                       | (110,173,387)                      |
| <b>Total income tax</b>  |       | <b>(2,839,586)</b>                 | <b>(8,998,439)</b>                 | <b>19,882,715</b>                  |

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

## 22 Deferred tax (continued)

### 22.2 Deferred tax assets

The balance comprises temporary differences attributable to:

|  | March 31,<br>2017  | March 31,<br>2016  | December 31,<br>2016 | January 1,<br>2016 |
|--|--------------------|--------------------|----------------------|--------------------|
| Tax losses   | 316,630,038        | 198,080,178        | 275,006,217          | 172,984,640        |
| Property, plant and equipment, capital work-in-progress and intangible assets  | 93,329,449         | 68,504,063         | 94,171,723           | 68,247,856         |
| Provision for decommissioning, site rehabilitation and dismantling obligations | 1,690,272          | 1,604,672          | 1,668,027            | 1,583,554          |
| Employees' benefits  | 8,427,250          | 5,918,617          | 7,593,079            | 5,566,894          |
| <b>Total deferred tax assets</b>   | <b>420,077,009</b> | <b>274,107,530</b> | <b>378,439,046</b>   | <b>248,382,944</b> |

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

|  | Notes | Total              |
|--|-------|--------------------|
| January 1, 2016  |       | 248,382,944        |
| Charged to the consolidated statement of profit or loss during the quarter               | 22.1  | 25,724,586         |
| March 31, 2016   |       | 274,107,530        |
| Charged to the consolidated statement of profit or loss during the remainder of the year | 22.1  | 104,331,516        |
| December 31, 2016  |       | 378,439,046        |
| Charged to the consolidated statement of profit or loss during the quarter               | 22.1  | 41,637,963         |
| <b>March 31, 2017</b>  |       | <b>420,077,009</b> |

### 22.3 Deferred tax liabilities

The balance comprises temporary differences attributable to:

|   | March 31,<br>2017 | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|---|-------------------|-------------------|----------------------|--------------------|
| Property, plant and equipment, capital work-in-progress and intangible assets | 318,806,016       | 198,878,105       | 274,328,467          | 164,155,080        |

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

|  | Notes | Total              |
|--|-------|--------------------|
| January 1, 2016  |       | 164,155,080        |
| Charged to the consolidated statement of profit or loss during the quarter               | 22.1  | 34,723,025         |
| March 31, 2016   |       | 198,878,105        |
| Charged to the consolidated statement of profit or loss during the remainder of the year | 22.1  | 75,450,362         |
| December 31, 2016  |       | 274,328,467        |
| Charged to the consolidated statement of profit or loss during the quarter               | 22.1  | 44,477,549         |
| <b>March 31, 2017</b>  |       | <b>318,806,016</b> |

**23 Other investments**

|   | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|---|---------------------------|---------------------------|------------------------------|----------------------------|
| Debt securities with original maturities of more than a year at the date of acquisition | <b>50,000,000</b>         | 50,000,000                | 50,000,000                   | 50,000,000                 |

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

**24 Due from joint venture partners**

|                 | <b>Notes</b> | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|-----------------|--------------|---------------------------|---------------------------|------------------------------|----------------------------|
| Due from Mosaic | 43.2         | -                         | 450,000,000               | -                            | 450,000,000                |
| Due from SABIC  | 43.2         | -                         | 270,000,000               | -                            | 270,000,000                |
| <b>Total</b>    | 43.2         | -                         | <b>720,000,000</b>        | -                            | <b>720,000,000</b>         |

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

As per the agreement Mosaic and SABIC are liable to pay contractual dues to Ma'aden of SAR 1.44 billion in two installments for the historical cost incurred by Ma'aden on the project. First installment, 50% of SAR 1.44 billion, was received by Ma'aden during the year ended December 31, 2013 and the remaining 50% of SAR 1.44 billion due on June 30, 2016 was received in full.

**25 Advances and prepayments**

|                             | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|-----------------------------|---------------------------|---------------------------|------------------------------|----------------------------|
| <b>Current portion:</b>     |                           |                           |                              |                            |
| Advances to contractors     | <b>100,189,334</b>        | 147,152,170               | 105,228,220                  | 152,701,627                |
| Advances to employees       | <b>43,505,526</b>         | 49,532,289                | 14,012,651                   | 12,889,197                 |
| Prepaid rent                | <b>24,247,754</b>         | 34,822,049                | 9,335,197                    | 14,396,416                 |
| Prepaid insurance           | <b>53,582,561</b>         | 42,289,572                | 8,060,774                    | 44,442,651                 |
| Other prepayments           | <b>11,725,297</b>         | 9,348,887                 | 3,922,170                    | 4,874,582                  |
| <b>Sub-total</b>            | <b>233,250,472</b>        | 283,144,967               | 140,559,012                  | 229,304,473                |
| <b>Non-current portion:</b> |                           |                           |                              |                            |
| Other prepayments           | <b>30,728,905</b>         | 18,646,032                | 29,730,480                   | 21,645,868                 |
| <b>Total</b>                | <b>263,979,377</b>        | 301,790,999               | 170,289,492                  | 250,950,341                |



**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**

(A Saudi Arabian joint stock company)

**Notes to the consolidated interim financial statements for the quarter ended March 31, 2017 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)


**26 Inventories**

|  | March 31,<br>2017    | March 31,<br>2016    | December 31,<br>2016 | January 1,<br>2016   |
|--|----------------------|----------------------|----------------------|----------------------|
| Finished goods – ready for sale  | 437,318,569          | 377,988,233          | 293,875,243          | 243,049,951          |
| Work-in-process  | 523,793,479          | 505,886,973          | 496,309,809          | 583,756,631          |
| Stockpile of mined ore   | 197,931,890          | 151,506,952          | 189,409,046          | 173,176,988          |
| By-products  | 6,183,302            | 7,705,203            | 3,124,158            | 710,227              |
| <b>Sub-total</b>   | <b>1,165,227,240</b> | <b>1,043,087,361</b> | <b>982,718,256</b>   | <b>1,000,693,797</b> |
| Spare parts and consumables materials  | 1,335,572,087        | 1,054,204,345        | 1,293,172,895        | 1,289,436,609        |
| Allowance for obsolete and slow-moving spare parts and consumable materials* | (15,853,329)         | (15,984,849)         | (15,853,329)         | (15,984,849)         |
|  | <b>1,319,718,758</b> | <b>1,038,219,496</b> | <b>1,277,319,566</b> | <b>1,273,451,760</b> |
| Raw materials  | 820,656,679          | 726,239,127          | 832,956,069          | 644,322,504          |
| <b>Sub-total</b>   | <b>2,140,375,437</b> | <b>1,764,458,623</b> | <b>2,110,275,635</b> | <b>1,917,774,264</b> |
| <b>Total</b>   | <b>3,305,602,677</b> | <b>2,807,545,984</b> | <b>3,092,993,891</b> | <b>2,918,468,061</b> |

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

|   | March 31,<br>2017 | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|---|-------------------|-------------------|----------------------|--------------------|
| January 1                                       | 15,853,329        | 15,984,849        | 15,984,849           | 15,984,849         |
| Reversal of allowance for obsolescence (Note 9) | -                 | -                 | (131,520)            | -                  |
| <b>March 31 / December 31 / January 1</b>       | <b>15,853,329</b> | <b>15,984,849</b> | <b>15,853,329</b>    | <b>15,984,849</b>  |

**27 Trade and other receivables**

|   | Notes | March 31,<br>2017    | March 31,<br>2016    | December 31,<br>2016 | January 1,<br>2016   |
|---|-------|----------------------|----------------------|----------------------|----------------------|
| Trade receivables                         |       |                      |                      |                      |                      |
| Other third party receivables             |       | 1,188,286,460        | 718,343,776          | 885,371,900          | 656,441,349          |
| Due from Alcoa Inespal, S.A.              | 43.2  | 92,881,792           | 101,618,457          | 88,987,620           | 87,897,065           |
| Due from SABIC                            | 43.2  | 181,791,918          | 252,996,704          | 195,110,098          | 407,155,456          |
|   |       | <b>1,462,960,170</b> | <b>1,072,958,937</b> | <b>1,169,469,618</b> | <b>1,151,493,870</b> |
| Allowance for doubtful debts*             |       | (41,000,000)         | -                    | -                    | -                    |
| <b>Sub-total</b>                          |       | <b>1,421,960,170</b> | <b>1,072,958,937</b> | <b>1,169,469,618</b> | <b>1,151,493,870</b> |
| Due from Saudi Ports Authority            |       | 7,697,420            | 6,167,850            | 7,439,820            | 5,896,500            |
| Allowance for doubtful debts*             |       | (3,512,475)          | (3,512,475)          | (3,512,475)          | (3,200,000)          |
| <b>Sub-total</b>                          |       | <b>4,184,945</b>     | <b>2,655,375</b>     | <b>3,927,345</b>     | <b>2,696,500</b>     |
| Due from Saudi Mining Polytechnic ("SMP") | 43.2  | 4,084,889            | 2,253,372            | 3,951,089            | 2,166,504            |
| Insurance claims**                        |       | -                    | 4,368,116            | -                    | 13,304,480           |
| Withholding tax receivable                |       | 27,888               | 32,088,425           | 446,724              | 31,850,982           |
| Investment income receivable              |       | 9,347,051            | 31,426,221           | 15,914,150           | 8,936,151            |
| Due from SABIC                            | 43.2  | 28,807,037           | -                    | 28,807,037           | -                    |
| Other                                     |       | 42,452,006           | 58,254,131           | 50,700,940           | 40,698,300           |
| <b>Total</b>                              |       | <b>1,510,863,986</b> | <b>1,204,004,577</b> | <b>1,273,216,903</b> | <b>1,251,146,787</b> |

## 27 Trade and other receivables (continued)

\* Movement in allowance for doubtful debts

|   | Note | March 31,<br>2017 | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|---|------|-------------------|-------------------|----------------------|--------------------|
| January 1                                 |      | 3,512,475         | 3,200,000         | 3,200,000            | 3,200,000          |
| Increase in allowance for doubtful debts  | 11   | 41,000,000        | 312,475           | 312,475              | -                  |
| <b>March 31 / December 31 / January 1</b> |      | <b>44,512,475</b> | <b>3,512,475</b>  | <b>3,512,475</b>     | <b>3,200,000</b>   |

\*\* Insurance claim related to:

|   | March 31,<br>2017 | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|---|-------------------|-------------------|----------------------|--------------------|
| <ul style="list-style-type: none"> <li>one of the aluminium pot lines on which the production was halted in October 2013. The temporary shutdown was undertaken after a period of pot instability. The potline was restored during the second quarter of 2014.</li> </ul> | -                 | 955,889           | -                    | 9,892,253          |
| <ul style="list-style-type: none"> <li>an ammonia reformer and conveyor belt claim</li> </ul>   | -                 | 3,412,227         | -                    | 3,412,227          |
| <b>Total</b>  | <b>-</b>          | <b>4,368,116</b>  | <b>-</b>             | <b>13,304,480</b>  |

## 28 Time deposits

|  | March 31,<br>2017 | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|-------------------|-------------------|----------------------|--------------------|
| Time deposits with original maturities of more than three months and less than a year at the date of acquisition | 4,110,862,190     | 5,972,000,000     | 2,711,000,000        | 899,052,989        |

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

## 29 Cash and cash equivalents

|  | March 31,<br>2017    | March 31,<br>2016    | December 31,<br>2016 | January 1,<br>2016   |
|--|----------------------|----------------------|----------------------|----------------------|
| Time deposits with original maturities equal to or less than three months at the date of acquisition |                      |                      |                      |                      |
| - unrestricted   | 2,149,876,640        | 3,679,173,444        | 3,953,142,872        | 3,397,121,398        |
| - restricted   | -                    | -                    | -                    | 544,554,663          |
| <b>Sub-total</b>   | <b>2,149,876,640</b> | <b>3,679,173,444</b> | <b>3,953,142,872</b> | <b>3,941,676,061</b> |
| Cash and bank balances   |                      |                      |                      |                      |
| - unrestricted   | 897,955,369          | 1,265,989,203        | 357,230,436          | 317,824,870          |
| - restricted   | 61,265,344           | 54,221,167           | 59,341,221           | 48,808,593           |
| <b>Sub-total</b>   | <b>959,220,713</b>   | <b>1,320,210,370</b> | <b>416,571,657</b>   | <b>366,633,463</b>   |
| <b>Total</b>   | <b>3,109,097,353</b> | <b>4,999,383,814</b> | <b>4,369,714,529</b> | <b>4,308,309,524</b> |

## 29 Cash and cash equivalents (continued)

Restricted cash and cash equivalents are related to the following:

|  | March 31,<br>2017    | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|----------------------|-------------------|----------------------|--------------------|
| Cash accumulated in the debt service reserve account for the next scheduled repayment of long-term borrowings, six months prior to the due date, as per the financing agreement (Note 35.7)  | -                    | -                 | -                    | 1,539              |
| Employees' savings plan obligation (Note 4.14, 4.20 and 38.2)  | <b>61,265,344</b>    | 54,221,167        | 59,341,221           | 48,807,054         |
| <b>Sub-total</b>   | <b>61,265,344</b>    | 54,221,167        | 59,341,221           | 48,808,593         |
| Balance portion accumulated for the scheduled repayment of long-term borrowings, six months prior to due date, invested and included in time deposits with original maturities equal to or less than three months at the date of acquisition (Note 35.2) | -                    | -                 | -                    | 544,554,663        |
| <b>Total restricted cash</b>   | <b>61,265,344</b>    | 54,221,167        | 59,341,221           | 593,363,256        |
| <b>Total unrestricted cash</b>   | <b>3,047,832,009</b> | 4,945,162,647     | 4,310,373,308        | 3,714,946,268      |

## 30 Share capital

|  | March 31,<br>2017     | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|-----------------------|-------------------|----------------------|--------------------|
| <b>Authorized, issued and fully paid</b>   |                       |                   |                      |                    |
| <b>1,168,478,261</b> Ordinary shares with a nominal value of SAR 10 per share (Note 1) | <b>11,684,782,610</b> | 11,684,782,610    | 11,684,782,610       | 11,684,782,610     |

## 31 Share premium

|   | March 31,<br>2017    | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|---|----------------------|-------------------|----------------------|--------------------|
| <b>525,000,000</b> Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 10 per share                          | <b>5,250,000,000</b> | 5,250,000,000     | 5,250,000,000        | 5,250,000,000      |
| <b>243,478,261</b> Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 13 per share, net of transaction cost | <b>3,141,351,697</b> | 3,141,351,697     | 3,141,351,697        | 3,141,351,697      |
| <b>768,478,261 Total</b>  | <b>8,391,351,697</b> | 8,391,351,697     | 8,391,351,697        | 8,391,351,697      |

**32 Transfer of net income**

|  | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|--|---------------------------|---------------------------|------------------------------|----------------------------|
| January 1  | <b>797,975,542</b>        | 757,911,634               | 757,911,634                  | 757,911,634                |
| Transfer of 10% of net income for the<br>quarter / year* | -                         | -                         | 40,063,908                   | -                          |
| <b>March 31 / December 31 / January 1</b>                | <b>797,975,542</b>        | 757,911,634               | 797,975,542                  | 757,911,634                |

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

\*Calculation of the transfer of net income for the year ended December 31, 2016 was based on SOCPA net income for the year as this is not an IFRS transition adjustment requirement.

