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

Consolidated financial statements
for the year ended 31 December 2017

Contents	**Page**

Commercial registration number	1010164391	
Directors*	H.E. Engr. Khalid Bin Abdulaziz Al-Faleh	- Chairman
	H.E. Sulaiman Bin Abdulrahman Al-Gwaiz	- Vice chairman
	Engr. Abdullah Bin Mohammed Al-Issa	
	Ms. Lubna Bint Suliman Al-Olayan	
	Engr. Abdullah Bin Ibrahim Al-Saadan	
	Engr. Azzam Bin Yaser Shalabi	
	Dr. Klaus Christian Kleinfeld	
	Mr. Richard O'Brien	
	Engr. Khalid Saleh Al-Mudaifer	
	Dr. Ziad Bin Abdulrahman Al-Sudairy	- (End of term 24 October 2017)
	Dr. Jean-Lou Chameau	- (End of term 24 October 2017)
Registered address	Building number 395 Abi Bakr Asseddiq Road, South Exit 6, North Ring Road Riyadh 11537 Kingdom of Saudi Arabia	
Postal address	P.O. Box 68861 Riyadh 11537 Kingdom of Saudi Arabia	
Banker	The Saudi British Bank (SABB)	
Auditors	Ernst & Young Al Faisaliah Office Tower, 3rd Floor King Fahad Road P.O. Box 2732 Riyadh 11461 Kingdom of Saudi Arabia	

*The nine members of the Board of Directors have been appointed for a term of three years, which commenced on 25 October 2017.

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, set out on pages 4 to 10, is made with a view to distinguish the responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (the "Group")

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

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

- selecting suitable accounting policies and applying them consistently,
- making judgments and estimates that are reasonable and prudent,
- stating whether IFRS and other pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA"), as endorsed in the Kingdom of Saudi Arabia, have been followed, subject to any material departures disclosed and explained in the consolidated financial statements and
- preparing and presenting the consolidated 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 financial statements for the year ended 31 December 2017 set out on pages 11 to 153, were approved and authorized for issue by the Board of Directors on 31 January 2018 and signed on their behalf by:

Engr. Abdullah Bin Ibrahim Al-Saadan Authorized by the Board	Engr. Khalid Al-Mudaifer President and Chief Executive Officer	Mr. Darren C. Davis Senior VP Finance and Chief Financial Officer

14 Jumada-1 1439H
31 January 2018
Riyadh
Kingdom of Saudi Arabia

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (the "Group"), which comprise of the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to these consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section, of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia and are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming an auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter listed below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters listed below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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

Report on the audit of the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
First Time Adoption of International Financial Reporting Standards (IFRS) As a result of the regulatory requirement in the Kingdom of Saudi Arabia, effective 1 January 2017, the Group is required to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants. For all years up to and including the year ended 31 December 2016, the Group had prepared and published its audited consolidated financial statements in accordance with Generally Accepted Accounting Principles (GAAP) issued by SOCPA in KSA (SOCPA GAAP). The consolidated financial statements for the year ended 31 December 2017 are the Group's first consolidated financial statements in accordance with IFRS, as endorsed in KSA. Accordingly, the Group has for the first time applied IFRS, as endorsed in KSA, for the preparation of its consolidated financial statements for the year beginning 1 January 2017. In compliance with the requirements of IFRS 1, as endorsed in KSA, the Group's consolidated statement of financial position as at 1 January 2016 was prepared after incorporating the required adjustments to reflect the transition to IFRS as endorsed in KSA. The Group has assessed the impact of transitioning from SOCPA GAAP to IFRS, as endorsed in KSA and significant adjustments have been made in the consolidated financial statements of the Group as at 1 January 2016 and 31 December 2016. We considered this as a key audit matter since the first time adoption of IFRS has significant impact on the consolidated financial statements from a recognition, measurement and disclosure perspective. Refer to notes 2.1, 5 and 6 to the consolidated financial statements for the details of transition and the reconciliation adjustments between SOCPA GAAP and IFRS, as endorsed in KSA.	We performed the following procedures in respect of the transition to IFRS, as endorsed in KSA: • Assessed the appropriateness of the implementation of IFRS, as endorsed in KSA, in accordance with the provisions of IFRS 1. • Assessed the appropriateness of the accounting policies adopted. • Evaluated the position papers on technical matters, detailed implementation plans (DIPs) and GAAP differences identified by the Group's Management • Tested a sample of adjustments (including calculation and recording) made to various balances and transactions to bring them in line with IFRS as endorsed in KSA. • Assessed the appropriateness of disclosures made for the impact of the transition from SOCPA GAAP to IFRS, as endorsed in KSA. Assessed the appropriateness of exceptions to retrospective application of certain IFRSs, as endorsed in KSA and optional exemptions availed by the Group from full retrospective application of certain IFRSs, as endorsed in KSA, in preparing the consolidated financial statements.

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Independent auditor's report
To the shareholders of Saudi Arabian Mining Company (Ma'aden) (continued)
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Report on the audit of the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
Provision for decommissioning, site rehabilitation and dismantling obligations	
As of 31 December 2017, the provision for decommissioning, site rehabilitation and dismantling obligations in the consolidated financial statements of the Group amounted to SAR 288,673,151. Provision for decommissioning, site rehabilitation and dismantling obligations are related to decommissioning and site restoration work. This includes facility decommissioning, 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 current laws and regulatory requirements. The provision is determined based on the present value of the estimated future decommissioning and rehabilitation costs expected to be incurred and is dependent upon a number of factors such as: • the life-of-mine; • mine reserves; • discount factor; • developments in technology; • the operating mining license conditions; • the environment in which the mine operates and • changes in economic sustainability. We have considered the provision for decommissioning, site rehabilitation and dismantling obligations to be a key audit matter due to the considerable judgement involved in estimating the related provisions. Refer to note 4.18 to the consolidated financial statements for the accounting policy relating to provision for decommissioning, site rehabilitation and dismantling obligations, note 6 for the disclosure of significant accounting estimates relating to provision for decommissioning, site rehabilitation and dismantling obligations and note 37 for the disclosure of related provision.	We performed the following procedures in respect of the provision for decommissioning, site rehabilitation and dismantling obligations: • We assessed management's processes for establishing and monitoring the related provisions and evaluated the design and implementation of key controls over these processes; • We obtained provision for decommissioning, site rehabilitation and dismantling obligations working papers and internal or external specialists reports along with other relevant documents which includes the key information such as discount rate, life-of-mine plans and estimated cost to be incurred and: o considered the assumptions underlying the provision estimates for appropriateness and compliance with Group's policies and relevant legislative requirements. o agreed, on a sample basis, the data used in the Group's provision working with underlying records including internal or external reports. o we assessed the appropriateness of the Group's disclosures relating to provision for decommissioning, site rehabilitation and dismantling obligations

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Report on the audit of the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
Recoverability of capital work-in-progress	
As of 31 December 2017, the capital work-in-progress of the Group were SAR 26,409,469,977 which inludes an impairment loss amounting to SAR 2,928,750,000 was held in the books. The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit (" CGU's") fair value less costs of disposal, if available, or its value- in-use. The Group based its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. We have considered this to be a key audit matter because the assessment of the recoverable amount of capital work-in-progress requires estimation and judgement around production profiles, useful life of assets, future operating and capital expenditure, commodity prices and discount rates. These are all very subjective matters. Refer to note 4.10 to the consolidated financial statements for the accounting policy relating to impairment of assets, note 6 for the disclosure of significant accounting estimates relating to impairment of assets, and note 19 and note 5.5.3A for the disclosure of related impairment.	We performed the following procedures in respect of the recoverability of capital work-in-progress: • We assessed management's processes for identification of impairment indications and impairment testing and evaluated the design and implementation of key controls over these processes • We have assessed the reasonableness of methodology used by management to estimate the recoverable amount of each CGU; • We involved our internal specialist to assist in: o Assessment of management's assumptions and their comparison with the relevant market data and underlying records; and o sensitivity analysis on management's calculated recoverable amount for alternative assumptions. o We assessed the adequacy of the Group's disclosures relating to impairment.