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**33 Non-controlling interest**

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

**33.1 Summarized statement of financial position**

|  | MAC                   | MRC                  | MBAC                  | MPC                   | MWSPC                 | Total                 |
|--|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <i>Non-controlling interest in %</i>                       | 25.1 %                | 25.1 %               | 25.1 %                | 30 %                  | 40 %                  |                       |
| <b>March 31, 2017</b>                                      |                       |                      |                       |                       |                       |                       |
| Non-current assets   | 18,122,065,198        | 5,230,277,339        | 12,895,657,998        | 15,811,606,208        | 24,323,945,668        | 76,383,552,411        |
| Current assets   | 2,011,650,713         | 1,158,284,527        | 1,319,597,108         | 1,933,398,515         | 2,262,982,618         | 8,685,913,481         |
| <b>Total assets</b>  | <b>20,133,715,911</b> | <b>6,388,561,866</b> | <b>14,215,255,106</b> | <b>17,745,004,723</b> | <b>26,586,928,286</b> | <b>85,069,465,892</b> |
| Non-current liabilities                                    | 10,447,866,816        | 4,324,781,392        | 8,272,329,420         | 9,855,633,125         | 17,428,163,968        | 50,328,774,721        |
| Current liabilities  | 3,118,120,438         | 1,064,604,020        | 1,029,070,512         | 1,694,302,776         | 1,924,754,766         | 8,830,852,512         |
| <b>Total liabilities</b>                                   | <b>13,565,987,254</b> | <b>5,389,385,412</b> | <b>9,301,399,932</b>  | <b>11,549,935,901</b> | <b>19,352,918,734</b> | <b>59,159,627,233</b> |
| <b>Net assets</b>  | <b>6,567,728,657</b>  | <b>999,176,454</b>   | <b>4,913,855,174</b>  | <b>6,195,068,822</b>  | <b>7,234,009,552</b>  | <b>25,909,838,659</b> |
| Share of net assets  | 1,648,499,893         | 250,793,290          | 1,233,377,649         | 1,858,520,646         | 2,893,603,820         | 7,884,795,298         |
| Income tax impact  | (13,487,305)          | 80,285,725           | 8,132,912             | -                     | 737,494               | 75,668,826            |
| Payment to increase share capital impact                   | -                     | (7,119,230)          | -                     | -                     | -                     | (7,119,230)           |
| <b>Net assets attributable to non-controlling interest</b> | <b>1,635,012,588</b>  | <b>323,959,785</b>   | <b>1,241,510,561</b>  | <b>1,858,520,646</b>  | <b>2,894,341,314</b>  | <b>7,953,344,894</b>  |
| <b>March 31, 2016</b>                                      |                       |                      |                       |                       |                       |                       |
| Non-current assets   | 18,715,603,289        | 5,751,173,876        | 12,853,915,501        | 16,653,798,878        | 19,669,381,763        | 73,643,873,307        |
| Current assets   | 1,842,318,190         | 1,291,230,239        | 979,228,026           | 3,041,156,122         | 3,552,306,226         | 10,706,238,803        |
| <b>Total assets</b>  | <b>20,557,921,479</b> | <b>7,042,404,115</b> | <b>13,833,143,527</b> | <b>19,694,955,000</b> | <b>23,221,687,989</b> | <b>84,350,112,110</b> |
| Non-current liabilities                                    | 11,279,984,707        | 4,822,322,272        | 8,138,369,563         | 11,018,595,372        | 13,821,151,822        | 49,080,423,736        |
| Current liabilities  | 2,925,030,408         | 990,604,096          | 625,973,815           | 1,165,091,634         | 3,846,737,304         | 9,553,437,257         |
| <b>Total liabilities</b>                                   | <b>14,205,015,115</b> | <b>5,812,926,368</b> | <b>8,764,343,378</b>  | <b>12,183,687,006</b> | <b>17,667,889,126</b> | <b>58,633,860,993</b> |
| <b>Net assets</b>  | <b>6,352,906,364</b>  | <b>1,229,477,747</b> | <b>5,068,800,149</b>  | <b>7,511,267,994</b>  | <b>5,553,798,863</b>  | <b>25,716,251,117</b> |
| Share of net assets  | 1,594,579,497         | 308,598,914          | 1,272,268,837         | 2,253,380,398         | 2,221,519,544         | 7,650,347,190         |
| Income tax impact  | (9,848,707)           | 58,325,944           | 7,387,227             | -                     | 386,415               | 56,250,879            |
| Payment to increase share capital impact                   | -                     | (7,119,230)          | -                     | -                     | -                     | (7,119,230)           |
| <b>Net assets attributable to non-controlling interest</b> | <b>1,584,730,790</b>  | <b>359,805,628</b>   | <b>1,279,656,064</b>  | <b>2,253,380,398</b>  | <b>2,221,905,959</b>  | <b>7,699,478,839</b>  |

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**33 Non-controlling interest (continued)**

|  | MAC                   | MRC                  | MBAC                  | MPC                   | MWSPC                 | Total                 |
|--|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <i>Non-controlling interest in %</i>                       | 25.1 %                | 25.1 %               | 25.1 %                | 30 %                  | 40 %                  |                       |
| <b>December 31, 2016</b>                                   |                       |                      |                       |                       |                       |                       |
| Non-current assets   | 18,280,872,888        | 5,177,950,824        | 12,971,944,699        | 15,920,579,038        | 24,320,185,347        | 76,671,532,796        |
| Current assets   | 2,272,572,079         | 1,079,399,188        | 927,486,699           | 2,402,548,499         | 2,424,348,463         | 9,106,354,928         |
| <b>Total assets</b>  | <b>20,553,444,967</b> | <b>6,257,350,012</b> | <b>13,899,431,398</b> | <b>18,323,127,537</b> | <b>26,744,533,810</b> | <b>85,777,887,724</b> |
| Non-current liabilities                                    | 10,835,661,631        | 4,369,080,573        | 7,942,552,690         | 10,418,024,121        | 17,409,775,500        | 50,975,094,515        |
| Current liabilities  | 3,233,465,083         | 1,213,213,858        | 998,954,599           | 1,680,222,125         | 2,297,997,580         | 9,423,853,245         |
| <b>Total liabilities</b>                                   | <b>14,069,126,714</b> | <b>5,582,294,431</b> | <b>8,941,507,289</b>  | <b>12,098,246,246</b> | <b>19,707,773,080</b> | <b>60,398,947,760</b> |
| <b>Net assets</b>  | <b>6,484,318,253</b>  | <b>675,055,581</b>   | <b>4,957,924,109</b>  | <b>6,224,881,291</b>  | <b>7,036,760,730</b>  | <b>25,378,939,964</b> |
| Share of net assets  | 1,627,563,881         | 169,438,950          | 1,244,438,951         | 1,867,464,387         | 2,814,704,291         | 7,723,610,460         |
| Income tax impact  | (9,852,156)           | 80,098,532           | 6,882,877             | -                     | 680,563               | 77,809,816            |
| Payment to increase share capital impact                   | -                     | (7,119,230)          | -                     | -                     | -                     | (7,119,230)           |
| <b>Net assets attributable to non-controlling interest</b> | <b>1,617,711,725</b>  | <b>242,418,252</b>   | <b>1,251,321,828</b>  | <b>1,867,464,387</b>  | <b>2,815,384,854</b>  | <b>7,794,301,046</b>  |
| <b>January 1, 2016</b>                                     |                       |                      |                       |                       |                       |                       |
| Non-current assets   | 18,904,104,180        | 5,563,432,568        | 12,507,524,411        | 16,674,743,068        | 17,047,853,832        | 70,697,658,059        |
| Current assets   | 1,759,298,523         | 1,460,318,889        | 1,143,028,245         | 2,850,903,658         | 2,082,160,654         | 9,295,709,969         |
| <b>Total assets</b>  | <b>20,663,402,703</b> | <b>7,023,751,457</b> | <b>13,650,552,656</b> | <b>19,525,646,726</b> | <b>19,130,014,486</b> | <b>79,993,368,028</b> |
| Non-current liabilities                                    | 10,893,624,471        | 4,840,183,680        | 8,128,329,751         | 10,009,616,488        | 10,095,581,100        | 43,967,335,490        |
| Current liabilities  | 3,409,521,710         | 953,095,844          | 458,415,216           | 1,734,573,327         | 3,492,734,648         | 10,048,340,745        |
| <b>Total liabilities</b>                                   | <b>14,303,146,181</b> | <b>5,793,279,524</b> | <b>8,586,744,967</b>  | <b>11,744,189,815</b> | <b>13,588,315,748</b> | <b>54,015,676,235</b> |
| <b>Net assets</b>  | <b>6,360,256,522</b>  | <b>1,230,471,933</b> | <b>5,063,807,689</b>  | <b>7,781,456,911</b>  | <b>5,541,698,738</b>  | <b>25,977,691,793</b> |
| Share of net assets  | 1,596,424,387         | 308,848,455          | 1,271,015,730         | 2,334,437,073         | 2,216,679,494         | 7,727,405,139         |
| Income tax impact  | 3,149,117             | 57,319,184           | 2,217,602             | -                     | 321,040               | 63,006,943            |
| Payment to increase share capital impact                   | -                     | (7,119,230)          | -                     | -                     | -                     | (7,119,230)           |
| <b>Net assets attributable to non-controlling interest</b> | <b>1,599,573,504</b>  | <b>359,048,409</b>   | <b>1,273,233,332</b>  | <b>2,334,437,073</b>  | <b>2,217,000,534</b>  | <b>7,783,292,852</b>  |

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**33 Non-controlling interest (continued)**
**33.2 Summarized statement of profit or loss and other comprehensive income**

|  | Notes | MAC                 | MRC                 | MBAC                | MPC                 | MWSPC              | Total              |
|--|-------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| <b>Non-controlling interest in %</b>                               |       | <b>25.1 %</b>       | <b>25.1 %</b>       | <b>25.1 %</b>       | <b>30 %</b>         | <b>40 %</b>        |                    |
| <b>March 31, 2017</b>  |       |                     |                     |                     |                     |                    |                    |
| Sales  |       | 1,565,232,019       | -                   | 493,467,058         | 908,714,610         | 321,504,337        | 3,288,918,024      |
| <b>Profit / (loss) before zakat and income tax for the quarter</b> |       | 88,263,738          | (51,129,051)        | (45,737,875)        | (29,616,906)        | 197,153,937        | 158,933,843        |
| Other comprehensive income / (loss)                                |       | -                   | -                   | -                   | -                   | -                  | -                  |
| <b>Total comprehensive income / (loss) for the quarter</b>         |       | <b>88,263,738</b>   | <b>(51,129,051)</b> | <b>(45,737,875)</b> | <b>(29,616,906)</b> | <b>197,153,937</b> | <b>158,933,843</b> |
| <b>Profit / (loss) attributable to non-controlling interest:</b>   |       |                     |                     |                     |                     |                    |                    |
| Share of total comprehensive income / (loss) for the quarter       |       | 22,154,198          | (12,833,391)        | (11,480,207)        | (8,885,072)         | 78,861,575         | 67,817,103         |
| Share of zakat and income tax for the quarter                      |       | (4,853,335)         | 249,924             | 1,668,940           | (58,669)            | 94,885             | (2,898,255)        |
| <b>Total</b>   | 33.3  | <b>17,300,863</b>   | <b>(12,583,467)</b> | <b>(9,811,267)</b>  | <b>(8,943,741)</b>  | <b>78,956,460</b>  | <b>64,918,848</b>  |
| <b>March 31, 2016</b>  |       |                     |                     |                     |                     |                    |                    |
| Sales  |       | 1,244,731,029       | -                   | -                   | 1,011,463,909       | -                  | 2,256,194,938      |
| <b>Profit / (loss) before zakat and income tax for the quarter</b> |       | 10,003,412          | (2,338,324)         | (1,909,575)         | 21,283,602          | 11,991,167         | 39,030,282         |
| Other comprehensive income / (loss)                                |       | -                   | -                   | -                   | -                   | -                  | -                  |
| <b>Total comprehensive income / (loss) for the quarter</b>         |       | <b>10,003,412</b>   | <b>(2,338,324)</b>  | <b>(1,909,575)</b>  | <b>21,283,602</b>   | <b>11,991,167</b>  | <b>39,030,282</b>  |
| <b>Profit / (loss) attributable to non-controlling interest:</b>   |       |                     |                     |                     |                     |                    |                    |
| Share of total comprehensive income / (loss) for the quarter       |       | 2,510,856           | (586,919)           | (479,303)           | 6,385,081           | 4,796,467          | 12,626,182         |
| Share of zakat and income tax for the quarter                      |       | (17,353,570)        | 1,344,138           | 6,902,035           | 2,558,244           | 108,958            | (6,440,195)        |
| <b>Total</b>   | 33.3  | <b>(14,842,714)</b> | <b>757,219</b>      | <b>6,422,732</b>    | <b>8,943,325</b>    | <b>4,905,425</b>   | <b>6,185,987</b>   |



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**33 Non-controlling interest (continued)**

|  | Note | MAC                | MRC                  | MBAC                 | MPC                 | MWSPC              | Total                |
|--|------|--------------------|----------------------|----------------------|---------------------|--------------------|----------------------|
| <b>Non-controlling interest in %</b>                             |      | <b>25.1 %</b>      | <b>25.1 %</b>        | <b>25.1 %</b>        | <b>30 %</b>         | <b>40 %</b>        |                      |
| <b>December 31, 2016</b>   |      |                    |                      |                      |                     |                    |                      |
| Sales  |      | 5,287,098,947      | -                    | 382,797,084          | 4,056,326,243       | -                  | 9,726,222,274        |
| <b>Profit / (loss) before zakat and income tax for the year</b>  |      | 139,600,447        | (585,829,366)        | (110,778,172)        | (61,107,809)        | (2,235,370)        | (620,350,270)        |
| Other comprehensive income / (loss)                              |      | 1,819,460          | -                    | (1,334,079)          | 1,777,621           | (3,301,843)        | (1,038,841)          |
| <b>Total comprehensive income / (loss) for the year</b>          |      | <b>141,419,907</b> | <b>(585,829,366)</b> | <b>(112,112,251)</b> | <b>(59,330,188)</b> | <b>(5,537,213)</b> | <b>(621,389,111)</b> |
| <b>Profit / (loss) attributable to non-controlling interest:</b> |      |                    |                      |                      |                     |                    |                      |
| Share of total comprehensive income / (loss) for the year        |      | 35,496,397         | (147,043,171)        | (28,140,175)         | (17,799,056)        | (2,214,885)        | (159,700,890)        |
| Share of zakat and income tax for the year                       |      | (17,358,176)       | 30,413,014           | 6,228,671            | 2,019,333           | 599,205            | 21,902,047           |
| <b>Total</b>   | 33.3 | <b>18,138,221</b>  | <b>(116,630,157)</b> | <b>(21,911,504)</b>  | <b>(15,779,723)</b> | <b>(1,615,680)</b> | <b>(137,798,843)</b> |

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**33 Non-controlling interest (continued)**
**33.3 Movement of non-controlling interest**

|   | Notes       | MAC                  | MRC                | MBAC                 | MPC                  | MWSPC                | Total                |
|---|-------------|----------------------|--------------------|----------------------|----------------------|----------------------|----------------------|
| January 1, 2016   | 33.1        | 1,599,573,504        | 359,048,409        | 1,273,233,332        | 2,334,437,073        | 2,217,000,534        | 7,783,292,852        |
| Dividend paid during the quarter                                      | 43.1        | -                    | -                  | -                    | (90,000,000)         | -                    | (90,000,000)         |
| Share of net profit / (loss) for the quarter                          | 33.2        | (14,842,714)         | 757,219            | 6,422,732            | 8,943,325            | 4,905,425            | 6,185,987            |
| March 31, 2016  | 33.1        | 1,584,730,790        | 359,805,628        | 1,279,656,064        | 2,253,380,398        | 2,221,905,959        | 7,699,478,839        |
| Dividend paid during the remainder of the year                        | 43.1        | -                    | -                  | -                    | (361,192,963)        | -                    | (361,192,963)        |
| Share of net profit / (loss) for the remainder of the year            | 33.2        | 32,524,250           | (117,387,376)      | (27,999,382)         | (25,256,334)         | (5,200,368)          | (143,319,210)        |
| Share of other comprehensive income for the remainder of the year     |             | 456,685              | -                  | (334,854)            | 533,286              | (1,320,737)          | (665,620)            |
| Payment to increase share capital during the remainder of the year    |             | -                    | (7,119,228)        | (5,441,593)          | -                    | -                    | (12,560,821)         |
| Increase in non-controlling interest during the remainder of the year |             | -                    | 7,119,228          | 5,441,593            | -                    | 600,000,000          | 612,560,821          |
| December 31, 2016   | 33.1        | 1,617,711,725        | 242,418,252        | 1,251,321,828        | 1,867,464,387        | 2,815,384,854        | 7,794,301,046        |
| Share of net profit / (loss) for the quarter                          | 33.2        | 17,300,863           | (12,583,467)       | (9,811,267)          | (8,943,741)          | 78,956,460           | 64,918,848           |
| Payment to increase share capital during the quarter                  | 43.1        | -                    | 94,125,000         | -                    | -                    | -                    | 94,125,000           |
| <b>March 31, 2017</b>   | <b>33.1</b> | <b>1,635,012,588</b> | <b>323,959,785</b> | <b>1,241,510,561</b> | <b>1,858,520,646</b> | <b>2,894,341,314</b> | <b>7,953,344,894</b> |

**34 Due to joint venture partner**

|                          | Note            | March 31,<br>2017  | March 31,<br>2016  | December 31,<br>2016 | January 1,<br>2016 |
|--------------------------|-----------------|--------------------|--------------------|----------------------|--------------------|
| Due to Alcoa Corporation | 43.2            | <b>191,016,363</b> | 191,016,363        | 191,016,363          | 300,703,363        |
| Impairment               | 5.2.4,<br>5.7.3 | -                  | -                  | -                    | (115,773,750)      |
| <b>Total</b>             |                 | <b>191,016,363</b> | <b>191,016,363</b> | <b>191,016,363</b>   | <b>184,929,613</b> |

Due to Alcoa Corporation represents their share of 25.1% in the joint venture project cost to extend the product mix of the aluminium complex (Note 1), at Ras Al-Khair, to include:

- automotive heat treated and non-heat treated sheet,
- building and construction sheet and
- foil stock sheet.