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Independent auditor's report
To the shareholders of Saudi Arabian Mining Company (Ma'aden) (continued)
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Report on the audit of the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
Stripping activity assets	
As of 31 December 2017, the Group's Stripping activity assets amounted to SAR 160,945,725. The Group incurs stripping (waste removal) costs during the development and production stages. Stripping costs incurred during the development stage of a mine, in order to access the underlying ore deposit are capitalised prior to the commencement of commercial production. Stripping activities during production stage of an open pit mine, generally create the following two types of benefits : • production of inventory or • improved access to a component of the ore to be mined in the future. The costs are recognized as a non-current asset, referred to Stripping activity assets and forms part of mine properties. Such costs are amortised over the remaining life of the component of the ore body of the mine using the unit of production method over the economical recoverable proven and probable reserves of the spesific component. We have considered this to be a key audit matter due to the assumptions used in capitalization, amortization rate, planned production and estimated recoverable proven and probable ore reserves. Refer to note 4.7 to the cosolidated financial statements for the accounitng policy relating to Stripping activity asset, note 6 for which contains the disclosure of significant accounting estimates relating to Stripping activity asset and note 17 for the disclosure of related asset.	In relation to the capitalization of stripping activity assets and its amortization, we performed the following procedures: • We assessed management's processes in relation to capitalization and amortization of stripping activity assets and evaluated the design and implementation of key controls over these processes.; • We have obtained the details of cost capitalized as Stripping activity assets and on a sample basis evaluated the basis of capitalization in line with relevant conditions.; • We have tested amortization rate and its underlying assumptions, and • Performed analytical review of capitalization and amortization in relation to production costs and production volumes.

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Independent auditor's report
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Report on the audit of the consolidated financial statements

Other information included in the Group's 2017 annual report

Other information consists of the information included in the Group's 2017 annual report, other than the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information in its annual report. The Group's 2017 annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's 2017 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants and the provisions of Companies' Law and the Company's By-laws, and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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Report on the audit of the consolidated financial statements

Auditor's responsibilities for the audit of the consolidated financial statements

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Independent auditor's report
To the shareholders of Saudi Arabian Mining Company (Ma'aden) (continued)
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Report on the audit of the consolidated financial statements

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young

Rashid S. AlRashoud
Certified Public Accountant
License No. 366

Riyadh: 31 January 2018
(14 Jumada I 1439)

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Sales	8	**12,085,934,170**	9,463,857,096
Cost of sales	9	**(8,153,639,203)**	(7,443,299,088)
Gross profit		**3,932,294,967**	2,020,558,008
Operating expenses			
Selling, marketing and logistic expenses	10	**(530,877,495)**	(409,963,201)
General and administrative expenses	11	**(381,807,060)**	(324,671,177)
Exploration and technical services expenses	12	**(62,201,293)**	(49,336,885)
Write-off of plant and equipment	18,19	**(45,354,346)**	(57,752,626)
Impairment of capital work-in-progress	19,21.2	**(477,000,000)**	(566,250,000)
Operating profit		**2,435,054,773**	612,584,119
Other income / (expenses)			
Income from time deposits	13	**77,496,643**	151,636,138
Finance cost	14	**(1,616,005,964)**	(890,415,706)
Other (expenses) / income, net	15	**(64,991,895)**	33,143,164
Share in net income of joint venture that have been equity accounted	21.1.3	**101,650,424**	3,725,530
Profit / (loss) before zakat and income tax		**933,203,981**	(89,326,755)
Income tax	22.1	**(56,924,369)**	19,882,715
Zakat expense	40.2	**(91,834,417)**	(78,428,404)
Profit / (loss) for the year		**784,445,195**	(147,872,444)
Other comprehensive income			
Items *that will not be reclassified to profit or loss in subsequent years*			
Gain attributable to the re-measurements of employees' end of service termination benefits obligation	39.1	**45,969,473**	1,770,585
Other comprehensive income for the year		**45,969,473**	1,770,585
Total comprehensive income / (loss) for the year		**830,414,668**	(146,101,859)

Continued

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Profit / (loss) for the year is attributable to:			
Shareholders' of the parent company	16	**714,841,886**	(10,739,221)
Non-controlling interest	34.2	**69,603,309**	(137,133,223)
		784,445,195	(147,872,444)
Total comprehensive income / (loss) for the year is attributable to:			
Shareholders' of the parent company		**755,503,131**	(8,303,016)
Non-controlling interest	34.2	**74,911,537**	(137,798,843)
		830,414,668	(146,101,859)
Earnings / (loss) per ordinary share (Saudi Riyals)			
Basic and diluted earnings / (loss) per share from continuing operations attributable to shareholders' of the parent company	16	**0.61**	(0.01)

Consolidated statement of financial position as at 31 December 2017
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2017	31 December 2016	1 January 2016
Assets				
Non-current assets				
Mine properties	17	**9,098,033,447**	9,246,550,952	8,149,210,130
Property, plant and equipment	18	**44,450,932,788**	42,459,053,601	33,299,548,961
Capital work-in-progress	19	**26,409,469,977**	29,184,633,886	33,505,471,004
Intangible assets	20	**345,623,460**	374,448,577	374,949,546
Investment in joint venture	21	**934,056,539**	832,406,115	828,680,585
Deferred tax assets	22.2	**461,724,817**	378,439,046	248,382,944
Other investments	23	**50,000,000**	50,000,000	50,000,000
Other non-current assets	24	**1,183,464,512**	54,084,146	21,645,868
Total non-current assets		**82,933,305,540**	82,579,616,323	76,477,889,038
Current assets				
Due from joint venture partners	25	**13,652,075**	-	720,000,000
Advances and prepayments	26	**142,274,924**	140,559,012	229,304,473
Inventories	27	**3,436,233,644**	3,068,640,225	2,918,468,061
Trade and other receivables	28	**1,999,913,097**	1,273,216,903	1,251,146,787
Time deposits	29	**2,240,000,000**	2,711,000,000	899,052,989
Cash and cash equivalents	30	**4,351,617,030**	4,369,714,529	4,308,309,524
Total current assets		**12,183,690,770**	11,563,130,669	10,326,281,834
Total assets		**95,116,996,310**	94,142,746,992	86,804,170,872
Equity and liabilities				
Equity				
Share capital	31	**11,684,782,610**	11,684,782,610	11,684,782,610
Statutory reserve				
Share premium	32	**8,391,351,697**	8,391,351,697	8,391,351,697
Transfer of net income	33	**869,459,731**	797,975,542	757,911,634
Retained earnings		**5,151,922,897**	4,467,903,955	4,516,270,879
Equity attributable to shareholders' of the parent company		**26,097,516,935**	25,342,013,804	25,350,316,820
Non-controlling interest	34.3	**8,432,462,583**	7,794,301,046	7,783,292,852
Total equity		**34,529,979,518**	33,136,314,850	33,133,609,672
Non-current liabilities				
Deferred tax liabilities	22.3	**388,478,975**	274,328,467	164,155,080
Due to a joint venture partner	35	**266,358,724**	191,016,363	184,929,613
Long-term borrowings	36.6	**50,700,770,922**	50,778,534,391	42,744,072,108
Provision for decommissioning, site rehabilitation and dismantling obligations	37	**288,673,151**	269,522,564	255,190,219
Non-current portion of obligation under finance lease	38	**27,183,780**	61,598,017	95,413,846
Employees' benefits	39	**532,627,294**	489,756,229	405,720,553
Projects, trade and other payables	42	**652,984,698**	1,230,757,918	981,303,164
Total non-current liabilities		**52,857,077,544**	53,295,513,949	44,830,784,583
Current liabilities				
Projects, trade and other payables	42	**2,315,780,978**	2,201,826,667	2,089,175,160
Accrued expenses	43	**1,969,671,122**	2,629,438,338	4,520,925,588
Zakat and income tax payable	40	**141,656,670**	85,308,278	50,962,237
Severance fees payable	41	**73,079,354**	8,270,636	16,096,147
Current portion of obligation under finance lease	38	**34,664,307**	33,565,757	31,297,581
Current portion of long-term borrowings	36.6	**3,195,086,817**	2,752,508,517	2,131,319,904
Total current liabilities		**7,729,939,248**	7,710,918,193	8,839,776,617
Total liabilities		**60,587,016,792**	61,006,432,142	53,670,561,200
Total equity and liabilities		**95,116,996,310**	94,142,746,992	86,804,170,872
Commitments and contingent liabilities	46			