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**35 Long-term borrowings**
**35.1 Facilities approved**

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

The Group has not defaulted on the repayment of principal or interest on any borrowing during 2017. The facilities granted to the Group comprise of the following as at March 31, 2017:

|   | MAC<br>agreement<br>signed on<br>Nov. 30, 2010 | MRC<br>agreement<br>signed on<br>Nov. 30, 2010 | MBAC<br>agreement<br>signed on<br>Nov. 27, 2011 | Ma'aden<br>agreement<br>signed on<br>Dec. 18, 2012 | MWSPC<br>agreement<br>signed on<br>Jun. 30, 2014 | MGBM<br>agreements<br>signed on<br>Mar. 24, 2015<br>and Apr. 26, 2015 | MIC<br>agreement<br>signed on<br>Dec. 30, 2015 | MPC<br>agreement<br>signed on<br>Feb. 26, 2016 | Total                 |
|---|--|--|---|--|--|---|--|--|-----------------------|
| Public Investment Fund ("PIF")                          | 4,875,000,000                                  | 3,078,750,000                                  | 3,750,000,000                                   | -  | 7,500,000,000                                    | -   | -  | -  | 19,203,750,000        |
| <u>Islamic and commercial banks</u>                     |  |  |   |  |  |   |  |  |                       |
| Procurement*  | 5,047,500,000                                  | 1,041,000,000                                  | 2,690,712,844                                   | -  | 4,299,854,655                                    | -   | -  | -  | 13,079,067,499        |
| Commercial*   | 900,000,000                                    | -  | 258,750,000                                     | -  | 5,450,145,345                                    | -   | -  | -  | 6,608,895,345         |
| Wakala  | 787,500,000                                    | -  | 768,750,000                                     | -  | 1,650,000,000                                    | -   | -  | -  | 3,206,250,000         |
| <b>Sub-total</b>  | <b>6,735,000,000</b>                           | <b>1,041,000,000</b>                           | <b>3,718,212,844</b>                            | <b>-</b>   | <b>11,400,000,000</b>                            | <b>-</b>  | <b>-</b>                                       | <b>-</b>                                       | <b>22,894,212,844</b> |
| Saudi Industrial Development Fund ("SIDF")              | 600,000,000                                    | 600,000,000                                    | 900,000,000                                     | -  | -  | 1,379,000,000   | -  | -  | 3,479,000,000         |
| Riyal Murabaha facility                                 | -  | -  | -   | -  | -  | -   | 1,000,000,000                                  | 11,493,750,000                                 | 12,493,750,000        |
| Riyal Murabaha facility<br>(a working capital facility) | 375,000,000                                    | 375,000,000                                    | 340,000,000                                     | -  | -  | -   | -  | -  | 1,090,000,000         |
| <b>Sub-total</b>  | <b>12,585,000,000</b>                          | <b>5,094,750,000</b>                           | <b>8,708,212,844</b>                            | <b>-</b>   | <b>18,900,000,000</b>                            | <b>1,379,000,000</b>  | <b>1,000,000,000</b>                           | <b>11,493,750,000</b>                          | <b>59,160,712,844</b> |
| Syndicated Revolving Credit Facility Agreement          | -  | -  | -   | 9,000,000,000                                      | -  | -   | -  | -  | 9,000,000,000         |
| <b>Total facilities granted</b>                         | <b>12,585,000,000</b>                          | <b>5,094,750,000</b>                           | <b>8,708,212,844</b>                            | <b>9,000,000,000</b>                               | <b>18,900,000,000</b>                            | <b>1,379,000,000</b>  | <b>1,000,000,000</b>                           | <b>11,493,750,000</b>                          | <b>68,160,712,844</b> |

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**35.1 Facilities approved (continued)**

The facilities granted to the Group comprise of the following as at January 1, 2016:

|  | MPC<br>agreement<br>signed on<br>June 15, 2008 | MAC<br>agreement<br>signed on<br>Nov. 30, 2010 | MRC<br>agreement<br>signed on<br>Nov. 30, 2010 | MBAC<br>agreement<br>signed on<br>Nov. 27, 2011 | Ma'aden<br>agreement<br>signed on<br>Dec. 18, 2012 | MWSPC<br>agreement<br>signed on<br>June 30, 2014 | MGBM<br>agreements<br>signed on<br>Mar. 24, 2015<br>and Apr. 26, 2015 | MIC<br>agreement<br>signed on<br>Dec. 30, 2015 | Total                 |
|--|--|--|--|---|--|--|---|--|-----------------------|
| Public Investment Fund ("PIF")                       | 4,000,001,250                                  | 4,875,000,000                                  | 3,078,750,000                                  | 3,750,000,000                                   | -  | 7,500,000,000                                    | -   | -  | 23,203,751,250        |
| <u>Islamic and commercial banks</u>                  |  |  |  |   |  |  |   |  |                       |
| Procurement*   | 4,269,892,500                                  | 5,047,500,000                                  | 1,041,000,000                                  | 2,690,712,844                                   | -  | 4,299,854,655                                    | -   | -  | 17,348,959,999        |
| Commercial*  | 1,491,562,500                                  | 900,000,000                                    | -  | 258,750,000                                     | -  | 5,450,145,345                                    | -   | -  | 8,100,457,845         |
| Al-Rajhi Bank  | 2,343,750,000                                  | -  | -  | -   | -  | -  | -   | -  | 2,343,750,000         |
| The Export Import Bank of Korea                      | 1,500,000,000                                  | -  | -  | -   | -  | -  | -   | -  | 1,500,000,000         |
| Korea Export Insurance corporation                   | 750,000,000                                    | -  | -  | -   | -  | -  | -   | -  | 750,000,000           |
| Wakala   | -  | 787,500,000                                    | -  | 768,750,000                                     | -  | 1,650,000,000                                    | -   | -  | 3,206,250,000         |
| <b>Sub-total</b>                                     | <b>10,355,205,000</b>                          | <b>6,735,000,000</b>                           | <b>1,041,000,000</b>                           | <b>3,718,212,844</b>                            | <b>-</b>   | <b>11,400,000,000</b>                            | <b>-</b>  | <b>-</b>                                       | <b>33,249,417,844</b> |
| Saudi Industrial Development Fund ("SIDF")           | 600,000,000                                    | 600,000,000                                    | 600,000,000                                    | 900,000,000                                     | -  | -  | 1,379,000,000   | -  | 4,079,000,000         |
| Riyal Murabaha facility                              | -  | -  | -  | -   | -  | -  | -   | 1,000,000,000                                  | 1,000,000,000         |
| Riyal Murabaha facility (a working capital facility) | -  | 375,000,000                                    | 375,000,000                                    | -   | -  | -  | -   | -  | 750,000,000           |
| <b>Sub-total</b>                                     | <b>14,955,206,250</b>                          | <b>12,585,000,000</b>                          | <b>5,094,750,000</b>                           | <b>8,368,212,844</b>                            | <b>-</b>   | <b>18,900,000,000</b>                            | <b>1,379,000,000</b>  | <b>1,000,000,000</b>                           | <b>62,282,169,094</b> |
| Syndicated Revolving Credit Facility Agreement       | -  | -  | -  | -   | 9,000,000,000                                      | -  | -   | -  | 9,000,000,000         |
| <b>Total facilities granted</b>                      | <b>14,955,206,250</b>                          | <b>12,585,000,000</b>                          | <b>5,094,750,000</b>                           | <b>8,368,212,844</b>                            | <b>9,000,000,000</b>                               | <b>18,900,000,000</b>                            | <b>1,379,000,000</b>  | <b>1,000,000,000</b>                           | <b>71,282,169,094</b> |

### **35.1 Facilities approved (continued)**

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

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

The MFAs imposed certain conditions and special covenants which include:

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

#### ***MAC facility***

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

\*Facility Agents:

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

#### ***MRC facility***

\*Facility Agents:

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

#### ***MBAC facility***

\*Facility Agents:

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

### 35.1 Facilities approved (continued)

#### **MWSPC facility**

\*Facility Agents:

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

#### **Saudi Arabian Mining Company ("Ma'aden")**

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

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

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

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

#### **MGBM Facility**

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

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

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

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



### **35.1 Facilities approved (continued)**

#### ***MIC facility***

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

| Murabaha facility   | <u><b>Facility granted</b></u> |
|---|--------------------------------|
| HSBC Saudi Arabia Limited – as agent for the Murabaha facility participants | <u>1,000,000,000</u>           |

The facility was drawn down on February 17, 2016.

#### ***MPC facility***

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

| Murabaha facility  | <u><b>Facility granted</b></u> |
|--|--------------------------------|
| Riyad Bank – as agent for the Murabaha facility participants | <u>11,493,750,000</u>          |

The details of the CTA signed on June 15, 2008 which has been repaid in full on February 25, 2016 were as follows:

|                                |               |
|--------------------------------|---------------|
| Public Investment Fund ("PIF") | 4,000,001,250 |
|--------------------------------|---------------|

#### Islamic and commercial banks

|   |                    |
|---|--------------------|
| Banque Saudi Fransi – as agent for the procurement facility participants          | 4,269,892,500      |
| Mizuho Corporate Bank Limited – as agent for the commercial facility participants | 1,491,562,500      |
| Al-Rajhi Bank   | 2,343,750,000      |
| The Export Import Bank of Korea   | 1,500,000,000      |
| Korea Export Insurance corporation  | <u>750,000,000</u> |

|                  |                       |
|------------------|-----------------------|
| <b>Sub-total</b> | <b>10,355,205,000</b> |
|------------------|-----------------------|

|  |             |
|--|-------------|
| Saudi Industrial Development Fund ("SIDF") | 600,000,000 |
|--|-------------|

|                                 |                              |
|---------------------------------|------------------------------|
| <b>Total facilities granted</b> | <u><b>14,955,206,250</b></u> |
|---------------------------------|------------------------------|

### 35.2 Facilities utilized under the different CTAs

#### MPC facility

This loan was repaid in full on February 25, 2016.

|  | March 31,<br>2017 | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|-------------------|-------------------|----------------------|--------------------|
| Public Investment Fund                 | -                 | 2,668,800,835     | 2,668,800,835        | 3,001,600,938      |
| Less: Repaid during the quarter / year | -                 | 2,668,800,835     | 2,668,800,835        | 332,800,103        |
| <b>Sub-total (Note 43.2)</b>           | -                 | -                 | -                    | 2,668,800,835      |

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period was LIBOR plus 0.5% per annum.

Loan repayment started on June 30, 2012, on a six monthly basis, in equal principal repayments of SAR 166.4 million over the term of the loan (Note 35.7).

#### Islamic and commercial banks

|  |   |               |               |               |
|--|---|---------------|---------------|---------------|
| Saudi Riyal procurement                | - | 3,458,612,925 | 3,458,612,925 | 3,693,457,013 |
| Al-Rajhi Bank                          | - | 1,898,437,500 | 1,898,437,500 | 2,027,343,750 |
| The Export Import Bank of Korea        | - | 1,096,500,000 | 1,096,500,000 | 1,230,000,000 |
| Commercial                             | - | 904,415,625   | 904,415,625   | 965,826,563   |
| Korea Export Insurance Corporation     | - | 548,250,000   | 548,250,000   | 615,000,000   |
|  | - | 7,906,216,050 | 7,906,216,050 | 8,531,627,326 |
| Less: Repaid during the quarter / year | - | 7,906,216,050 | 7,906,216,050 | 625,411,276   |
| <b>Sub-total</b>                       | - | -             | -             | 7,906,216,050 |

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period was LIBOR plus 0.5% to 1.15% per annum.

The repayment of this loan started on June 30, 2012, on a six monthly basis, starting at SAR 255.1 million and increasing over the term of the loan (Note 35.7).

|  |   |             |             |             |
|--|---|-------------|-------------|-------------|
| Saudi Industrial Development Fund      | - | 370,000,000 | 370,000,000 | 460,000,000 |
| Less: Repaid during the quarter / year | - | 370,000,000 | 370,000,000 | 90,000,000  |
| <b>Sub-total</b>                       | - | -           | -           | 370,000,000 |

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

Repayment of this loan started on February 26, 2013, on a six monthly basis, starting at SAR 40 million and increasing over the term of the loan (Note 35.7).

|   |   |   |   |                |
|---|---|---|---|----------------|
| <b>Total MPC borrowings (Note 35.6)</b> | - | - | - | 10,945,016,885 |
|---|---|---|---|----------------|

**35.2 Facilities utilized under the different CTA's (continued)**

**MAC facility**

|  | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|--|---------------------------|---------------------------|------------------------------|----------------------------|
| Public Investment Fund                                   | <b>4,375,312,500</b>      | 4,575,187,500             | 4,575,187,500                | 4,575,187,500              |
| Less: Transaction cost balance at the quarter / year end | <b>(75,641,165)</b>       | (87,286,571)              | (78,459,966)                 | (90,228,773)               |
| Less: Repaid during the quarter / year                   | -                         | -                         | (199,875,000)                | -                          |
| <b>Sub-total (Note 43.2)</b>                             | <b>4,299,671,335</b>      | 4,487,900,929             | 4,296,852,534                | 4,484,958,727              |

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

The repayment of the loan started on December 31, 2014, on a six monthly basis, starting at SAR 99.9 million and increasing over the term of the loan with the final repayment of SAR 1,218 million on June 30, 2026 (Note 35.7).

|  |                      |               |               |               |
|--|----------------------|---------------|---------------|---------------|
| Islamic and commercial banks                             |                      |               |               |               |
| Dollar procurement                                       | <b>834,675,000</b>   | 872,805,000   | 872,805,000   | 872,805,000   |
| Saudi Riyal procurement                                  | <b>3,695,456,250</b> | 3,864,273,750 | 3,864,273,750 | 3,864,273,750 |
| Commercial   | <b>807,750,000</b>   | 844,650,000   | 844,650,000   | 844,650,000   |
| Wakala   | <b>706,781,250</b>   | 739,068,750   | 739,068,750   | 739,068,750   |
|  | <b>6,044,662,500</b> | 6,320,797,500 | 6,320,797,500 | 6,320,797,500 |
| Less: Transaction cost balance at the quarter / year end | <b>(80,431,672)</b>  | (92,992,706)  | (83,472,594)  | (96,166,076)  |
| Less: Repaid during the quarter / year                   | -                    | -             | (276,135,000) | -             |
| <b>Sub-total</b>   | <b>5,964,230,828</b> | 6,227,804,794 | 5,961,189,906 | 6,224,631,424 |

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

The repayment of the loans started from December 31, 2014, starting at SAR 138 million and increasing over the term of the loan with the final repayment of SAR 1,684 million on June 30, 2026 (Note 35.7).

|                                  |                       |                |                |                |
|----------------------------------|-----------------------|----------------|----------------|----------------|
| <b>Sub-total carried forward</b> | <b>10,263,902,163</b> | 10,715,705,723 | 10,258,042,440 | 10,709,590,151 |
|----------------------------------|-----------------------|----------------|----------------|----------------|

**35.2 Facilities utilized under the different CTA's (continued)**

**MAC facility**

|  | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|--|---------------------------|---------------------------|------------------------------|----------------------------|
| <b>Balance brought forward</b>                           | <b>10,263,902,163</b>     | 10,715,705,723            | 10,258,042,440               | 10,709,590,151             |
| Saudi Industrial Development Fund                        | <b>450,000,000</b>        | 550,000,000               | 550,000,000                  | 519,999,800                |
| Less: Transaction cost balance at the quarter / year end | <b>(16,705,144)</b>       | (25,896,791)              | (18,690,882)                 | (28,298,494)               |
| Less: Repaid during the quarter / year                   | <b>(50,000,000)</b>       | (50,000,000)              | (100,000,000)                | -                          |
| <b>Sub-total</b>   | <b>383,294,856</b>        | 474,103,209               | 431,309,118                  | 491,701,306                |

Repayment of the SIDF facility started from February 4, 2015. The repayments are starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on June 7, 2020 (Note 35.7).

|  |                    |             |             |             |
|--|--------------------|-------------|-------------|-------------|
| Riyal Murabaha facility (a working capital facility) | <b>375,000,000</b> | 375,000,000 | 375,000,000 | 375,000,000 |
|--|--------------------|-------------|-------------|-------------|

During the quarter ended March 31, 2016, the rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is revised to SIBOR plus 1.25% from SIBOR plus 1.75%.

The repayment of the Murabaha facility is due on March 31, 2018 (Note 35.7).

|   |                       |                |                |                |
|---|-----------------------|----------------|----------------|----------------|
| <b>Total MAC borrowings (Note 35.6)</b> | <b>11,022,197,019</b> | 11,564,808,932 | 11,064,351,558 | 11,576,291,457 |
|---|-----------------------|----------------|----------------|----------------|

**MRC facility**

|  | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|--|---------------------------|---------------------------|------------------------------|----------------------------|
| Public Investment Fund                                   | <b>3,047,962,500</b>      | 3,078,750,000             | 3,078,750,000                | 3,078,750,000              |
| Less: Transaction cost balance at the quarter / year end | <b>(71,835,228)</b>       | (83,266,610)              | (74,679,201)                 | (86,129,080)               |
| Less: Repaid during the quarter / year                   | -                         | -                         | (30,787,500)                 | -                          |
| <b>Sub-total (Note 43.2)</b>                             | <b>2,976,127,272</b>      | 2,995,483,390             | 2,973,283,299                | 2,992,620,920              |

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

The repayment of the loan started on December 31, 2016, on a six monthly basis, starting at SAR 30.8 million and increasing over the term of the loan with the final repayment of SAR 153.9 million on June 30, 2026 (Note 35.7).

|                                  |                      |               |               |               |
|----------------------------------|----------------------|---------------|---------------|---------------|
| <b>Sub-total carried forward</b> | <b>2,976,127,272</b> | 2,995,483,390 | 2,973,283,299 | 2,992,620,920 |
|----------------------------------|----------------------|---------------|---------------|---------------|

**35.2 Facilities utilized under the different CTA's (continued)**

**MRC facility**

|  | March 31,<br>2017    | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|----------------------|-------------------|----------------------|--------------------|
| <b>Balance brought forward</b>                           | <b>2,976,127,272</b> | 2,995,483,390     | 2,973,283,299        | 2,992,620,920      |
| Islamic and commercial banks                             |                      |                   |                      |                    |
| Riyal procurement  | <b>1,030,590,000</b> | 1,041,000,000     | 1,041,000,000        | 1,041,000,000      |
| Less: Transaction cost balance at the quarter / year end | <b>(18,480,773)</b>  | (21,627,983)      | (19,263,364)         | (22,416,189)       |
| Less: Repaid during the quarter / year                   | -                    | -                 | (10,410,000)         | -                  |
| <b>Sub-total</b>   | <b>1,012,109,227</b> | 1,019,372,017     | 1,011,326,636        | 1,018,583,811      |

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

The repayment of the loan started on December 31, 2016, starting at SAR 10.4 million and increasing over the term of the loan with the final repayment of SAR 13.5 million on June 30, 2026 (Note 35.7).

|  |                     |              |              |              |
|--|---------------------|--------------|--------------|--------------|
| Saudi Industrial Development Fund                        | <b>550,000,000</b>  | 570,000,000  | 600,000,000  | 570,000,000  |
| Less: Transaction cost balance at the quarter / year end | <b>(25,997,879)</b> | (34,412,824) | (27,983,434) | (36,555,954) |
| Less: Repaid during the quarter / year                   | <b>(25,000,000)</b> | (25,000,000) | (50,000,000) | -            |
| <b>Sub-total</b>   | <b>499,002,121</b>  | 510,587,176  | 522,016,566  | 533,444,046  |

Repayment of the SIDF facility started from January 25, 2016, starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on July 19, 2021 (Note 35.7).

|  |                    |             |             |             |
|--|--------------------|-------------|-------------|-------------|
| Riyal Murabaha facility (a working capital facility) | <b>375,000,000</b> | 375,000,000 | 375,000,000 | 375,000,000 |
|--|--------------------|-------------|-------------|-------------|

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

The repayment of Murabaha facility is due on August 31, 2017 (Note 35.7).

|   |                      |               |               |               |
|---|----------------------|---------------|---------------|---------------|
| <b>Total MRC borrowings (Note 35.6)</b> | <b>4,862,238,620</b> | 4,900,442,583 | 4,881,626,501 | 4,919,648,777 |
|---|----------------------|---------------|---------------|---------------|

**35.2 Facilities utilized under the different CTA's (continued)**

**MBAC facility**

|  | March 31,<br>2017    | March 31,<br>2016    | December 31,<br>2016 | January 1,<br>2016   |
|--|----------------------|----------------------|----------------------|----------------------|
| Public Investment Fund                                   | 3,750,000,000        | 3,750,000,000        | 3,750,000,000        | 3,750,000,000        |
| Less: Transaction cost balance at the quarter / year end | (85,045,786)         | (97,440,634)         | (88,152,378)         | (100,536,720)        |
| <b>Sub-total (Note 43.2)</b>                             | <b>3,664,954,214</b> | <b>3,652,559,366</b> | <b>3,661,847,622</b> | <b>3,649,463,280</b> |

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

The repayment of the principal amount of PIF facility will be in 21 installments on a six monthly basis starting from June 30, 2017. The repayments are starting at SAR 75 million and increasing over the term of the loan with the final repayment of SAR 435 million on June 30, 2027 (Note 35.7).

**Islamic and commercial banks**

|  |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
| Dollar procurement                                       | 799,500,000          | 799,500,000          | 799,500,000          | 799,500,000          |
| Riyal procurement  | 1,891,212,844        | 1,891,212,844        | 1,891,212,844        | 1,891,212,844        |
| Commercial   | 258,750,000          | 258,750,000          | 258,750,000          | 258,750,000          |
| Wakala   | 768,750,000          | 768,750,000          | 768,750,000          | 768,750,000          |
|  | <b>3,718,212,844</b> | <b>3,718,212,844</b> | <b>3,718,212,844</b> | <b>3,718,212,844</b> |
| Less: Transaction cost balance at the quarter / year end | (50,996,758)         | (58,461,967)         | (52,865,914)         | (60,327,318)         |
| <b>Sub-total</b>   | <b>3,667,216,086</b> | <b>3,659,750,877</b> | <b>3,665,346,930</b> | <b>3,657,885,526</b> |

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

The repayment of the principal amounts of Islamic and commercial total approved facilities will start from June 30, 2017. The repayments are starting at SAR 74 million and increasing over the term of the loan with the final repayment of SAR 431 million on June 30, 2027 (Note 35.7).

|                                  |                      |                      |                      |                      |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Sub-total carried forward</b> | <b>7,332,170,300</b> | <b>7,312,310,243</b> | <b>7,327,194,552</b> | <b>7,307,348,806</b> |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|

**35.2 Facilities utilized under the different CTA's (continued)**

**MBAC facility**

|  | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|--|---------------------------|---------------------------|------------------------------|----------------------------|
| <b>Balance brought forward</b>                           | <b>7,332,170,300</b>      | 7,312,310,243             | 7,327,194,552                | 7,307,348,806              |
| Saudi Industrial Development Fund                        | <b>900,000,000</b>        | 810,000,000               | 900,000,000                  | 810,000,000                |
| Less: Transaction cost balance at the quarter / year end | <b>(57,161,908)</b>       | (67,461,032)              | (59,989,012)                 | (69,951,705)               |
| <b>Sub-total</b>   | <b>842,838,092</b>        | 742,538,968               | 840,010,988                  | 740,048,295                |

Repayment of the SIDF facility will start from July 2017. The repayments are starting at SAR 40 million and increasing over the term of the loan with the final repayment of SAR 80 million in April 2024 (Note 35.7).

SIDF has withheld loan processing and evaluation fee of SR 75 million. The fee will be amortized over the term of the loan and the unamortized fee is SR 59 million as of December 31, 2016.

Riyal Murabaha facility (a working capital facility)

|                    |   |   |   |
|--------------------|---|---|---|
| <b>340,000,000</b> | - | - | - |
|--------------------|---|---|---|

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

The repayment of Murabaha facility is due on January 24, 2019 (Note 35.7).

|  |                      |               |               |               |
|--|----------------------|---------------|---------------|---------------|
| <b>Total MBAC borrowings (Note 35.6)</b> | <b>8,515,008,392</b> | 8,054,849,211 | 8,167,205,540 | 8,047,397,101 |
|--|----------------------|---------------|---------------|---------------|

**MWSPC facility**

|  | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|--|---------------------------|---------------------------|------------------------------|----------------------------|
| Public Investment Fund                                   | <b>6,839,278,174</b>      | 5,236,763,111             | 6,839,278,174                | 3,954,229,920              |
| Less: Transaction cost balance at the quarter / year end | <b>(62,987,825)</b>       | (69,866,628)              | (64,842,843)                 | (71,307,385)               |
| <b>Sub-total (Note 43.2)</b>                             | <b>6,776,290,349</b>      | 5,166,896,483             | 6,774,435,331                | 3,882,922,535              |

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

The repayment of the principal amount of loan will be in 24 installments on a six monthly basis starting from June 30, 2019. The repayments are starting at SAR 112.5 million and increasing over the term of the loan with the final repayment of SAR 606 million on December 31, 2030 (Note 35.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 1,855,018 (March 31, 2016: SAR 1,440,757, December 31, 2016: SAR 6,464,542) (Note 35.9).

|                                  |                      |               |               |               |
|----------------------------------|----------------------|---------------|---------------|---------------|
| <b>Sub-total carried forward</b> | <b>6,776,290,349</b> | 5,166,896,483 | 6,774,435,331 | 3,882,922,535 |
|----------------------------------|----------------------|---------------|---------------|---------------|



### 35.2 Facilities utilized under the different CTA's (continued)

#### MWSPC facility

|  | March 31,<br>2017    | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|----------------------|-------------------|----------------------|--------------------|
| <b>Balance brought forward</b>                           | <b>6,776,290,349</b> | 5,166,896,483     | 6,774,435,331        | 3,882,922,535      |
| Islamic and commercial banks                             |                      |                   |                      |                    |
| Dollar procurement facility                              | <b>304,392,518</b>   | 232,279,339       | 304,392,518          | 174,565,346        |
| Saudi Riyal procurement facility                         | <b>2,620,254,420</b> | 1,999,493,851     | 2,620,254,420        | 1,502,683,523      |
| Wakala   | <b>1,488,141,198</b> | 1,135,587,885     | 1,488,141,198        | 853,430,583        |
| Commercial   | <b>5,079,716,049</b> | 4,198,488,992     | 5,061,772,152        | 2,847,314,693      |
| <b>Sub-total</b>   | <b>9,492,504,185</b> | 7,565,850,067     | 9,474,560,288        | 5,377,994,145      |
| Less: Transaction cost balance at the quarter / year end | <b>(70,728,118)</b>  | (102,217,844)     | (78,983,617)         | (109,070,785)      |
| <b>Sub-total</b>   | <b>9,421,776,067</b> | 7,463,632,223     | 9,395,576,671        | 5,268,923,360      |

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

The repayment of the principal amounts of loans will start from June 30, 2019. The repayments are starting at SAR 171 million and increasing over the term of the loan with the final repayment of SAR 809 million on December 31, 2030 (Note 35.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 8,255,499 (March 31, 2016: SAR 6,852,941, December 31, 2016: SAR 30,087,168) (Note 35.9).

|   |                       |                |                |               |
|---|-----------------------|----------------|----------------|---------------|
| <b>Total MWSPC borrowings (Note 35.6)</b> | <b>16,198,066,416</b> | 12,630,528,706 | 16,170,012,002 | 9,151,845,895 |
|---|-----------------------|----------------|----------------|---------------|

### 35.3 Syndicated revolving credit facility

#### Ma'aden facility

|  | March 31,<br>2017 | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|-------------------|-------------------|----------------------|--------------------|
| Syndicated revolving credit facility (Note 35.6) | -                 | 2,400,000,000     | -                    | -                  |

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

### 35.4 Facility utilized under the different CTA's

#### *MGBM facility*

|   | March 31,<br>2017  | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|---|--------------------|-------------------|----------------------|--------------------|
| <b>As Suq Mine</b>  |                    |                   |                      |                    |
| Saudi Industrial Development Fund                           | 171,000,000        | 143,200,000       | 179,000,000          | 143,200,000        |
| Less: Transaction cost balance at the quarter /<br>year end | (8,623,291)        | (11,322,924)      | (9,258,917)          | (12,008,103)       |
| <b>Sub-total</b>  | <b>162,376,709</b> | 131,877,076       | 169,741,083          | 131,191,897        |
| Less: Repaid during the quarter / year                      | (8,000,000)        | -                 | (8,000,000)          | -                  |
| <b>Sub-total</b>  | <b>154,376,709</b> | 131,877,076       | 161,741,083          | 131,191,897        |

The repayment of this loan started on July 20, 2016, on a six monthly basis, starting at SAR 8 million and increasing over the term of the loan with the final repayment of SAR 18 million on November 9, 2022 (Note 35.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 635,626 (March 31, 2016: SAR 2,077,076 and December 31, 2016: SAR 4,826,262) (Note 35.9).

#### *Ad-Duwayhi Mine and water pipeline*

|   |                      |              |              |              |
|---|----------------------|--------------|--------------|--------------|
| Saudi Industrial Development Fund                           | 1,200,000,000        | 600,000,000  | 804,507,000  | 120,000,000  |
| Less: Transaction cost balance at the quarter /<br>year end | (61,253,980)         | (77,245,205) | (65,197,022) | (16,000,000) |
| <b>Sub-total</b>  | <b>1,138,746,020</b> | 522,754,795  | 739,309,978  | 104,000,000  |

The repayment of this loan will start on July 9, 2017, on a six monthly basis, starting at SAR 60 million and increasing over the term of the loan with the final repayment of SAR 100 million on October 30, 2022 (Note 35.7).