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

	Equity attributable to shareholders' of the parent company					Non-controlling interest				
		Statutory reserve								
	Share capital (Note 31)	Share premium (Note 32)	Transfer of net income (Note 33)	Retained earnings	Sub-total	Share capital (Note 34.3)	Payments to increase share capital* (Note 34.3)	Net income attributable to non-controlling interest (Note 34.3)	Sub-total (Note 34.3)	Total equity
1 January 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
Net loss for the year	-	-	-	(10,739,221)	(10,739,221)	-	-	(137,133,223)	(137,133,223)	(147,872,444)
Other comprehensive income / (loss) for the year	-	-	-	2,436,205	2,436,205	-	-	(665,620)	(665,620)	1,770,585
Total comprehensive loss for the year	-	-	-	(8,303,016)	(8,303,016)	-	-	(137,798,843)	(137,798,843)	(146,101,859)
Net income transferred to statutory reserve	-	-	40,063,908	(40,063,908)	-	-	-	-	-	-
Dividend paid to non-controlling interest during the year	-	-	-	-	-	-	-	(451,192,963)	(451,192,963)	(451,192,963)
Increase in non-controlling interest / share capital contributed during the year	-	-	-	-	-	612,560,821	(12,560,821)	-	600,000,000	600,000,000
31 December 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
Net profit for the year	-	-	-	714,841,886	714,841,886	-	-	69,603,309	69,603,309	784,445,195
Other comprehensive income for the year	-	-	-	40,661,245	40,661,245	-	-	5,308,228	5,308,228	45,969,473
Total comprehensive income for the year	-	-	-	755,503,131	755,503,131	-	-	74,911,537	74,911,537	830,414,668
Net income transferred to statutory reserve	-	-	71,484,189	(71,484,189)	-	-	-	-	-	-
Increase in non-controlling interest / share capital contributed during the year	-	-	-	-	-	375,000,000	-	-	375,000,000	375,000,000
Payment to increase share capital during the year	-	-	-	-	-	-	188,250,000	-	188,250,000	188,250,000
31 December 2017	**11,684,782,610**	**8,391,351,697**	**869,459,731**	**5,151,922,897**	**26,097,516,935**	**8,523,320,890**	**298,542,857**	**(389,401,164)**	**8,432,462,583**	**34,529,979,518**

* 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.

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Operating activities			
Profit / (loss) before zakat and income tax		**933,203,981**	(89,326,755)
Adjustments for non-cash flow items:			
Inventory losses	9	**12,446,990**	16,509,086
Income from time deposits	13	**(77,496,643)**	(151,636,138)
Finance cost	14	**1,616,005,964**	890,415,706
Adjustment to mine properties	17	**1,275,527**	-
Depreciation of mine properties	17.1	**505,825,294**	394,512,195
Adjustment to property, plant and equipment	18	**(932,588)**	4,211,478
Plant and equipment written-off	18	**45,354,346**	23,661,182
Depreciation of property, plant and equipment	18.1	**2,317,126,056**	2,091,091,048
Capital work-in-progress written-off	19	**-**	34,091,444
Impairment of capital work-in-progress	19	**446,250,000**	566,250,000
Adjustment to capital work-in-progress	19	**-**	(669,167)
Amortisation of intangible assets	20.1	**26,629,765**	32,926,041
Impairment of investment in joint venture	21.2	**30,750,000**	-
Share in net profit of a joint venture	21.1.3	**(101,650,424)**	(3,725,530)
Provision / (reversal) of allowance for inventory obsolescence	27	**22,438,321**	(131,520)
Allowance for doubtful debts	28	**-**	312,475
Provision for decommissioning, rehabilitation and dismantling obligations	37.1	**1,103,556**	-
Current service cost of employees' termination benefits	39.1	**84,510,923**	70,455,189
Contribution for the employees' savings plan	39.2	**30,530,337**	26,408,207
Provision for severance fees	41	**73,093,714**	8,278,039
Changes in working capital:			
Advances and prepayments	26	**10,242,435**	80,660,849
Inventories	27	**(474,825,687)**	(414,789,933)
Trade and other receivables	28	**(633,295,672)**	(15,404,592)
Projects, trade and other payables – Trade	42	**192,738,236**	193,979,981
Accrued expenses – Trade	43	**55,149,140**	(43,782,164)
Decommissioning, rehabilitation and dismantling obligations utilised	37.1	**-**	(2,500,001)
Employees' end of service termination benefits paid	39.1	**(24,120,417)**	(15,324,858)
Employees' savings plan withdrawal	39.2	**(19,998,687)**	(15,874,040)
Zakat paid	40.2	**(61,545,657)**	(44,082,363)
Severance fees paid	41	**(8,284,996)**	(16,103,550)
Finance cost paid		**(1,984,891,082)**	(1,669,797,244)
Net cash generated from operating activities		**3,017,632,732**	1,950,615,065
Investing activities			
Income received from time deposits		**79,045,955**	144,658,139
(Increase) / decrease in restricted cash	30	**(10,531,650)**	534,022,035
Additions to mine properties	17	**(344,753,501)**	(1,472,295,942)
Additions to property, plant and equipment	18	**(142,155,657)**	(51,425,260)
Additions to capital work-in-progress	19	**(2,451,837,442)**	(6,541,116,976)
Additions to intangible assets	20	**-**	(1,285,986)
Addition to investment in joint venture	21.2	**(30,750,000)**	-
Due from joint venture partners	25	**(13,652,075)**	720,000,000
(Decrease) / increase in time deposits	29	**471,000,000**	(1,811,947,011)
Projects, trade and other payables - Projects	42	**(696,182,314)**	176,158,014
Accrued expenses - Projects	43	**(831,961,263)**	(1,854,673,101)
Net cash utilized in investing activities		**(3,971,777,947)**	(10,157,906,088)

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Financing activities			
Due to a joint venture partner	35	**75,342,361**	6,086,750
Dividend paid to non-controlling interest	34.3	**-**	(451,192,963)
Increase in share capital of non-controlling interest	34.3	**375,000,000**	600,000,000
Payment to increase share capital of non-controlling interest	34.3	**188,250,000**	-
Proceeds from long-term borrowings received	36	**9,176,645,159**	22,745,671,597
Repayment of long-term borrowings	36	**(8,851,098,518)**	(14,059,224,385)
Obligations under finance lease	38	**(38,622,936)**	(38,622,936)
Net cash generated from financing activities		**925,516,066**	8,802,718,063
Net change in cash and cash equivalents		**(28,629,149)**	595,427,040
Unrestricted cash and cash equivalents at the beginning of the year	30	**4,310,373,308**	3,714,946,268
Unrestricted cash and cash equivalents at the end of the year	30	**4,281,744,159**	4,310,373,308
Non-cash flow transactions			
Transfer to mine properties from capital work-in-progress	17,19	**13,829,815**	-
Transfer of capital spares to mine properties from inventories	17,27	**-**	26,323,519
Transfer to property, plant and equipment from capital work-in-progress	18,19	**4,253,223,327**	11,102,301,072
Transfer of capital spares to property, plant and equipment from inventories	18,27	**-**	197,563,018
Borrowing cost capitalized as part of capital work-in-progress	19, 14.1	**495,873,199**	695,720,611
Depreciation of mine properties capitalized as part of capital-work-in-progress	19,17	**-**	6,766,444
Depreciation of property, plant and equipment capitalized as part of capital-work-in-progress	19,18	**41,951,983**	56,845,533
Transfer to capital work-in-progress from property, plant and equipment	19,18	**-**	15,975,469
Transfer to capital work-in-progress from intangible assets	19,20	**23,165,191**	-
Amortization of intangible assets capitalized as part of capital-work-in-progress	19,20.1	**1,653,489**	9,576,144
Amortization of transaction cost capitalised as part of capital work-in-progress	19,36.9	**40,484,382**	86,846,987
Unwinding of discount of non-current obligation under finance lease capitalized as part of capital work-in-progress	19,38	**-**	3,603,093
Interest cost on employees' end of service termination benefits obligation capitalised as part of capital work-in-progress	19,39.1	**-**	974,740
(Gain) / loss attributable to re-measurement of employees' end of service termination benefits obligation capitalized as part of capital work-in-progress	19,39.1	**(1,511,535)**	4,425,464
Transfer to intangible assets from capital work-in-progress	20,19	**22,623,328**	40,715,230
Transfer to employees' home ownership program receivable under trade and other receivables from capital work-in-progress	28,19	**1,092,691,590**	-
Transfer from payments to increase share capital to share capital pertaining to non-controlling interest	34.3	**-**	12,560,821

(All amounts in Saudi Riyals unless otherwise stated)

1 General information

Saudi Arabian Mining Company ("Ma'aden") (the "Company") was formed as a Saudi Arabian joint stock company, following the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to 17 March 1997) and incorporated in the Kingdom of Saudi Arabia pursuant to the Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to 23 March 1997) with Commercial Registration No. 1010164391, dated 10 Zul Qaida 1421H (corresponding to 4 February 2001). The Company has an authorized and issued share capital of Saudi Riyals ("SAR") 11,684,782,610 divided into 1,168,478,261 ordinary shares with a nominal value of SAR 10 each (Note 31).

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.

2 Group structure

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

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

The financial year end of all the subsidiaries and joint ventures coincide with that of the parent company ("Ma'aden").

2.1 MGBM

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

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

The company declared commercial production at Ad Duwayhi mine on 1 April 2016.

2.2 MIC

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

- manage the infrastructure 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 31 March 2009 in the Kingdom of Saudi Arabia, which is also its principal place of business. The objectives of the company are:

- the exploitation of industrial minerals within the existing mining lease 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 the VSK processing plant at Al Madinah Al Munawarah commenced full commercial production on 1 August 2017.

2.4 MAC

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

- 74.9% by Saudi Arabian Mining Company (“Ma’aden”) and
- 25.1% by Alcoa Saudi Smelting Inversiones S.L. (“ASSI”), a foreign shareholder, a company wholly owned by Alcoa Corporation, which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34).

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

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

The company declared commercial production on 1 September 2014.

2.5 MRC

The company was incorporated on 10 October 2010 in the Kingdom of Saudi Arabia, which is also its principal place of business and 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 financial statements (Note 34).

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

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by AWA Saudi Limited ("AWA"), a foreign shareholder, which is owned 60% by Alcoa Corporation and 40% by Alumina Limited, an unrelated third party, which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34).

The objectives of the company are to:

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

The company declared commercial production on 1 October 2016.

2.7 MPC

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

- 70% by Saudi Arabian Mining Company ("Ma'aden") and
- 30% by Saudi Basic Industries Corporation ("SABIC"), which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34).

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.

The company declared commercial production on 1 January 2012.

2.8 MWSPC

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

- 60% by Saudi Arabian Mining Company ("Ma'aden");
- 25% by Mosaic Phosphate B.V., a foreign shareholder, a limited liability company registered in Netherlands wholly owned by The Mosaic Company ("Mosaic"), which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34) and
- 15% by Saudi Basic Industries Corporation ("SABIC"), which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34).

The objectives of the Company are the production of:

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

The company declared commercial production of the ammonia plant on 1 January 2017 and has commenced the initial production of Diammonium Phosphate (DAP) on 8 July 2017. The rest of the development is in the commissioning phase.

2.9 SAMAPCO

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

- 50% by Saudi Arabian Mining Company ("Ma'aden") (Note 21.2) 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 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) feedstock to the alumina refinery at MBAC and to sell any excess production not taken up by Ma'aden in the wholesale and retail market and
- Ethylene dichloride (EDC) in the wholesale and retail market.

2.10 MBCC

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

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

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

3 Basis of preparation

Statement of compliance

The consolidated 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 financial statements comply with IFRS and other pronouncements that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia for financial reporting.

For the year ended 31 December 2016, the Group had prepared its consolidated financial statements in accordance with the accounting standards promulgated by SOCPA. These consolidated financial statements for the year ended 31 December 2017 are the first financial statements which the Group prepared in full compliance with IFRS.

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

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

These consolidated 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 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. Management has evaluated the impact that these new accounting standards, amendments and interpretations might have on the consolidated financial statements. Management believes that it is unlikely that these standards will have any significant impact on the Group's 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 the previous versions of **IFRS 9 – "*Financial instruments*".**

The new 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 Group

Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Group is 1 January 2018. The management plans to apply the standard using the modified retrospective transitional method taking into consideration the exemption allowing it not to restate comparative information for prior periods with respect to the changes resulting from the measurement of financial assets and financial liabilities. The cumulative effect of adopting IFRS 9 generally will be recognised in the opening retained earnings as at 1 January 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 Group

Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Group is 1 January 2018. The management plans to apply the standard using the modified retrospective transitional method taking into consideration the exemption allowing it not to restate comparative information for prior periods. The cumulative effect of adopting IFRS 15 generally will be recognised in the opening retained earnings as at 1 January 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 cash flows.

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 1 January 2019. Expected date of adoption by the Group is 1 January 2019.

4 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Basis of consolidation and equity accounting

Subsidiaries

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

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

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

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

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

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

***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 polices 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.

(All amounts in Saudi Riyals unless otherwise stated)

4.5 General and administrative expenses

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

4.6 Earnings per share

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

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

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

4.7 Mine properties and property, plant and equipment

Mine properties and property, plant and equipment

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

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

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

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

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:

	Number of years
• 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 recoverable 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 year in which it is incurred.

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

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

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

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

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

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

All exploration and evaluation costs incurred after management has concluded that economic benefit is more likely to be realized than not, i.e. "probable" and are capitalised as "Exploration and evaluation assets" only until the technical feasibility and commercial viability of extracting of 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 assets may be impaired. These include the following:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- 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 accumulated 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 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 years:

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

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

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

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. If the ore stockpiles is not expected to be processed in the next 12 months after the reporting date, it is included in non-current assets. Cost of ore 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 net realizable value. Quantities and grades of stockpiles and work-in-process are assessed primarily through surveys and assays.

Spares and consumables

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

Net realizable value is the estimated selling price in the ordinary course of business.

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 30.

4.15 Financial assets and liabilities

Financial assets and financial liabilities are 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 rate 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.

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 statement of 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 and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of the finance cost in the consolidated statement of profit or loss.

4.18 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 6th of Rabi II 1420H (corresponding to 19 July 1999), issued by His Highness the Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Group to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Group.

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

The Group will contribute an amount equaling 10% of the monthly savings of each member per year for the first year and increase it by 10% per year in the years there after until it reaches 100% in the 10th year, 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.

Employee home ownership program

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

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

Employees' end of service termination benefits obligation

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

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

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

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

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

4.21 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.

(All amounts in Saudi Riyals unless otherwise stated)

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 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 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 be 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 consolidated statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

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 4 October 2004), the Group is required to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is the lower. The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated statement of profit or loss (Notes 9 and 41).

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

Minerals	Basis	Rate
Low grade bauxite	Actual metric tonnes sold	SAR 1.50 per metric tonne
Kaolin	Actual metric tonnes sold	SAR 2.25 per metric tonne
Magnesia	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 financial statements, for the year ended 31 December 2017, have been prepared in accordance with IFRS and other pronouncements that are issued by SOCPA ,as endorsed in the Kingdom of Saudi Arabia. For the year ended 31 December 2016, the Group prepared its consolidated financial statements in accordance with the accounting standards promulgated by SOCPA.