Transaction incurred and is amortized over the term of the loan amounted to SAR 3,943,042 (March 31, 2016: SAR 2,754,795 and December 31, 2016: SAR 17,557,773) (Note 35.9).

|  |                      |             |             |             |
|--|----------------------|-------------|-------------|-------------|
| <b>Total MGBM borrowings (Note 35.6)</b> | <b>1,293,122,729</b> | 654,631,871 | 901,051,061 | 235,191,897 |
|--|----------------------|-------------|-------------|-------------|

### 35.5 Facilities utilized under the different MFAs

#### *MIC facility*

|   | March 31,<br>2017  | March 31,<br>2016  | December 31,<br>2016 | January 1,<br>2016 |
|---|--------------------|--------------------|----------------------|--------------------|
| HSBC Saudi Arabia Limited – as agent for the Murabaha facility participants | 961,000,000        | 1,000,000,000      | 1,000,000,000        | -                  |
| Less: Transaction cost balance at the quarter / year end                    | (8,750,000)        | (9,953,182)        | (9,000,000)          | -                  |
| <b>Sub-total</b>  | <b>952,250,000</b> | <b>990,046,818</b> | <b>991,000,000</b>   | <b>-</b>           |
| Less: Repaid during the quarter / year                                      | -                  | -                  | (39,000,000)         | -                  |
| <b>Total MIC borrowings (Note 35.6)</b>                                     | <b>952,250,000</b> | <b>990,046,818</b> | <b>952,000,000</b>   | <b>-</b>           |

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

The repayment of the principal amount of the loan started from December 30, 2016, in equal principal repayments of SAR 39 million, on a semi-annual over a 10 year period with the final principal repayment of SAR 298 million on December 30, 2025 (Note 35.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 250,000 (March 31, 2016: Nil and December 31, 2016: 1,185,000) (Note 35.9).

#### *MPC facility*

|  | March 31,<br>2017     | March 31,<br>2016     | December 31,<br>2016  | January 1,<br>2016 |
|--|-----------------------|-----------------------|-----------------------|--------------------|
| Riyad Bank – as agent for the Murabaha facility participants | 11,493,750,000        | 11,493,750,000        | 11,493,750,000        | -                  |
| Less: Transaction cost balance at the quarter / year end     | (93,580,171)          | (57,468,750)          | (98,953,754)          | -                  |
| <b>Sub-total</b>   | <b>11,400,169,829</b> | <b>11,436,281,250</b> | <b>11,394,796,246</b> | <b>-</b>           |
| Less: Repaid during the quarter / year                       | (574,687,500)         | -                     | -                     | -                  |
| <b>Total MPC borrowings (Note 35.6)</b>                      | <b>10,825,482,329</b> | <b>11,436,281,250</b> | <b>11,394,796,246</b> | <b>-</b>           |

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

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

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 5,373,583 (March 31, 2016: Nil and December 31, 2016: 15,983,746) (Note 35.9).

**35.6 Total borrowings**

|  | Notes | March 31,<br>2017     | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|-------|-----------------------|-------------------|----------------------|--------------------|
| <b>Facilities utilized under:</b>  |       |                       |                   |                      |                    |
| CTAs:  |       |                       |                   |                      |                    |
| MPC  | 35.2  | -                     | -                 | -                    | 10,945,016,885     |
| MAC  | 35.2  | <b>11,022,197,019</b> | 11,564,808,932    | 11,064,351,558       | 11,576,291,457     |
| MRC  | 35.2  | <b>4,862,238,620</b>  | 4,900,442,583     | 4,881,626,501        | 4,919,648,777      |
| MBAC   | 35.2  | <b>8,515,008,392</b>  | 8,054,849,211     | 8,167,205,540        | 8,047,397,101      |
| MWASPC   | 35.2  | <b>16,198,066,416</b> | 12,630,528,706    | 16,170,012,002       | 9,151,845,895      |
| Syndicated Revolving Credit Facility:                                      |       |                       |                   |                      |                    |
| Ma'aden  | 35.3  | -                     | 2,400,000,000     | -                    | -                  |
| MGBM facility  | 35.4  | <b>1,293,122,729</b>  | 654,631,871       | 901,051,061          | 235,191,897        |
| MFAs:  |       |                       |                   |                      |                    |
| MIC  | 35.5  | <b>952,250,000</b>    | 990,046,818       | 952,000,000          | -                  |
| MPC  | 35.5  | <b>10,825,482,329</b> | 11,436,281,250    | 11,394,796,246       | -                  |
| <b>Sub-total</b>   |       | <b>53,668,365,505</b> | 52,631,589,371    | 53,531,042,908       | 44,875,392,012     |
| <b>Less: Current portion of borrowings shown under current liabilities</b> |       |                       |                   |                      |                    |
| MPC  |       | <b>1,149,375,000</b>  | 574,687,500       | 1,149,375,000        | 1,089,112,404      |
| MAC  |       | <b>951,010,000</b>    | 576,010,000       | 576,010,000          | 951,010,000        |
| MRC  |       | <b>557,395,000</b>    | 91,197,500        | 532,395,000          | 91,197,500         |
| MBAC   |       | <b>383,728,518</b>    | -                 | 338,728,517          | -                  |
| MGBM   |       | <b>70,000,000</b>     | -                 | 78,000,000           | -                  |
| MIC  |       | <b>78,000,000</b>     | 39,000,000        | 78,000,000           | -                  |
| <b>Sub-total</b>   |       | <b>3,189,508,518</b>  | 1,280,895,000     | 2,752,508,517        | 2,131,319,904      |
| <b>Long-term portion of borrowings</b>                                     |       | <b>50,478,856,987</b> | 51,350,694,371    | 50,778,534,391       | 42,744,072,108     |

**35.7 Maturity profile of long-term borrowings**

|                   | March 31,<br>2017     | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|-------------------|-----------------------|-------------------|----------------------|--------------------|
| 2016              | -                     | 689,207,500       | -                    | 2,131,319,904      |
| 2017              | <b>2,095,071,018</b>  | 4,577,821,018     | 2,752,508,517        | 2,554,245,922      |
| 2018              | <b>3,291,859,642</b>  | 2,816,859,645     | 3,211,859,643        | 2,910,503,196      |
| 2019              | <b>3,980,153,846</b>  | 3,459,284,171     | 3,639,171,941        | 3,360,766,711      |
| 2020              | <b>3,909,492,974</b>  | 3,634,131,052     | 3,898,420,401        | 3,478,132,098      |
| 2021              | <b>4,650,927,016</b>  | 3,908,471,936     | 4,639,062,509        | 3,963,267,137      |
| 2022              | <b>4,965,160,604</b>  | 3,155,517,680     | 5,951,149,010        | 4,239,283,356      |
| 2023 through 2030 | <b>30,775,700,405</b> | 30,390,296,369    | 29,438,870,887       | 22,237,873,688     |
| <b>Total</b>      | <b>53,668,365,505</b> | 52,631,589,371    | 53,531,042,908       | 44,875,392,012     |

As of January 1, 2016, current portion of MPC's long-term borrowings of SAR 1,089,112,404 is included in the maturity profile due in the next 12 months. Out of this amount, SAR 544,556,202 is restricted in the debt service reserve account for the next schedule repayment, six months prior to the due date, as per the facility agreement (Note 29), however, the facility had been repaid in full from a drawing on March 30, 2016 under a new MFA signed by the company on February 25, 2016 with a Murabaha facility participants.

### 35.8 Facilities' currency denomination

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

|  | March 31,<br>2017<br>(US\$) | March 31,<br>2016<br>(US\$) | December 31,<br>2016<br>(US\$) | January 1,<br>2016<br>(US\$) |
|--|-----------------------------|-----------------------------|--------------------------------|------------------------------|
| Public Investment Fund                               | 4,724,544,846               | 4,347,424,045               | 4,721,711,675                  | 4,714,337,678                |
| Islamic and commercial banks                         |                             |                             |                                |                              |
| Procurement  | 2,414,743,115               | 2,286,984,436               | 2,412,219,160                  | 3,074,409,602                |
| Al-Rajhi Bank  | -                           | -                           | -                              | 506,250,000                  |
| The Export Import Bank of Korea                      | -                           | -                           | -                              | 292,400,000                  |
| Korea Export Insurance Corporation                   | -                           | -                           | -                              | 146,200,000                  |
| Commercial   | 1,633,440,028               | 1,405,814,754               | 1,628,007,077                  | 1,286,141,272                |
| US Dollar procurement                                | 515,950,534                 | 506,442,773                 | 515,833,718                    | 490,955,406                  |
| Wakala   | 786,621,578                 | 699,574,013                 | 786,190,750                    | 623,974,433                  |
| <b>Sub-total</b>                                     | <b>5,350,755,255</b>        | <b>4,898,815,976</b>        | <b>5,342,250,705</b>           | <b>6,420,330,713</b>         |
| Saudi Industrial Development Fund                    | 804,868,748                 | 635,162,993                 | 718,503,396                    | 632,102,812                  |
| Murabaha facility                                    | 3,140,728,621               | 3,313,687,485               | 3,292,478,999                  | -                            |
| Riyal Murabaha facility (a working capital facility) | 290,666,666                 | 200,000,000                 | 200,000,000                    | 200,000,000                  |
| Syndicated Revolving Credit Facility                 | -                           | 640,000,000                 | -                              | -                            |
| <b>Total</b>   | <b>14,311,564,136</b>       | <b>14,035,090,499</b>       | <b>14,274,944,775</b>          | <b>11,966,771,203</b>        |

### 35.9 Amortization of transaction cost

|  | Notes | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|--|-------|------------------------------------|------------------------------------|------------------------------------|
| <b>Facilities utilized under:</b>                            |       |                                    |                                    |                                    |
| CTAs:  |       |                                    |                                    |                                    |
| MAC  | 35.2  | 7,845,461                          | 8,517,275                          | 34,069,901                         |
| MRC  | 35.2  | 5,612,119                          | 5,793,806                          | 23,175,224                         |
| MBAC   | 35.2  | 7,802,852                          | 7,452,110                          | 29,808,439                         |
| MWASPC   | 35.2  | 10,110,517                         | 8,293,698                          | 36,551,710                         |
| MGBM facility  | 35.4  | 4,578,668                          | 4,831,871                          | 22,384,035                         |
| MFAs:  |       |                                    |                                    |                                    |
| MIC  | 35.5  | 250,000                            | -                                  | 1,185,000                          |
| MPC  | 35.5  | 5,373,583                          | -                                  | 15,983,746                         |
| <b>Sub-total</b>   |       | <b>41,573,200</b>                  | <b>34,888,760</b>                  | <b>163,158,055</b>                 |
| <b>Less: capitalised as part of capital work-in-progress</b> |       |                                    |                                    |                                    |
| MRC  |       | -                                  | 5,793,806                          | 23,175,224                         |
| MBAC   |       | -                                  | 7,452,110                          | 24,365,258                         |
| MGBM   |       | -                                  | 4,831,871                          | 4,831,871                          |
| MWSPC  |       | 10,110,517                         | 8,293,698                          | 36,551,710                         |
| <b>Sub-total</b>   | 19    | <b>10,110,517</b>                  | <b>26,371,485</b>                  | <b>88,924,063</b>                  |
| <b>Total charged to finance cost</b>                         | 14    | <b>31,462,683</b>                  | <b>8,517,275</b>                   | <b>74,233,992</b>                  |

**35.10 Security**

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

|                               | Notes | March 31,<br>2017            | March 31,<br>2016            | December 31,<br>2016         | January 1,<br>2016           |
|-------------------------------|-------|------------------------------|------------------------------|------------------------------|------------------------------|
| Mine properties               | 17    | <b>6,332,391,071</b>         | 5,494,008,552                | 6,491,016,247                | 7,542,223,611                |
| Property, plant and equipment | 18    | <b>32,551,389,660</b>        | 19,426,151,558               | 29,557,638,028               | 32,659,970,932               |
| Capital work-in-progress      | 19    | <b>23,065,774,834</b>        | 33,613,394,216               | 26,446,280,850               | 31,595,660,537               |
| Intangible assets             | 20    | <b>100,995,394</b>           | 107,282,030                  | 103,105,996                  | 85,374,130                   |
| <b>Total</b>                  |       | <b><u>62,050,550,959</u></b> | <b><u>58,640,836,356</u></b> | <b><u>62,598,041,121</u></b> | <b><u>71,883,229,210</u></b> |

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**36 Provision for decommissioning, rehabilitation and dismantling obligation**

|   | Notes | March 31,<br>2017  | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|---|-------|--------------------|-------------------|----------------------|--------------------|
| Gold mines                                    | 36.1  | <b>89,874,688</b>  | 83,170,753        | 87,652,321           | 82,391,854         |
| Al-Baitha bauxite mine                        | 36.2  | <b>33,670,761</b>  | 31,965,585        | 33,227,636           | 31,544,902         |
| Phosphate mines                               | 36.3  | <b>145,214,841</b> | 138,065,988       | 143,379,004          | 136,320,974        |
| Low grade bauxite, kaolin and magnesite mines | 36.4  | <b>5,352,665</b>   | 5,015,268         | 5,263,603            | 4,932,489          |
| <b>Total</b>                                  |       | <b>274,112,955</b> | 258,217,594       | 269,522,564          | 255,190,219        |

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

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

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

**36.1 Gold mines**

|  | Notes | Bulghah<br>mine | Mahad<br>mine | As Suq<br>mine | Al Amar<br>mine | Ad Duwayhi<br>mine | Sukhaybarat<br>mine | Total       |
|--|-------|-----------------|---------------|----------------|-----------------|--------------------|---------------------|-------------|
| January 1, 2016  |       | 19,920,780      | 20,865,878    | 12,589,451     | 6,952,612       | 11,248,741         | 10,814,392          | 82,391,854  |
| Increase arising from passage of time during the quarter               | 14    | 453,354         | 474,862       | 286,509        | 173,815         | -                  | 270,359             | 1,658,899   |
| Utilization during the quarter   |       | -               | (880,000)     | -              | -               | -                  | -                   | (880,000)   |
| March 31, 2016   | 36    | 20,374,134      | 20,460,740    | 12,875,960     | 7,126,427       | 11,248,741         | 11,084,751          | 83,170,753  |
| Increase arising from passage of time during the remainder of the year | 14    | 1,360,060       | 1,424,586     | 859,526        | 521,445         | 1,124,873          | 811,079             | 6,101,569   |
| Utilization during the remainder of the year                           |       | -               | (1,620,001)   | -              | -               | -                  | -                   | (1,620,001) |
| December 31, 2016  | 36    | 21,734,194      | 20,265,325    | 13,735,486     | 7,647,872       | 12,373,614         | 11,895,830          | 87,652,321  |

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**36.1 Gold mines (continued)**

|  | Notes | Bulghah mine      | Mahad mine        | As Suq mine       | Al Amar mine     | Ad Duwayhi mine   | Sukhaybarat mine  | Total             |
|--|-------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|
| December 31, 2016  | 36    | 21,734,194        | 20,265,325        | 13,735,486        | 7,647,872        | 12,373,614        | 11,895,830        | 87,652,321        |
| Increase arising from passage of time during the quarter | 14    | 494,623           | 518,089           | 312,590           | 191,197          | 309,340           | 396,528           | 2,222,367         |
| <b>March 31, 2017</b>                                    | 36    | <b>22,228,817</b> | <b>20,783,414</b> | <b>14,048,076</b> | <b>7,839,069</b> | <b>12,682,954</b> | <b>12,292,358</b> | <b>89,874,688</b> |
| Commenced commercial production in                       |       | 2001              | 1988              | 2014              | 2008             | 2016              | 1991              |                   |
| Expected closure date in                                 |       | 2018              | 2019              | 2021              | 2026             | 2027              | 2039              |                   |



**36.2 Al Ba'itha bauxite mine**

|  | Notes     | Total             |
|--|-----------|-------------------|
| January 1, 2016  |           | 31,544,902        |
| Increase arising from passage of time during the quarter               | 14        | 420,683           |
| March 31, 2016   | 36        | 31,965,585        |
| Increase arising from passage of time during the remainder of the year | 14        | 1,262,051         |
| December 31, 2016  | 36        | 33,227,636        |
| Increase arising from passage of time during the quarter               | 14        | 443,125           |
| <b>March 31, 2017</b>  | <b>36</b> | <b>33,670,761</b> |
| Commenced commercial production in                                     |           | 2014              |
| Expected closure date in   |           | 2059              |

**36.3 Phosphate mines**

|  | Notes | Al Jalamid mine   | Al Khabra mine    | Total              |
|--|-------|-------------------|-------------------|--------------------|
| January 1, 2016  |       | 54,393,546        | 81,927,428        | 136,320,974        |
| Increase arising from passage of time during the quarter               | 14    | 721,571           | 1,023,443         | 1,745,014          |
| March 31, 2016   | 36    | 55,115,117        | 82,950,871        | 138,065,988        |
| Increase arising from passage of time during the remainder of the year | 14    | 2,164,714         | 3,148,302         | 5,313,016          |
| December 31, 2016  | 36    | 57,279,831        | 86,099,173        | 143,379,004        |
| Increase arising from passage of time during the quarter               | 14    | 759,860           | 1,075,977         | 1,835,837          |
| <b>March 31, 2017</b>  |       | <b>58,039,691</b> | <b>87,175,150</b> | <b>145,214,841</b> |
| Commenced commercial production in                                     |       | 2008              | 2017              |                    |
| Expected closure date in   |       | 2032              | 2045              |                    |

**36.4 Low grade bauxite, kaolin and magnesite mines**

|  | Notes     | Az Zabirah mine  | Al-Ghazallah mine | Madinah plant    | Total            |
|--|-----------|------------------|-------------------|------------------|------------------|
| January 1, 2016  |           | 1,851,087        | 191,478           | 2,889,924        | 4,932,489        |
| Increase arising from passage of time during the quarter               | 14        | 44,397           | 4,630             | 33,752           | 82,779           |
| March 31, 2016   | 36        | 1,895,484        | 196,108           | 2,923,676        | 5,015,268        |
| Increase arising from passage of time during the remainder of the year | 14        | 133,190          | 13,889            | 101,256          | 248,335          |
| December 31, 2016  | 36        | 2,028,674        | 209,997           | 3,024,932        | 5,263,603        |
| Increase arising from passage of time during the quarter               | 14        | 5,079            | 48,654            | 35,329           | 89,062           |
| <b>March 31, 2017</b>  | <b>36</b> | <b>2,033,753</b> | <b>258,651</b>    | <b>3,060,261</b> | <b>5,352,665</b> |
| Commenced commercial production in                                     |           | 2008             | 2011              | 2011             |                  |
| Expected closure date in   |           | 2026             | 2031              | 2031             |                  |

### 37 Obligation under finance lease

|  | Notes | March 31,<br>2017   | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|-------|---------------------|-------------------|----------------------|--------------------|
| Net present value of minimum lease payment                 |       |                     |                   |                      |                    |
| MGBM   | 37.1  | <b>63,441,148</b>   | 82,842,759        | 68,380,653           | 87,547,050         |
| MBAC   | 37.2  | <b>23,801,011</b>   | 36,247,178        | 26,783,121           | 39,164,377         |
| <b>Sub-total</b>   |       | <b>87,242,159</b>   | 119,089,937       | 95,163,774           | 126,711,427        |
| Less: Current portion shown under current liabilities      |       |                     |                   |                      |                    |
| MGBM   | 37.1  | <b>(43,069,456)</b> | (15,199,172)      | (20,124,717)         | (19,166,397)       |
| MBAC   | 37.2  | <b>(10,010,979)</b> | (12,446,167)      | (13,441,040)         | (12,131,184)       |
| <b>Sub-total</b>   |       | <b>(53,080,435)</b> | (27,645,339)      | (33,565,757)         | (31,297,581)       |
| <b>Long-term portion of obligation under finance lease</b> |       | <b>34,161,724</b>   | 91,444,598        | 61,598,017           | 95,413,846         |

#### 37.1 MGBM

The company has entered into certain agreements which entitled the company to residential rights and obligations relating to certain assets related to these agreements. These assets have been classified as assets under finance lease in accordance with IFRIC – 4.

|  | Notes | March 31,<br>2017   | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|-------|---------------------|-------------------|----------------------|--------------------|
| Future minimum lease payments                              |       | <b>68,344,678</b>   | 91,365,514        | 74,099,887           | 97,120,723         |
| Less: Future finance cost not yet due                      |       | <b>(4,903,530)</b>  | (8,522,755)       | (5,719,234)          | (9,573,673)        |
| Net present value of minimum lease payment                 | 37    | <b>63,441,148</b>   | 82,842,759        | 68,380,653           | 87,547,050         |
| Less: Current portion shown under current liabilities      | 37    | <b>(20,371,692)</b> | (15,199,172)      | (20,124,717)         | (19,166,397)       |
| <b>Long-term portion of obligation under finance lease</b> |       | <b>43,069,456</b>   | 67,643,587        | 48,255,936           | 68,380,653         |

#### *Maturity profile*

Minimum lease payments falling due during the following years:

|       |            |            |            |            |
|-------|------------|------------|------------|------------|
| 2016  | -          | 23,020,836 | -          | 23,020,836 |
| 2017  | 17,265,627 | 23,020,836 | 23,020,836 | 23,020,836 |
| 2018  | 22,962,039 | 22,785,648 | 22,962,039 | 22,962,039 |
| 2019  | 22,315,272 | 20,687,058 | 22,315,272 | 22,315,272 |
| 2020  | 5,801,740  | 1,851,136  | 5,801,740  | 5,801,740  |
| Total | 68,344,678 | 91,365,514 | 74,099,887 | 97,120,723 |

### 37.2 MBAC

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

|  | Notes | March 31,<br>2017        | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|-------|--------------------------|-------------------|----------------------|--------------------|
| Future minimum lease payments                              |       | <b>26,003,502</b>        | 41,605,602        | 29,904,027           | 45,506,127         |
| Less: Future finance cost not yet due                      |       | <b>(2,202,491)</b>       | (5,358,424)       | (3,120,906)          | (6,341,750)        |
| Net present value of minimum lease payment                 | 37    | <b>23,801,011</b>        | 36,247,178        | 26,783,121           | 39,164,377         |
| Less: Current portion shown under current liabilities      | 37    | <b>(13,790,032)</b>      | (12,446,167)      | (13,441,040)         | (12,131,184)       |
| <b>Long-term portion of obligation under finance lease</b> |       | <b><u>10,010,979</u></b> | <u>23,801,011</u> | <u>13,342,081</u>    | <u>27,033,193</u>  |

#### **Maturity profile**

Minimum lease payments falling due during the following years:

|       |            |            |            |            |
|-------|------------|------------|------------|------------|
| 2016  | -          | 11,701,575 | -          | 15,602,100 |
| 2017  | 11,701,575 | 15,602,100 | 15,602,100 | 15,602,100 |
| 2018  | 14,301,927 | 14,301,927 | 14,301,927 | 14,301,927 |
| Total | 26,003,502 | 41,605,602 | 29,904,027 | 45,506,127 |

The future minimum lease payments have been discounted, using an effective interest rate of approximately 0.858% per month, to its present value. The leased assets as at March 31, 2017 of SAR 43,896,043 (March 31, 2016: SAR 45,055,386, December 31, 2016: SAR 45,365,593 and January 1, 2016: SAR 45,947,425) have been pledged as security to the lessor (Note 17.3).

### 38 Employees' benefits

|   | Notes | March 31,<br>2017         | March 31,<br>2016  | December 31,<br>2016 | January 1,<br>2016 |
|---|-------|---------------------------|--------------------|----------------------|--------------------|
| Employees' end of service benefits – Defined benefit plan | 38.1  | <b>455,661,704</b>        | 374,923,889        | 430,415,008          | 356,913,499        |
| Employees' savings plan                                   | 38.2  | <b>61,265,344</b>         | 54,221,167         | 59,341,221           | 48,807,054         |
| <b>Total</b>  |       | <b><u>516,927,048</u></b> | <u>429,145,056</u> | <u>489,756,229</u>   | <u>405,720,553</u> |

#### **38.1 Employees' end of service termination benefits – Defined benefit plan**

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

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

### 38.1 Employees' end of service benefits – Defined benefit plan (continued)

#### Amounts recognised in the consolidated statement of financial position

The amounts recognised in the consolidated statement of financial position and the movements in the net defined benefit obligation over the year are as follows:

|  | Notes     | March 31,<br>2017  | March 31,<br>2016  | December 31,<br>2016 | January 1,<br>2016 |
|--|-----------|--------------------|--------------------|----------------------|--------------------|
| January 1  |           | 430,415,008        | 356,913,499        | 356,913,499          | 356,913,499        |
| Total amount recognised in profit or loss                      |           | 32,021,175         | 21,937,408         | 86,171,488           | -                  |
| Current service cost   |           | 28,101,556         | 17,922,130         | 70,455,189           | -                  |
| Interest cost*   | 14        | 3,919,619          | 4,015,278          | 15,716,299           | -                  |
| Re-measurements recognised in other comprehensive income       |           | -                  | -                  | 2,654,879            | -                  |
| (Gain)/loss from change in financial assumptions               |           | -                  | -                  | 27,510,443           | -                  |
| Experience (gains)/losses                                      |           | -                  | -                  | (24,855,564)         | -                  |
| Settlements  |           | (6,774,479)        | (3,927,018)        | (15,324,858)         | -                  |
| <b>March 31 / December 31 / January 1</b>                      | <b>38</b> | <b>455,661,704</b> | <b>374,923,889</b> | <b>430,415,008</b>   | <b>356,913,499</b> |
| *Interest cost capitalised as part of capital work-in-progress | 14.1, 19  | -                  | 289,606            | 974,740              | -                  |

#### Summary of re-measurements recognised in other comprehensive income:

|  | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|--|------------------------------------|------------------------------------|------------------------------------|
| Re-measurement gain charged to consolidated statement of profit and loss the quarter / year                        | -                                  | -                                  | (1,770,585)                        |
| Re-measurement loss capitalised as part of qualifying assets in capital work-in-progress during the year (Note 19) | -                                  | -                                  | 4,425,464                          |
| <b>Total</b>   | <b>-</b>                           | <b>-</b>                           | <b>2,654,879</b>                   |

#### Significant actuarial assumptions

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

|                    | March 31,<br>2017 | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--------------------|-------------------|-------------------|----------------------|--------------------|
| Discount rate      | 4.5%              | 4.5%              | 4.5%                 | 4.5%               |
| Salary growth rate | 4.5%              | 4.5%              | 4.5%                 | 4.5%               |
| Mortality rate     | A90 table         | A90 table         | A90 table            | A90 table          |
| Withdrawal rate    | 5%                | 5%                | 5%                   | 5%                 |

### 38.1 Employees' end of service benefits – Defined benefit plan (continued)

#### *Sensitivity analysis*

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

|                          | <b>Sensitivity<br/>level %<br/>Increase</b> | <b>Impact on<br/>define benefit<br/>obligation</b> | <b>Sensitivity<br/>level %<br/>Decrease</b> | <b>Impact on<br/>define benefit<br/>obligation</b> |
|--------------------------|---|--|---|--|
| <b>March 31, 2017</b>    |   |  |   |  |
| Discount rate            | 1%  | (45,331,961)                                       | 1%  | 54,949,076   |
| Salary increase rate     | 1%  | 54,421,992   | 1%  | (45,764,267)                                       |
| Mortality rate           | 10%   | (88,948)   | 10%   | 89,080   |
| Withdrawal rate          | 10%   | (1,575,299)  | 10%   | 1,641,019  |
| <b>March 31, 2016</b>    |   |  |   |  |
| Discount rate            | 1%  | (34,328,643)                                       | 1%  | 42,397,853   |
| Salary increase rate     | 1%  | 42,194,879   | 1%  | (34,807,617)                                       |
| Mortality rate           | 10%   | (44,336)   | 10%   | 44,393   |
| Withdrawal rate          | 10%   | (918,308)  | 10%   | 942,939  |
| <b>December 31, 2016</b> |   |  |   |  |
| Discount rate            | 1%  | (39,508,807)                                       | 1%  | 49,262,260   |
| Salary increase rate     | 1%  | 59,850,463   | 1%  | (39,854,758)                                       |
| Mortality rate           | 10%   | (100,234)  | 10%   | 100,507  |
| Withdrawal rate          | 10%   | (1,632,561)  | 10%   | 1,699,469  |
| <b>January 1, 2016</b>   |   |  |   |  |
| Discount rate            | 1%  | (26,995,455)                                       | 1%  | 32,311,038   |
| Salary increase rate     | 1%  | 32,142,602   | 1%  | (27,354,801)                                       |
| Mortality rate           | 10%   | (23,122)   | 10%   | 23,145   |
| Withdrawal rate          | 10%   | (443,190)  | 10%   | 453,596  |

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

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

#### *Effect of defined benefit plan on entity's future cash flows*

The weighted average duration of the defined benefit obligation is 12.74 years. The expected maturity analysis of undiscounted defined benefit obligation is as follows:

|                     | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|---------------------|---------------------------|---------------------------|------------------------------|----------------------------|
| 2016                | -                         | 23,256,149                | -                            | 31,008,198                 |
| 2017                | <b>21,702,585</b>         | 16,642,124                | 34,001,816                   | 16,642,124                 |
| 2018                | <b>19,381,635</b>         | 15,724,809                | 16,733,338                   | 15,724,809                 |
| 2019                | <b>16,072,290</b>         | 17,048,928                | 18,021,545                   | 17,048,928                 |
| 2020                | <b>21,049,194</b>         | 22,935,630                | 27,394,538                   | 22,935,630                 |
| 2021                | <b>22,068,140</b>         | 22,935,630                | 24,139,404                   | 22,935,630                 |
| 2022 and thereafter | <b>684,271,744</b>        | 534,321,776               | 697,110,168                  | 534,321,816                |
| <b>Total</b>        | <b>784,545,588</b>        | 652,865,046               | 817,400,809                  | 660,617,135                |

### 38.2 Employees' savings plan

|   | Notes          | March 31,<br>2017  | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|---|----------------|--------------------|-------------------|----------------------|--------------------|
| January 1                                 |                | <b>59,341,221</b>  | 48,807,054        | 48,807,054           | 48,807,054         |
| Contribution for the quarter / year       |                | <b>5,341,857</b>   | 6,599,663         | 26,408,207           | -                  |
| Withdrawals during the quarter / year     |                | <b>(3,417,734)</b> | (1,185,550)       | (15,874,040)         | -                  |
| <b>March 31 / December 31 / January 1</b> | 4.20,<br>29,38 | <b>61,265,344</b>  | 54,221,167        | 59,341,221           | 48,807,054         |

## 39 Zakat

### 39.1 Components of zakat base

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

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

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

### 39.2 Zakat payable

|   | Note | March 31,<br>2017  | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|---|------|--------------------|-------------------|----------------------|--------------------|
| January 1   |      | <b>85,308,278</b>  | 50,962,237        | 50,962,237           | 50,962,237         |
| Provision for zakat                               |      | <b>22,807,788</b>  | 2,173,568         | 78,428,404           | -                  |
| Current quarter / year                            | 39.3 | <b>22,849,119</b>  | 11,652,831        | 85,308,278           | -                  |
| Prior quarter / year over provision               |      | <b>(41,331)</b>    | (9,479,263)       | (6,879,874)          | -                  |
| Paid during the quarter / year to the authorities |      | -                  | -                 | (44,082,363)         | -                  |
| <b>March 31 / December 31 / January 1</b>         |      | <b>108,116,066</b> | 53,135,805        | 85,308,278           | 50,962,237         |

### 39.3 Provision for zakat consist of:

|  | Quarter ended<br>March 31,<br>2017 | March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|--|------------------------------------|-------------------|------------------------------------|
| Saudi Arabian Mining Company                     | <b>20,000,000</b>                  | 8,750,000         | 79,345,905                         |
| Ma'aden Phosphate Company                        | <b>195,563</b>                     | 951,782           | 2,748,153                          |
| Ma'aden Gold and Base Metals Company (Note 40.2) | <b>1,823,677</b>                   | 819,533           | -                                  |
| Industrial Minerals Company                      | <b>135,862</b>                     | 319,296           | 1,798,962                          |
| Ma'aden Infrastructure Company                   | <b>694,017</b>                     | 812,220           | 1,415,258                          |
| <b>Total (Note 39.2)</b>                         | <b>22,849,119</b>                  | 11,652,831        | 85,308,278                         |

### 39.4 Status of final assessments

The Company and its subsidiaries received provisional zakat certificates from the years ended December 31, 2008 to December 31, 2015.