Accordingly, the Group has prepared consolidated financial statements that comply with IFRS and other pronouncements that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia, together with the comparative data for the year ended 31 December 2016, as described in the summary of significant accounting policies (Note 4).

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

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

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 D21 of IFRS 1 for measuring the decommissioning obligations
- Paragraph D32 of IFRS 1 for measuring the stripping activity asset

(All amounts in Saudi Riyals unless otherwise stated)

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

	Notes	IFRS as at 1 January 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2015
Assets					
Non-current assets					
Mine properties	5.5.1A, 5.5.1G	**8,149,210,130**	7,953,745,143	195,464,987	-
Property, plant and equipment	5.5.2A, 5.5.2F	**33,299,548,961**	(2,997,401,814)	(385,237,772)	36,682,188,547
Capital work-in-progress	5.5.1A, 5.5.3G	**33,505,471,004**	(4,655,557,337)	(2,241,405,496)	40,402,433,837
Exploration and evaluation assets	5.5.1A	**-**	(233,233,575)	-	233,233,575
Deferred stripping expense	5.5.1A	**-**	(44,172,991)	-	44,172,991
Intangible assets	5.5.4	**374,949,546**	-	2,522,984	372,426,562
Investment in joint ventures	5.5.5	**828,680,585**	-	(372,774,239)	1,201,454,824
Deferred tax assets	5.5.6A	**248,382,944**	-	248,382,944	-
Other investments		**50,000,000**	-	-	50,000,000
Other non-current assets		**21,645,868**	-	-	21,645,868
Total non-current assets		**76,477,889,038**	23,379,426	(2,553,046,592)	79,007,556,204
Current assets					
Due from joint venture partners		**720,000,000**	-	-	720,000,000
Advances and prepayments	5.5.7	**229,304,473**	-	(19,411,566)	248,716,039
Inventories	5.5.1B	**2,918,468,061**	(23,379,426)	-	2,941,847,487
Trade and other receivables	5.5.8	**1,251,146,787**	-	(996,824)	1,252,143,611
Time deposits		**899,052,989**	-	-	899,052,989
Cash and cash equivalents		**4,308,309,524**	-	-	4,308,309,524
Total current assets		**10,326,281,834**	(23,379,426)	(20,408,390)	10,370,069,650
Total assets		**86,804,170,872**	-	(2,573,454,982)	89,377,625,854
Equity and liabilities					
Equity					
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
Total equity		**33,133,609,672**	-	(2,261,309,638)	35,394,919,310
Non-current liabilities					
Deferred tax liabilities	5.5.6B	**164,155,080**	-	164,155,080	-
Due to a joint venture partner	5.5.3A	**184,929,613**	-	(115,773,750)	300,703,363
Long-term borrowings	5.5.9	**42,744,072,108**	-	(523,645,986)	43,267,718,094
Provision for decommissioning, site rehabilitation and dismantling obligations	5.5.10	**255,190,219**	-	97,078,345	158,111,874
Non-current portion of obligation under finance lease	5.5.11	**95,413,846**	-	68,380,653	27,033,193
Employees' benefits	5.5.12	**405,720,553**	-	52,416,223	353,304,330
Projects, trade and other payables	5.5.13A, 5.5.13B	**981,303,164**	(279,162,159)	(73,922,306)	1,334,387,629
Total non-current liabilities		**44,830,784,583**	(279,162,159)	(331,311,741)	45,441,258,483
Current liabilities					
Projects, trade and other payables	5.5.13A	**2,089,175,160**	279,162,159	-	1,810,013,001
Accrued expenses		**4,520,925,588**	-	-	4,520,925,588
Zakat and income tax payable		**50,962,237**	-	-	50,962,237
Severance fees payable		**16,096,147**	-	-	16,096,147
Current portion of obligation under finance lease	5.5.11	**31,297,581**	-	19,166,397	12,131,184
Current portion of long-term borrowings		**2,131,319,904**	-	-	2,131,319,904
Total current liabilities		**8,839,776,617**	279,162,159	19,166,397	8,541,448,061
Total liabilities		**53,670,561,200**	-	(312,145,344)	53,982,706,544
Total equity and liabilities		**86,804,170,872**	-	(2,573,454,982)	89,377,625,854

(All amounts in Saudi Riyals unless otherwise stated)

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

	Notes	
Effect of remeasurements on transition related to:		
Mine properties		
Increase in accumulated depreciation due to:		
reclassification of capital spares from inventory to mine properties	5.5.1B	(3,860,719)
componentization of plant and equipment recorded under mine properties	5.5.1C	(13,088,623)
Effect of remeasurement of the provision for decommissioning, site rehabilitation and dismantling obligations	5.5.1D	(11,479,213)
Decrease in deferred stripping expense due to the application of UOP method of depreciation	5.5.1E	(2,991,642)
Adjustment for finance lease assets	5.5.1F	(259,498)
Sub-total	5.5.1G	**(31,679,695)**
Property, plant and equipment		
Increase in accumulated depreciation due to:		(107,346,387)
componentization of plant and equipment	5.5.2B	(106,966,813)
reclassification of capital spares from inventory to property, plant and equipment	5.5.2B	(379,574)
Amortization of transaction cost after the date of declaring commercial production, using effective interest rate method in measuring the long-term borrowings	5.5.2C	16,908,243
Effect of remeasurement of the provision for decommissioning, site rehabilitation and dismantling obligations	5.5.2D	(33,938,986)
Sub-total	5.5.2F	**(124,377,130)**
Capital work-in-progress		
Decrease due to impairment of capital work-in-progress	5.5.3A	(1,800,476,250)
Decrease due to write-off of ineligible cost	5.5.3B	(34,594,002)
Sub-total		**(1,835,070,252)**
Intangible assets		
Decrease due to ineligible cost written-off of intangible assets	5.5.4	(1,390,413)
Decrease in amortization of intangible assets due to change in economic useful life	5.5.4	3,913,397
Sub-total		**2,522,984**
Investment in joint venture		
Decrease due to impairment of investment in joint venture	5.5.5	(372,774,239)
Deferred tax		
Creation of deferred tax assets on the date of transition	5.5.6A	248,382,944
Creation of deferred tax liabilities on the date of transition	5.5.6B	(164,155,080)
Sub-total	5.5.6C	**84,227,864**
Trade and other receivables		
Decrease due to deferral of the recognition of revenue as a result of provisional pricing	5.5.8	(996,824)
Long-term borrowings		
Decrease due to amortization of transaction cost, using effective interest rate method in measuring the long-term borrowings	5.5.9	(46,167,299)
Provision for decommissioning, site rehabilitation and dismantling obligations		
Increase due to the remeasurement and unwinding of the provision for decommissioning, site rehabilitation and dismantling obligations	5.5.10	36,230,406
Obligation under finance lease		
Increase due to reversal of lease rentals initially charged to expense	5.5.11	232,093
Employees' end of service termination benefits obligation		
Increase due to remeasurement of employees' end of service termination benefits obligation	5.5.12	(47,379,852)
Projects, trade and other payables		
Increase due to discounting of long-term retentions payable to present value	5.5.13	73,922,306
Total		**(2,261,309,638)**

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	
Effect of remeasurement is attributable to:		
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)
Total		**(2,261,309,638)**

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

	Notes	IFRS as at 1 January 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2015
1 January 2016	5.2, 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 1 January 2016 and equity of non-controlling interest under SOCPA as at 31 December 2015

	Notes	IFRS as at 1 January 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2015
1 January 2016	5.2, 5.2.1,5.3.2	**7,783,292,852**	-	(313,218,088)	8,096,510,940

(All amounts in Saudi Riyals unless otherwise stated)

5.3 Reconciliation of the consolidated statement of financial position of IFRS to SOCPA as at 31 December 2016

	Notes	IFRS as at 31 December 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2016
Assets					
Non-current assets					
Mine properties	5.5.1A, 5.5.1G	**9,246,550,952**	9,073,304,460	173,246,492	-
Property, plant and equipment	5.5.2A, 5.5.2F	**42,459,053,601**	(5,888,552,235)	(539,945,185)	48,887,551,021
Capital work-in-progress	5.5.1A, 5.5.3G	**29,184,633,886**	(2,814,224,993)	(2,638,423,511)	34,637,282,390
Exploration and evaluation assets	5.5.1A	**-**	(269,803,530)	-	269,803,530
Deferred stripping expense	5.5.1A	**-**	(77,344,276)	-	77,344,276
Intangible assets	5.5.4	**374,448,577**	-	5,325,369	369,123,208
Investment in joint ventures	5.5.5	**832,406,115**	-	(295,260,561)	1,127,666,676
Deferred tax assets	5.5.6A	**378,439,046**	-	378,439,046	-
Other investments		**50,000,000**	-	-	50,000,000
Other non-current assets		**54,084,146**	-	-	54,084,146
Total non-current assets		**82,579,616,323**	23,379,426	(2,916,618,350)	85,472,855,247
Current assets					
Advances and prepayments	5.5.7	**140,559,012**	-	(14,235,150)	154,794,162
Inventories	5.5.1B	**3,068,640,225**	(23,379,426)	-	3,092,019,651
Trade and other receivables	5.5.8	**1,273,216,903**	-	298,225	1,272,918,678
Time deposits		**2,711,000,000**	-	-	2,711,000,000
Cash and cash equivalents		**4,369,714,529**	-	-	4,369,714,529
Total current assets		**11,563,130,669**	(23,379,426)	(13,936,925)	11,600,447,020
Total assets		**94,142,746,992**	-	(2,930,555,275)	97,073,302,267
Equity and liabilities					
Equity					
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	5.3.1	**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	5.3.2	**7,794,301,046**	-	(450,943,519)	8,245,244,565
Total equity		**33,136,314,850**	-	(2,807,977,165)	35,944,292,015
Non-current liabilities					
Deferred tax liabilities	5.5.6B	**274,328,467**	-	274,328,467	-
Due to a joint venture partner	5.5.3A	**191,016,363**	-	(115,773,750)	306,790,113
Long-term borrowings	5.5.9	**50,778,534,391**	-	(444,628,135)	51,223,162,526
Provision for decommissioning, site rehabilitation and dismantling obligations	5.5.10	**269,522,564**	-	112,445,535	157,077,029
Non-current portion of obligation under finance lease	5.5.11	**61,598,017**	-	48,255,936	13,342,081
Employees' benefits	5.5.12	**489,756,229**	-	64,623,160	425,133,069
Projects, trade and other payables	5.5.13A, 5.5.13B	**1,230,757,918**	(793,626,305)	(81,954,040)	2,106,338,263
Total non-current liabilities		**53,295,513,949**	(793,626,305)	(142,702,827)	54,231,843,081
Current liabilities					
Projects, trade and other payables	5.5.13A	**2,201,826,667**	793,626,305	-	1,408,200,362
Accrued expenses		**2,629,438,338**	-	-	2,629,438,338
Zakat and income tax payable		**85,308,278**	-	-	85,308,278
Severance fees payable		**8,270,636**	-	-	8,270,636
Current portion of obligation under finance lease	5.5.11	**33,565,757**	-	20,124,717	13,441,040
Current portion of long-term borrowings		**2,752,508,517**	-	-	2,752,508,517
Total current liabilities		**7,710,918,193**	793,626,305	20,124,717	6,897,167,171
Total liabilities		**61,006,432,142**	-	(122,578,110)	61,129,010,252
Total equity and liabilities		**94,142,746,992**	-	(2,930,555,275)	97,073,302,267

(All amounts in Saudi Riyals unless otherwise stated)

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

	Notes	IFRS as at 31 December 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2016
1 January 2016	5.2.2	**4,516,270,879**	-	(1,948,091,550)	6,464,362,429
(Loss) / profit for the year	5.4	**(10,739,221)**	-	(411,378,301)	400,639,080
Other comprehensive income – Re-measurement of employees' termination benefits obligation	5.4	**2,436,205**	-	2,436,205	-
Net income transferred to statutory reserves	33	**(40,063,908)**	-	-	(40,063,908)
31 December 2016	5.3	**4,467,903,955**	-	(2,357,033,646)	6,824,937,601

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

	Notes	IFRS as at 31 December 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2016
1 January 2016	5.2.3	**7,783,292,852**	-	(313,218,088)	8,096,510,940
Loss for the year	5.4	**(137,133,223)**	-	(137,059,811)	(73,412)
Other comprehensive loss – Re-measurement of employees' termination benefits obligation	5.4	**(665,620)**	-	(665,620)	-
Dividend paid during the year	34.3	**(451,192,963)**	-	-	(451,192,963)
Increase in non-controlling interest during the year	34.3	**612,560,821**	-	-	612,560,821
Payment to increase share capital during the year	34.3	**(12,560,821)**	-	-	(12,560,821)
31 December 2016	5.3	**7,794,301,046**	-	(450,943,519)	8,245,244,565

(All amounts in Saudi Riyals unless otherwise stated)

5.4 Reconciliation of consolidated statement of profit or loss and other comprehensive income of IFRS to SOCPA for the year ended 31 December 2016

	Notes	IFRS for the year ended 31 December 2016	Correction of errors	Remeasure–ments due to transition	SOCPA for the year ended 31 December 2016
Sales	5.4.1A	**9,463,857,096**	-	(1,997,792)	9,465,854,888
Cost of sales	5.4.1B	**(7,443,299,088)**	-	(23,716,953)	(7,419,582,135)
Gross profit		**2,020,558,008**	-	(25,714,745)	2,046,272,753
Operating expenses					
Selling, marketing and logistic expenses	5.4.1C	**(409,963,201)**	-	91,742	(410,054,943)
General and administrative expenses	5.4.1D	**(324,671,177)**	-	8,846,806	(333,517,983)
Exploration and technical services expenses	5.4.1E	**(49,336,885)**	-	1,753,907	(51,090,792)
Write-off of plant and equipment		**(57,752,626)**	-	-	(57,752,626)
Impairment of capital work-in-progress	5.5.3A	**(566,250,000)**	-	(566,250,000)	-
Operating profit		**612,584,119**	-	(581,272,290)	1,193,856,409
Other income / (expenses)					
Income from time deposits		**151,636,138**	-	-	151,636,138
Finance cost	5.4.1F	**(890,415,706)**	-	(64,562,215)	(825,853,491)
Other income, net		**33,143,164**	-	-	33,143,164
Share of net income /(loss) of joint venture that have been equity accounted	5.4.1G	**3,725,530**	-	77,513,678	(73,788,148)
(Loss) / profit before zakat and income tax		**(89,326,755)**	-	(568,320,827)	478,994,072
Income tax	5.4.1H	**19,882,715**	-	19,882,715	-
Zakat expenses	40.2	**(78,428,404)**	-	-	(78,428,404)
(Loss) / profit for the year		**(147,872,444)**	-	(548,438,112)	400,565,668
Other comprehensive income					
Re-measurements of employees' termination benefit obligations	5.4.1I	**1,770,585**	-	1,770,585	-
Other comprehensive income for the year		**1,770,585**	-	1,770,585	-
Total comprehensive (loss) / income for the year		**(146,101,859)**	-	(546,667,527)	400,565,668
Total comprehensive (loss) / income attributable to shareholders' of the parent company					
(Loss) / profit for the year	5.3.1	**(10,739,221)**	-	(411,378,301)	400,639,080
Re-measurements of employees' termination benefits obligation	5.3.1	**2,436,205**	-	2,436,205	-
Total		**(8,303,016)**	-	(408,942,096)	400,639,080
Total comprehensive loss attributable to non-controlling interest					
Loss for the year	5.3.2	**(137,133,223)**	-	(137,059,811)	(73,412)
Re-measurements of employees' termination benefits obligation	5.3.2	**(665,620)**	-	(665,620)	-
Total		**(137,798,843)**	-	(137,725,431)	(73,412)