During April 2017, the GAZT has issued final zakat assessment for the Company and its wholly owned subsidiaries for the years 2008 until 2013. The Company intends to file an appeal against the assessed amount. Differences, if

any, at the finalization of final assessments and subject to decision under appeals will be accounted for when such amounts are determined.

The Company has also submitted Zakat return for 2016 and awaiting provisional zakat certificate. The Company has received provisional zakat certificates for 2014 and 2015.

#### 40 Severance fees payable

|  | Notes | March 31,<br>2017  | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|-------|--------------------|-------------------|----------------------|--------------------|
| January 1  |       | <b>8,270,636</b>   | 16,096,147        | 16,096,147           | 16,096,147         |
| Provision for severance fee made during the quarter / year | 9     | <b>8,470,809</b>   | 6,281,639         | 8,278,039            | -                  |
| Current quarter / year charge                              | 40.1  | <b>8,456,184</b>   | 6,281,639         | 8,270,636            | -                  |
| Prior quarter / year adjustment                            |       | <b>14,625</b>      | -                 | 7,403                | -                  |
| Paid during the quarter / year                             |       | <b>(8,284,996)</b> | (1,773,126)       | (16,103,550)         | -                  |
| <b>March 31 / December 31 / January 1</b>                  |       | <b>8,456,449</b>   | 20,604,660        | 8,270,636            | 16,096,147         |

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

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

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

#### 40.1 Provision for severance fees consists of:

|                   | Notes | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|-------------------|-------|------------------------------------|------------------------------------|------------------------------------|
| Gold mines        | 40.2  | <b>8,239,240</b>                   | 5,870,131                          | 6,949,653                          |
| Low grade bauxite |       | <b>113,386</b>                     | 324,056                            | 952,382                            |
| Kaolin            |       | <b>59,875</b>                      | 60,165                             | 246,268                            |
| Magnesite         |       | <b>43,683</b>                      | 27,287                             | 122,333                            |
| <b>Total</b>      | 40    | <b>8,456,184</b>                   | 6,281,639                          | 8,270,636                          |

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

|   | Notes | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|---|-------|------------------------------------|------------------------------------|------------------------------------|
| Net income from operating mines before severance fee for the year |       | <b>89,177,486</b>                  | 29,779,770                         | 125,745,830                        |
| 25% of the year's net income as defined                           |       | <b>22,294,372</b>                  | 7,444,943                          | 31,436,457                         |
| Hypothetical income tax based on year's taxable net income        |       | <b>10,062,917</b>                  | 6,689,664                          | 6,949,653                          |
| Provision based on the lower of the above two computations        |       | <b>10,062,917</b>                  | 6,689,664                          | 6,949,653                          |
| Provision for zakat   | 39.3  | <b>(1,823,677)</b>                 | (819,533)                          | -                                  |
| <b>Net severance fee provision for the year</b>                   | 40.1  | <b>8,239,240</b>                   | 5,870,131                          | 6,949,653                          |



**41 Projects, trade and other payables**

|                                   | <b>March 31,<br/>2017</b>   | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|-----------------------------------|-----------------------------|---------------------------|------------------------------|----------------------------|
| <b>Current portion:</b>           |                             |                           |                              |                            |
| Projects                          | <b>395,640,126</b>          | 1,091,819,286             | 209,652,421                  | 780,749,784                |
| Trade                             | <b>728,824,714</b>          | 502,173,569               | 812,591,665                  | 649,763,200                |
| Retentions                        | <b>799,826,162</b>          | 423,314,181               | 895,523,190                  | 405,754,301                |
| Advances from customers           | <b>172,689,531</b>          | 196,749,361               | 245,066,728                  | 232,969,329                |
| Other                             | <b>54,588,414</b>           | 25,433,529                | 38,992,663                   | 19,938,546                 |
| <b>Sub-total</b>                  | <b><u>2,151,568,947</u></b> | <u>2,239,489,926</u>      | <u>2,201,826,667</u>         | <u>2,089,175,160</u>       |
| <b>Non-current portion:</b>       |                             |                           |                              |                            |
| Net retentions and other payables | <b>1,058,041,865</b>        | 1,127,618,524             | 1,104,677,043                | 897,997,200                |
| Non-refundable contributions*     | <b>128,469,903</b>          | 90,052,343                | 126,080,875                  | 83,305,964                 |
| <b>Sub-total</b>                  | <b><u>1,186,511,768</u></b> | <u>1,217,670,867</u>      | <u>1,230,757,918</u>         | <u>981,303,164</u>         |
| <b>Total</b>                      | <b><u>3,338,080,715</u></b> | <u>3,457,160,793</u>      | <u>3,432,584,585</u>         | <u>3,070,478,324</u>       |

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

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

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

**42 Accrued expenses**

|                                      | <b>Note</b> | <b>March 31,<br/>2017</b>   | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|--------------------------------------|-------------|-----------------------------|---------------------------|------------------------------|----------------------------|
| Projects                             |             | <b>1,035,049,041</b>        | 3,740,517,308             | 1,643,252,732                | 3,542,581,483              |
| Trade                                |             | <b>993,527,254</b>          | 627,579,513               | 637,160,076                  | 635,989,401                |
| Employees                            |             | <b>150,979,889</b>          | 138,097,967               | 291,501,970                  | 246,454,809                |
| Accrued expenses – Alcoa Corporation | 43.2        | <b>47,851,899</b>           | 61,997,151                | 32,190,363                   | 67,026,655                 |
| Accrued expenses – Mosaic            | 43.2        | <b>14,113,325</b>           | 5,362,442                 | 4,475,402                    | 14,983,460                 |
| Finance cost                         |             | <b>245,759,422</b>          | 216,605,405               | 20,857,795                   | 13,889,780                 |
| <b>Total</b>                         |             | <b><u>2,487,280,830</u></b> | <u>4,790,159,786</u>      | <u>2,629,438,338</u>         | <u>4,520,925,588</u>       |

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

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

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



#### 43 Related party transactions and balances

##### 43.1 Related party transactions

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

##### *Transactions with different non-controlling shareholders in subsidiaries*

|   | Notes | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|---|-------|------------------------------------|------------------------------------|------------------------------------|
| Sales through SABIC during the quarter / year   |       | <b>248,675,250</b>                 | 482,116,304                        | 1,805,740,941                      |
| Sales to Alcoa Inespal, S.A. during the quarter / year  |       | <b>270,872,242</b>                 | 249,202,312                        | 1,012,405,329                      |
| Cost of seconded employees, technology fee and other cost paid to Alcoa Corporation during the quarter / year |       | <b>35,156,161</b>                  | 77,684,341                         | 194,440,171                        |
| Raw material feedstock purchased from Alcoa Australia during the quarter / year                               |       | -                                  | 30,726,675                         | 34,810,059                         |
| Dividend paid to SABIC during the quarter / year  | 33.3  | -                                  | 90,000,000                         | 451,192,963                        |
| Payments to increase share capital received from Alcoa Corporation  | 33.3  | <b>94,125,000</b>                  | -                                  | -                                  |

##### 43.2 Related party balances

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

|  | Notes  | March 31,<br>2017   | March 31,<br>2016    | December 31,<br>2016 | January 1,<br>2016   |
|--|--------|---------------------|----------------------|----------------------|----------------------|
| <b><i>Long-term loans due from joint venture companies</i></b>                               |        |                     |                      |                      |                      |
| Due from MBCC  | 21.1.3 | <b>626,197,939</b>  | 626,197,939          | 626,197,939          | 626,197,939          |
| <b><i>Due from joint venture partners, being a non-controlling shareholders in MWSPC</i></b> |        |                     |                      |                      |                      |
| Due from Mosaic  | 24     | -                   | 450,000,000          | -                    | 450,000,000          |
| Due from SABIC   | 24     | -                   | 270,000,000          | -                    | 270,000,000          |
| <b>Sub-total</b>   | 24     | -                   | <b>720,000,000</b>   | -                    | <b>720,000,000</b>   |
| <b><i>Receivables from related parties</i></b>   |        |                     |                      |                      |                      |
| Trade receivables from Alcoa Inespal, S.A. (a subsidiary of a non-controlling shareholder)   | 27     | <b>92,881,792</b>   | 101,618,457          | 88,987,620           | 87,897,065           |
| Trade receivables from SABIC (a non-controlling shareholder in MPC)                          | 27     | <b>181,791,918</b>  | 252,996,704          | 195,110,098          | 407,155,456          |
| Less: allowance for doubtful debts   | 27     | <b>(41,000,000)</b> | -                    | -                    | -                    |
| <b>Sub-total</b>   |        | <b>140,791,918</b>  | 252,996,704          | 195,110,098          | 407,155,456          |
| Other receivables from SABIC (a non-controlling shareholder in MPC)                          |        | <b>28,807,037</b>   | -                    | 28,807,037           | -                    |
| Due from Saudi Mining Polytechnic (a special purpose training vehicle)                       | 27     | <b>4,084,889</b>    | 2,253,372            | 3,951,089            | 2,166,504            |
| <b>Sub-total</b>   |        | <b>266,565,636</b>  | 356,868,533          | 316,855,844          | 497,219,025          |
| <b>Total</b>   |        | <b>892,763,575</b>  | <b>1,703,066,472</b> | <b>943,053,783</b>   | <b>1,843,416,964</b> |

### 43.2 Related party balances (continued)

|  | Notes | March 31,<br>2017     | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|-------|-----------------------|-------------------|----------------------|--------------------|
| <b>Payable to a related party</b>  |       |                       |                   |                      |                    |
| Payments to increase share capital received from Alcoa Corporation (a parent company of a non-controlling shareholder in MRC and MBAC) |       | <b>204,417,857</b>    | 128,853,678       | 110,292,857          | 122,853,678        |
| Accrued expenses – Alcoa Corporation (a parent company of a non-controlling shareholder in MAC)  | 42    | <b>47,851,899</b>     | 61,997,151        | 32,190,363           | 67,026,655         |
| <b>Sub-total</b>   |       | <b>252,269,756</b>    | 190,850,829       | 142,483,220          | 189,880,333        |
| <b>Due to joint venture partners</b>   |       |                       |                   |                      |                    |
| Due to Alcoa Corporation (a parent company of a non-controlling shareholder in MAC, MRC and MBAC)                                      | 34    | <b>191,016,363</b>    | 191,016,363       | 191,016,363          | 184,929,613        |
| Accrued expenses – Mosaic (a non-controlling shareholder in MWSPC)   | 42    | <b>14,113,325</b>     | 5,362,442         | 4,475,402            | 14,983,460         |
| <b>Sub-total</b>   |       | <b>205,129,688</b>    | 196,378,805       | 195,491,765          | 199,913,073        |
| <b>Total</b>   |       | <b>457,399,444</b>    | 387,229,634       | 337,974,985          | 389,793,406        |
| <b>Long-term borrowings from PIF a 50% shareholder in Ma'aden</b>  |       |                       |                   |                      |                    |
| Due to PIF for the financing of the :  |       |                       |                   |                      |                    |
| MPC facility   | 35.2  | -                     | -                 | -                    | 2,668,800,835      |
| MAC facility   | 35.2  | <b>4,375,312,500</b>  | 4,575,187,500     | 4,375,312,500        | 4,575,187,500      |
| MRC facility   | 35.2  | <b>3,047,962,500</b>  | 3,078,750,000     | 3,047,962,500        | 3,078,750,000      |
| MBAC facility  | 35.2  | <b>3,750,000,000</b>  | 3,750,000,000     | 3,750,000,000        | 3,750,000,000      |
| MWSPC facility   | 35.2  | <b>6,839,278,174</b>  | 5,236,763,111     | 6,839,278,174        | 3,954,229,920      |
| <b>Total</b>   |       | <b>18,012,553,174</b> | 16,640,700,611    | 18,012,553,174       | 15,358,167,420     |

### 43.3 Key management personnel compensation

|                              | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Short-term employee benefits | <b>13,789,895</b>                  | 11,981,690                         | 42,179,021                         |
| Post-employment benefits     | <b>880,930</b>                     | 2,179,069                          | 8,254,153                          |
| <b>Total</b>                 | <b>14,670,825</b>                  | 14,160,759                         | 50,433,174                         |

**44 Operating lease agreements**

Payments under operating leases, recognized as an expense during the year.

|   | Quarter ended<br>March 31,<br>2017 | Quarter ended<br>March 31,<br>2016 | Year ended<br>December 31,<br>2016 |
|---|------------------------------------|------------------------------------|------------------------------------|
| Minimum lease payments  | <b>1,480,972</b>                   | 1,666,237                          | 7,128,448                          |
| Commitments for future minimum lease payments in relation to non-cancellable operating leases are payable as follows: |                                    |                                    |                                    |
| 2016  | -                                  | 4,175,625                          | -                                  |
| 2017  | <b>2,072,915</b>                   | 2,504,400                          | 2,763,888                          |
| 2018  | <b>2,634,096</b>                   | 2,504,400                          | 2,634,096                          |
| 2019  | <b>1,781,760</b>                   | 2,504,400                          | 2,171,760                          |
| 2020  | <b>1,637,200</b>                   | 2,394,400                          | 2,027,200                          |
| 2021  | <b>1,637,200</b>                   | 2,504,400                          | 2,137,200                          |
| 2022 through 2041   | <b>17,926,311</b>                  | 16,315,200                         | 13,936,311                         |
| <b>Total</b>  | <b>27,689,482</b>                  | 32,902,825                         | 25,670,455                         |

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 and the rentals are fixed for an average of Saudi Riyals 2,504,400 annually.

**45 Commitments and contingent liabilities****45.1 Capital commitments**

|  | March 31,<br>2017    | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|----------------------|-------------------|----------------------|--------------------|
| <b>Capital expenditure contracted for:</b> |                      |                   |                      |                    |
| Property, plant and equipment              | <b>4,849,803,256</b> | 9,059,553,598     | 3,744,749,215        | 11,742,963,519     |

**45.2 Guarantees**

|  | March 31,<br>2017    | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|----------------------|-------------------|----------------------|--------------------|
| Guarantee in favor of Saudi Aramco, for future diesel and gas feedstock supplies   | <b>310,887,405</b>   | 302,492,405       | 310,887,405          | 302,492,405        |
| Guarantees in favor of Ministry of Petroleum and Mineral Resources, for future purified phosphoric acid, fuel and feed stocks supplies | <b>262,500,000</b>   | 262,500,000       | 262,500,000          | 262,500,000        |
| Guarantees in favor of SIDF and other financial institutions for financing facilities available to:*                                   |                      |                   |                      |                    |
| SAMAPCO (Note 21.2)  | <b>450,000,000</b>   | 450,000,000       | 450,000,000          | 450,000,000        |
| MBCC   | <b>375,000,000</b>   | 375,000,000       | 375,000,000          | 375,000,000        |
| <b>Sub-total</b>   | <b>825,000,000</b>   | 825,000,000       | 825,000,000          | 825,000,000        |
| Guarantee in favor of Saudi Ports Authority  | <b>18,512,402</b>    | 18,162,608        | 18,512,402           | 18,162,608         |
| Others   | <b>1,178,321</b>     | 41,106,162        | 39,617,412           | 41,106,162         |
| <b>Total</b>   | <b>1,418,078,128</b> | 1,449,261,175     | 1,456,517,219        | 1,449,261,175      |

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

### **45.3 Contingent liabilities**

During April 2017, the GAZT has issued final zakat assessment for the Company and its wholly owned subsidiaries for the years 2008 until 2013. The Company intends to file an appeal against the assessed amount as the Company and the zakat advisor believes that it has a strong case and therefore it is not anticipated that any material liabilities will be incurred as a result of this contingent liability.