(All amounts in Saudi Riyals unless otherwise stated)

5.4.1 Breakdown of adjustments affecting consolidated statement of profit or loss and other comprehensive income on transition to IFRS from SOCPA for the year ended 31 December 2016

		Notes	
5.4.1A	**Sales**		
	Net provisional pricing adjustment	5.5.8	**(1,997,792)**
5.4.1B	**Cost of sales**		
	Increase in depreciation charge due to reclassification of capital spares from inventory to mine properties	5.5.1B	(4,742,752)
	Decrease in depreciation charge of mine properties due to componentization	5.5.1C	9,973,106
	Increase in depreciation charge of mine closure and rehabilitation asset	5.5.1D	(1,639,888)
	Decrease in depreciation charge of stripping activity asset	5.5.1E	427,855
	Net adjustment for finance lease		1,446,974
	– Increase in depreciation charge of assets held under finance lease	5.5.1F	(19,849,410)
	– Reversal of lease rentals previously credited to advances and prepayments with a corresponding charge to cost of sales	5.5.7	3,882,312
	– Reversal of lease rentals previously charged to cost of sales	5.5.11	17,414,072
	Increase in depreciation charge due to componentization of property, plant and equipment	5.5.2B	(40,709,730)
	Increase in depreciation charge due to reclassification of capital spares from inventory to property, plant and equipment	5.5.2B	(302,983)
	Reversal of amortization for the capitalized transaction cost	5.5.2C	15,169,739
	Decrease in depreciation charge of mine closure assets	5.5.2D	1,219,887
	Decrease in amortization of intangible assets	5.5.4	1,120,172
	Net provisional pricing adjustment – by-products	5.5.8	3,292,841
	Re-measurement of employees' end of service termination benefits obligation	5.5.12	(8,972,174)
	Total		**(23,716,953)**
5.4.1C	**Selling, marketing and logistic expenses**		
	Re-measurement of employees' termination benefits obligation	5.5.12	**91,742**
5.4.1D	**General and administrative expenses**		
	Net adjustment for finance lease		116,658
	– Increase in depreciation charge of assets held under finance lease	5.5.1F	(431,568)
	– Reversal of lease rentals previously charged to general and administrative expenses	5.5.11	548,226
	Decrease in depreciation charge due to componentization of property, plant and equipment	5.5.2B	2,031,305
	Write-off of ineligible cost capitalized as part of capital work-in-progress	5.5.3B	(7,603,500)
	Intangible cost written-off during the year in SOCPA reversed due to opening IFRS adjustment	5.5.3B	152,670
	Decrease in amortization of intangible assets	5.5.4	1,682,213
	Re-measurement of employees' end of service termination benefits obligation	5.5.12	12,467,460
	Total		**8,846,806**
5.4.1E	**Exploration and technical services expenses**		
	Net adjustment for finance lease		(1,229)
	– Increase in depreciation charge of assets held under finance lease	5.5.1F	(175,128)
	– Reversal of lease rentals previously charged to exploration and technical services expenses	5.5.11	173,899
	Increase in depreciation charge due to componentization of property, plant and equipment	5.5.2B	(37,483)
	Re-measurement of employees' end of service termination benefits obligation	5.5.12	1,792,619
	Total		**1,753,907**

(All amounts in Saudi Riyals unless otherwise stated)

5.4.1F Finance cost

	Notes	
Amortization of transaction cost under effective interest rate method	5.5.9	(39,513,080)
Accretion of provision for decommissioning, site rehabilitation and dismantling obligations	5.5.10	(15,367,190)
Unwinding of discount of non-current obligations under finance lease	5.5.11	(2,972,121)
Accretion of employees' end of service termination benefits obligation	5.5.12	(14,741,558)
Increase due to unwinding of the discounted present value of the long-term retentions payable	5.5.13B	8,031,734
Total		**(64,562,215)**

5.4.1G Share in net loss of joint venture that have been equity accounted

Reversal of share in net loss of SAMAPCO	5.5.5	**77,513,678**

5.4.1H Income tax

Increase in deferred tax assets	5.5.6A	130,056,102
Increase in deferred tax liabilities	5.5.6B	(110,173,387)
Total	5.5.6C	**19,882,715**

5.4.1I Re-measurement of employees' termination benefits obligation

Experience adjustment	5.5.12	28,092,902
Loss from change in financial assumptions	5.5.12	(26,322,317)
Total		**1,770,585**

(All amounts in Saudi Riyals unless otherwise stated)

5.5 Notes to the reconciliation of:

- **the consolidated retained earnings under IFRS as at 1 January 2016 and consolidated retained earnings under SOCPA as at 31 December 2015 and**
- **the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016 between IFRS and SOCPA and**
- **the consolidated statement of financial position as at 31 December 2016 between IFRS and SOCPA.**

5.5.1 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.

5.5.1A Reclassification to mine properties

As part of the transition from SOCPA to IFRS on the transition date 1 January 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. This represents a significant change from SOCPA.

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:

	Notes	31 December 2016 (Note 5.3)	1 January 2016 (Note 5.2)
Mine properties	**5.3,5.2**	**9,073,304,460**	**7,953,745,143**
Property, plant and equipment	5.5.2A	(5,890,309,538)	(2,999,159,117)
Capital work-in-progress		(2,814,224,993)	(4,655,557,337)
Exploration and evaluation assets		(269,803,530)	(233,233,575)
Deferred stripping expense		(77,344,276)	(44,172,991)
Inventories representing capital spares	5.5.1B	(21,622,123)	(21,622,123)

5.5.1B Reclassification of capital spares from inventory to mine properties and property, plant and equipment

IAS 16 requires that capital spares be capitalized as part of the asset to which they relates and depreciated over the economic useful life of the host asset. Capital spares with a cost of SAR 21,622,123 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 reclassification of capital spares from inventory to mine properties and property, plant and equipment is as follows:

	Notes	31 December 2016	1 January 2016
Mine properties	5.5.1A	21,622,123	21,622,123
Property, plant and equipment	5.5.2A	1,757,303	1,757,303
Inventories	**5.3,5.2**	**(23,379,426)**	**(23,379,426)**

(All amounts in Saudi Riyals unless otherwise stated)

5.5.1 Mine properties (continued)

***5.5.1B Reclassification of capital spares from inventory to mine properties and property, plant and equipment* (continued)**

The transition date adjustments recognized in property, plant and equipment and the comparative year impact of these adjustments are as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the decrease in mine properties due to the depreciation charge relating to capital spares being depreciated after reclassification to mine properties with a corresponding decrease in consolidated opening retained earnings		(3,860,719)	(3,860,719)
Comparative year impact on the consolidated statement of profit or loss as a result of increase in depreciation charge due to reclassification, charged to:			
– Cost of sales	5.4.1B	(4,742,752)	-
Net impact of reclassification of capital spares from inventory to mine properties		**(8,603,471)**	**(3,860,719)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(3,860,719)

5.5.1C Introduction of asset componentization

Under IFRS, an item of property, plant and equipment should be broken down 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 Group has applied the concept of asset componentization and accounted for its impact on the estimated economic useful lives of the components, which resulted in an increase in accumulated depreciation and therefore a decrease in the net book value of mine properties, with a corresponding decrease in the consolidated opening retained earnings, on the transition date to IFRS, amounting to SAR 13,088,623 (Note 5.2.1). The net impact has been booked as part of the IFRS transition adjustments on 1 January 2016. The same apply to property, plant and equipment.