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

## **46 Financial risk management**

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

- market risk
- credit risk and
- liquidity risk

### **46.1 Market risk**

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

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

Financial instruments affected by market risk includes loans and borrowings, deposits and short term investments, trade receivables, trade payables, accrued liabilities and derivative financial instruments.

The sensitivity analysis in the following sections relate to the positions as at December 31, 2016 and January 1, 2016.

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

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

#### **46.1.1 Foreign currency risk**

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

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

#### **46 Financial risk management (continued)**

##### ***Foreign currency exposure***

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

|  | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|--|---------------------------|---------------------------|------------------------------|----------------------------|
| Trade receivables                                      | <b>23,625,059</b>         | -                         | 15,329,406                   | -                          |
| Project, trade and other payables and accrued expenses | <b>96,484,887</b>         | 19,766,997                | 90,097,738                   | 39,726,928                 |
| <b>Total</b>   | <b>120,109,946</b>        | 19,766,997                | 105,427,144                  | 39,726,928                 |

##### ***Amount recognised in consolidated interim financial statements***

During the quarter / year, the following foreign-exchange related amounts were recognised in profit or loss:

|   | <b>Quarter ended<br/>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>Year ended<br/>December 31,<br/>2016</b> |
|---|---|---------------------------|---|
| Foreign exchange gain / loss included in other income / expense | <b>111,082</b>                              | 535,383                   | 25,189                                      |

##### ***Foreign currency sensitivity analysis***

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

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

|   | <b>Quarter ended<br/>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>Year ended<br/>December 31,<br/>2016</b> |
|---|---|---------------------------|---|
| SAR / EURO exchange rate - increase 10% | <b>(6,892,676)</b>                          | (1,662,926)               | (7,772,095)                                 |
| - decrease (10%)                        | <b>6,892,676</b>                            | 1,662,926                 | 7,772,095                                   |

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

#### **46.1.2 Interest rate risk**

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

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

#### **46 Financial risk management (continued)**

##### ***Interest rate exposure***

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

|   | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|---|---------------------------|---------------------------|------------------------------|----------------------------|
| Fixed interest rate borrowings                      | <b>3,196,000,000</b>      | 2,598,200,000             | 2,875,507,000                | 2,533,199,800              |
| Variable interest rate borrowings                   | <b>51,268,585,203</b>     | 50,930,311,022            | 51,476,328,806               | 43,141,188,794             |
| <b>Total</b>  | <b>54,464,585,203</b>     | <b>53,528,511,022</b>     | <b>54,351,835,806</b>        | <b>45,674,388,594</b>      |
| Variable interest rate borrowings – repricing dates |                           |                           |                              |                            |
| 6 months or less                                    | <b>51,268,585,203</b>     | 50,930,311,022            | 51,476,328,806               | 43,141,188,794             |

##### ***Interest rate sensitivity analysis***

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

|  | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|--|---------------------------|---------------------------|------------------------------|----------------------------|
| Interest rate – increase by 100 basis points | <b>(413,105,227)</b>      | (404,365,610)             | (409,345,788)                | (431,411,888)              |
| Interest rate – decrease by 100 basis points | <b>413,105,227</b>        | 404,365,610               | 409,345,788                  | 431,411,888                |

#### **46.1.3 Commodity price risk**

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

The Group makes sale of certain phosphate, and aluminium products on a provisional pricing basis. Revenue and a corresponding receivable from the sale of provisionally priced commodities is recognised when risks and rewards of ownership are transferred to the customer (which would generally be the date of delivery) and revenue can be measured reliably. At this date, the amount of revenue and receivable to be recognised will be estimated based on the forward market price of the commodity being sold. However, the Group faces a risk that future adverse change in price of gold and phosphate products would result in the reduction of receivable balance. Except for gold and phosphate, the Group's normal policy is to sell its products at prevailing market prices. The Group does not generally believe commodity price hedging would provide long-term benefit to the shareholders.

##### ***Commodity price exposure***

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

|                                    | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b> |
|------------------------------------|---------------------------|---------------------------|------------------------------|----------------------------|
| Accounts receivable pertaining to: |                           |                           |                              |                            |
| Phosphate                          | <b>723,485,233</b>        | 478,904,992               | 592,397,675                  | 655,170,980                |
| Aluminium                          | <b>555,889,934</b>        | 472,546,391               | 448,913,721                  | 413,603,556                |
| Gold                               | <b>127,999,369</b>        | 108,559,598               | 112,533,732                  | 60,953,506                 |
| <b>Total</b>                       | <b>1,407,374,536</b>      | <b>1,060,010,981</b>      | <b>1,153,845,128</b>         | <b>1,129,728,042</b>       |

##### ***Policies and procedure to manage commodity price risk***

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

#### 46 Financial risk management (continued)

##### *Commodity price sensitivity analysis*

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

|  | March 31,<br>2017   | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|---------------------|-------------------|----------------------|--------------------|
| <b>Increase / (decrease) in phosphate prices</b>     |                     |                   |                      |                    |
| Increase of 10% in USD per tonne                     | <b>72,348,523</b>   | 47,890,499        | 59,239,768           | 65,517,098         |
| Decrease of 10% in USD per tonne                     | <b>(72,348,523)</b> | (47,890,499)      | (59,239,768)         | (65,517,098)       |
| <b>Increase / (decrease) in aluminium LME prices</b> |                     |                   |                      |                    |
| Increase of 10% in USD per tonne                     | <b>55,588,993</b>   | 47,254,639        | 44,891,372           | 41,360,356         |
| Decrease of 10% in USD per tonne                     | <b>(55,588,993)</b> | (47,254,639)      | (44,891,372)         | (41,360,356)       |
| <b>Increase / (decrease) in gold prices</b>          |                     |                   |                      |                    |
| Increase of 10% in USD per oz                        | <b>12,799,937</b>   | 10,855,960        | 11,253,373           | 6,095,351          |
| Decrease of 10% in USD per oz                        | <b>(12,799,937)</b> | (10,855,960)      | (11,253,373)         | (6,095,351)        |

##### *Physical commodity contracts*

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

#### 46.2 Credit risk

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

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

##### *Credit risk exposure*

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

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

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

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



#### **46 Financial risk management (continued)**

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written-off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

##### **46.3 Liquidity risk**

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At March 31, 2017 the Group held deposits at call of SAR 6,260,738,830 (March 31, 2016: SAR 9,651,173,444, December 31, 2016: SAR 6,664,142,872 and January 1, 2016: SAR 4,296,174,387) that are expected to readily generate cash inflows for managing liquidity risk. Further, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

##### ***Liquidity risk exposure***

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

|   | <b>March 31,<br/>2017</b>    | <b>March 31,<br/>2016</b>    | <b>December 31,<br/>2016</b> | <b>January 1,<br/>2016</b>   |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| Floating rate   |                              |                              |                              |                              |
| - Expiring within 1 year (Syndicated Revolving Credit Facility) | <b>9,000,000,000</b>         | -                            | 9,000,000,000                | -                            |
| - Expiring beyond 1 year  | <b>2,568,217,641</b>         | 12,697,386,822               | 2,586,161,538                | 18,567,775,935               |
| Fixed rate  |                              |                              |                              |                              |
| - Expiring within 1 year  | -                            | -                            | -                            | -                            |
| - Expiring beyond 1 year  | -                            | 635,800,000                  | 395,493,000                  | 1,115,800,000                |
| <b>Total</b>  | <b><u>11,568,217,641</u></b> | <b><u>13,333,186,822</u></b> | <b><u>11,981,654,538</u></b> | <b><u>19,683,575,935</u></b> |

#### **47 Capital management**

##### **47.1 Risk management**

The Group's objectives when managing capital are to

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

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



#### 47.1 Risk management (continued)

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

***“Net debt divided by Total ‘equity’ (as shown in the consolidated statement of financial position, including non-controlling interests).”***

The gearing ratios as at the end of the quarter / year were as follows:

|                                 | Note | March 31,<br>2017     | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|---------------------------------|------|-----------------------|-------------------|----------------------|--------------------|
| Net debt – Long term debt       | 35.6 | <b>53,668,365,505</b> | 52,631,589,371    | 53,531,042,908       | 44,875,392,012     |
| Total equity                    |      | <b>33,570,969,987</b> | 33,244,098,683    | 33,136,314,850       | 33,133,609,672     |
| Total capital and net debt      |      | <b>87,239,335,492</b> | 85,875,688,054    | 86,667,357,758       | 78,009,001,684     |
| <b>Net debt to equity ratio</b> |      | <b>0.62</b>           | 0.61              | 0.62                 | 0.58               |

#### 47.2 Loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the reported periods, see Note 35 for details.

#### 48 Financial assets and financial liabilities

The Group holds the following classes of financial instruments:

|  | Notes | March 31,<br>2017     | March 31,<br>2016 | December 31,<br>2016 | January 1,<br>2016 |
|--|-------|-----------------------|-------------------|----------------------|--------------------|
| <b><i>Financial assets measured at amortised cost</i></b>      |       |                       |                   |                      |                    |
| Other investments  | 23    | <b>50,000,000</b>     | 50,000,000        | 50,000,000           | 50,000,000         |
| Due from joint venture partners                                | 24    | -                     | 720,000,000       | -                    | 720,000,000        |
| Trade and other receivable (less withholding tax receivable)   | 27    | <b>1,510,836,098</b>  | 1,171,916,152     | 1,272,770,179        | 1,219,295,805      |
| Time deposits  | 28    | <b>4,110,862,190</b>  | 5,972,000,000     | 2,711,000,000        | 899,052,989        |
| Cash and cash equivalents                                      | 29    | <b>3,109,097,353</b>  | 4,999,383,814     | 4,369,714,529        | 4,308,309,524      |
| <b>Total</b>   |       | <b>8,780,795,641</b>  | 12,913,299,966    | 8,403,484,708        | 7,196,658,318      |
| <b><i>Financial liabilities measured at amortised cost</i></b> |       |                       |                   |                      |                    |
| Due to joint venture partners                                  | 34    | <b>191,016,363</b>    | 191,016,363       | 191,016,363          | 184,929,613        |
| Long-term borrowings   | 35.6  | <b>53,668,365,505</b> | 52,631,589,371    | 53,531,042,908       | 44,875,392,012     |
| Trade, projects and other payables                             | 41    | <b>3,338,080,715</b>  | 3,457,160,793     | 3,432,584,585        | 3,070,478,324      |
| Accrued expenses   | 42    | <b>2,492,417,328</b>  | 4,790,159,786     | 2,629,438,338        | 4,520,925,588      |
| <b>Total</b>   |       | <b>59,689,879,911</b> | 61,069,926,313    | 59,784,082,194       | 52,651,725,537     |

#### 49 Events after the reporting date

No events have arisen subsequent to March 31, 2017 and before the date of signing the review report, that could have a significant effect on the consolidated interim financial statements as at March 31, 2017.

**50 Contingent assets held and liabilities incurred under fiduciary administration**

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

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

An additional amount of USD 250 million has been received during the year ended December 31, 2014 and these amounts have been deposited in a separate bank account and does not form part of MIC's available cash resources and has been accounted for in its own standalone accounting records and has not been integrated with MIC's accounting records. Therefore the total amount received from the USD 700 million approved by the Council of Ministers, equals USD 390 million, with the remaining balance still to be received of USD 310 million. The amounts can only be utilised for the designated purpose in accordance with the Council of Ministers Resolution and replenished based on the presentation of supporting documents for the expenditures incurred, in accordance with the applicable Governments Regulations. Total net assets of the project as of March 31, 2017 amounted to SAR 2,625,000,000 (March 31, 2016: SAR 1,462,500,000, December 31, 2016: SAR 2,625,000,000 and January 1, 2016: SAR 1,462,500,000).

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**

(A Saudi Arabian joint stock company)

Notes to the consolidated interim financial statements for the quarter ended March 31, 2017 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)


**51 Detailed information about the subsidiaries and joint ventures**

| Subsidiaries          | Nature of business  | Issued and paid-up share capital |               |               |               | Effective group interest % |              |              |             | Cost of investment by parent company |                       |                       |                       |
|-----------------------|---|----------------------------------|---------------|---------------|---------------|----------------------------|--------------|--------------|-------------|--------------------------------------|-----------------------|-----------------------|-----------------------|
|                       |   | Mar 31, 2017                     | Mar 31, 2016  | Dec 31, 2016  | Jan 1, 2016   | Mar 31, 2017               | Mar 31, 2016 | Dec 31, 2016 | Jan 1, 2016 | Mar 31, 2017                         | Mar 31, 2016          | Dec 31, 2016          | Jan 1, 2016           |
| MGBM                  | Gold mining   | 867,000,000                      | 867,000,000   | 867,000,000   | 867,000,000   | 100                        | 100          | 100          | 100         | 867,000,000                          | 867,000,000           | 867,000,000           | 867,000,000           |
| MIC                   | Manage and develop infrastructure projects                      | 500,000                          | 500,000       | 500,000       | 500,000       | 100                        | 100          | 100          | 100         | 500,000                              | 500,000               | 500,000               | 500,000               |
| IMC                   | Kaolin, low grade bauxite and magnesite mining                  | 344,855,200                      | 344,855,200   | 344,855,200   | 344,855,200   | 100                        | 100          | 100          | 100         | 344,855,200                          | 344,855,200           | 344,855,200           | 344,855,200           |
| MAC                   | Aluminium ingots, T-shape ingots, slabs and billets             | 6,573,750,000                    | 6,573,750,000 | 6,573,750,000 | 6,573,750,000 | 74.9                       | 74.9         | 74.9         | 74.9        | 4,923,738,750                        | 4,923,738,750         | 4,923,738,750         | 4,923,738,750         |
| MRC                   | Aluminium sheets for can body and lids                          | 2,477,371,807                    | 2,449,008,348 | 2,477,371,807 | 2,449,008,348 | 74.9                       | 74.9         | 74.9         | 74.9        | 1,855,551,484                        | 1,834,307,253         | 1,855,551,484         | 1,834,307,253         |
| MBAC                  | Bauxite mining and refining                                     | 4,828,464,412                    | 4,806,784,758 | 4,828,464,412 | 4,806,784,758 | 74.9                       | 74.9         | 74.9         | 74.9        | 3,616,519,845                        | 3,600,281,784         | 3,616,519,845         | 3,600,281,784         |
| MPC                   | Phosphate mining and fertilizer producer                        | 6,208,480,000                    | 6,208,480,000 | 6,208,480,000 | 6,208,480,000 | 70                         | 70           | 70           | 70          | 4,345,936,000                        | 4,345,936,000         | 4,345,936,000         | 4,345,936,000         |
| MWSPC                 | Phosphate mining and fertilizer producer                        | 7,005,001,875                    | 5,505,001,875 | 7,005,001,875 | 5,505,001,875 | 60                         | 60           | 60           | 60          | 4,203,001,125                        | 3,303,001,125         | 4,203,001,125         | 3,303,001,125         |
|                       |   |                                  |               |               |               |                            |              |              |             | <b>20,157,102,404</b>                | <b>19,219,620,112</b> | <b>20,157,102,404</b> | <b>19,219,620,112</b> |
| <b>Joint ventures</b> |   |                                  |               |               |               |                            |              |              |             |                                      |                       |                       |                       |
| SAMAPCO*              | Production of concentrated caustic soda and ethylene dichloride | 900,000,000                      | 900,000,000   | 900,000,000   | 900,000,000   | 50                         | 50           | 50           | 50          | -                                    | -                     | -                     | 450,000,000           |
| MBCC                  | Production of copper and associated minerals                    | 404,965,291                      | 404,965,291   | 404,965,291   | 404,965,291   | 50                         | 50           | 50           | 50          | 202,482,646                          | 202,482,646           | 202,482,646           | 202,482,646           |
| <b>Total</b>          |   |                                  |               |               |               |                            |              |              |             | <b>202,482,646</b>                   | <b>202,482,646</b>    | <b>202,482,646</b>    | <b>652,482,646</b>    |

All the subsidiaries and joint ventures listed above are incorporated in the Kingdom of Saudi Arabia.

\*Equity investment in SAMAPCO has been impaired on January 1, 2016, following the transition from SOCPA to IFRS.