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of applying componentization on mine properties as well as the application of UOP method of depreciation resulted in the decrease in the net book value of mine properties with a corresponding decrease in consolidated opening retained earnings		(13,088,623)	(13,088,623)
Comparative year impact on the consolidated statement of profit or loss as a result of decrease in depreciation charge due to componentization, charged to:			
– Cost of sales	5.4.1B	9,973,106	-
Net impact of applying the IFRS standards on componentization of mine properties		**(3,115,517)**	**(13,088,623)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(13,088,623)

(All amounts in Saudi Riyals unless otherwise stated)

5.5.1 Mine properties (continued)

5.5.1D Introduction of mine closure assets

At the date of transition to IFRS, the provision for decommissioning, site rehabilitation and dismantling obligation was measured in accordance with the requirements of IAS 37, estimated from the date that the development and construction of the mine and facilities commenced and discounted to its present value over the period starting with the development and construction of the project and terminates with the mine closure date. The present value of the estimated future cost to be incurred to perform the decommissioning, site rehabilitation and dismantling at the end of the life of the mine, amounting to SAR 121,284,731 has been capitalized as part of mine properties. The corresponding obligation was credited to the provision for decommissioning, site rehabilitation and dismantling obligations (Note 5.5.10).

The asset so recognized was depreciated, using the UOP method, over the life of the mine, and a cumulative effect of increase in depreciation of mine closure assets amounting to SAR 11,479,213 resulted in a decrease in mine properties with a corresponding debit to consolidated opening retained earnings.

The related depreciation charges were charged to the appropriate reporting periods as follow:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the present value of the estimated future expenditure of the mine closure asset with a corresponding increase in the provision for decommissioning, site rehabilitation and dismantling obligation	5.5.10	121,284,731	121,284,731
1 January 2016 – Cumulative effect of depreciation consequent to the commencement of commercial production using UOP which have been charged retrospectively against consolidated opening retained earnings		(11,479,213)	(11,479,213)
Comparative year impact on the consolidated statement of profit or loss as a result of increase in depreciation charge due to UOP method, charged to:			
– Cost of sales	5.4.1B	(1,639,888)	-
Net impact of applying the IFRS standards to mine closure assets		**108,165,630**	**109,805,518**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(11,479,213)

5.5.1E Introduction of stripping activity asset

As part of the transition to IFRS, the Group has applied the concept of UOP method on stripping activity asset. This application of UOP method impacted the estimated economic useful lives, which resulted in a decrease in the net book value of the stripping activity assets, with a corresponding decrease in the consolidated opening retained earnings, on the transition date to IFRS, amounting to SAR 2,991,642. The net impact has been booked as part of the IFRS transition adjustments on 1 January 2016.

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. The related depreciation charges were charged to the appropriate reporting periods as follow:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of applying UOP method on stripping activity asset resulted in a decrease in net book value of mine properties with a corresponding decrease in consolidated opening retained earnings		(2,991,642)	(2,991,642)
Comparative year impact on the consolidated statement of profit or loss as a result of decrease in depreciation charge using UOP method, charged to:			
– Cost of sales	5.4.1B	427,855	-
Net impact of applying the IFRS standards to stripping activity assets		**(2,563,787)**	**(2,991,642)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(2,991,642)

(All amounts in Saudi Riyals unless otherwise stated)

5.5.1 Mine properties (continued)

5.5.1F Assets held under finance lease

Certain assets, comprising of motor vehicles, power plant and certain mining equipment, were the subject of lease agreements that had been treated as an operating lease under SOCPA. However, on the date of transition to IFRS 1 January 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 as part of mine properties and the liability relating to the obligation under finance lease amounting to SAR 103,991,949 (Note 5.5.11) were recognized in the consolidated statement of financial position on 1 January 2016.

Further, outstanding balance of a mobilization advance amounting to SAR 25,882,088 (Note 5.5.7) has been reclassified from advances and prepayments to finance lease assets under mine properties.

The related depreciation charges of SAR 24,014,086 were capitalized as part of capital work-in-progress before commencement of commercial operation and a depreciation charge of SAR 259,498 on other assets was charged against the consolidated opening retained earnings, as follow:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the retrospective change and capitalization as finance lease assets under IAS 17 with a corresponding increase in obligation under finance lease	5.5.11	103,991,949	103,991,949
1 January 2016 – Reclassification of advances and prepayments as finance lease assets with a corresponding decrease in advances and prepayments	5.5.7	25,882,088	25,882,088
1 January 2016 – Cumulative effect of the depreciation change on leased assets capitalized as part of capital work-in-progress before commencement of commercial operations	5.5.3D	(24,014,086)	(24,014,086)
1 January 2016 – Cumulative effect of the depreciation change on leased assets with a corresponding decrease in the consolidated opening retained earnings		(259,498)	(259,498)
1 January 2016 - Cumulative effect of the retrospective change and capitalization as a finance lease under IAS 17		**105,600,453**	**105,600,453**
Comparative year impact on the consolidated statement of profit or loss as a result of increase in depreciation charge of finance lease assets, charged to:			
– Cost of sales	5.4.1B	(19,849,410)	-
– General and administrative expenses	5.4.1D	(431,568)	-
– Exploration and technical services expenses	5.4.1E	(175,128)	-
– Capitalized as part of capital work-in-progress before commencement of commercial production	5.5.3D	(5,780,710)	-
Net impact of applying the IFRS standards on finance lease		**79,363,637**	**105,600,453**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(259,498)

5.5.1G Total impact of applying IFRS standards on mine properties

Total impact of applying the IFRS standards on mine properties – sub-total	**5.3,5.2**	**173,246,492**	**195,464,987**
1 January 2016 – Cumulative effect on consolidated opening retained earnings – sub-total	5.2.1	-	(31,679,695)

(All amounts in Saudi Riyals unless otherwise stated)

5.5.2 Property, plant and equipment

5.5.2A Reclassification to / from property, plant and equipment

As part of the transition from SOCPA to IFRS, on the transition date 1 January 2016, all items of property, plant and equipment were reclassified into mining and non-mining assets.

Further, IAS 16 requires that capital spares be capitalized as part of the asset to which it relates and depreciated over the economic useful life of the host asset. Capital spares with a cost of SAR 1,753,303 previously shown under inventory, were reclassified as part of property, plant and equipment and depreciated in accordance with the depreciation rates applicable to the host asset.

The following reclassifications have occurred in property, plant and equipment at the transition date:.

	Notes	31 December 2016	1 January 2016
Net book value of assets servicing the mines reclassified to mine properties	5.5.1A	(5,890,309,538)	(2,999,159,117)
Capital spares reclassified from inventory	5.5.1B	1,757,303	1,757,303
Net reclassifications from property, plant and equipment	**5.3,5.2**	**(5,888,552,235)**	**(2,997,401,814)**

(All amounts in Saudi Riyals unless otherwise stated)

5.5.2 Property, plant and equipment (continued)

5.5.2B Introduction of asset componentization

Under IFRS, an item of property, plant and equipment should be broken down 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 Group has applied the concept of asset componentization and accounted for its impact on the estimated economic useful lives of the components, which resulted in an increase in accumulated depreciation and therefore a decrease in the net book value of property, plant and equipment, with a corresponding decrease in the consolidated opening retained earnings, on the transition date to IFRS, amounting to SAR 107,346,387 (Note 5.2.1).

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of increase in depreciation due to componentization of assets resulted in the decrease in property, plant and equipment with a corresponding decrease in consolidated opening retained earnings		(107,346,387)	(107,346,387)
Comparative year impact on the consolidated statement of profit or loss as a result of componentization of property, plant and equipment and depreciation of capital spares, charged to:			
– Cost of sales			
increase in depreciation charge due to componentization	5.4.1B	(40,709,730)	-
Increase in depreciation of capital spares after reclassification from inventory	5.4.1B	(302,983)	-
– General and administrative expenses			
decrease in depreciation charge due to componentization	5.4.1D	2,031,305	-
– Exploration and technical services expenses			
increase in depreciation charge due to componentization	5.4.1E	(37,483)	-
Net impact of componentization on property, plant and equipment		**(146,365,278)**	**(107,346,387)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings due to:			
– Increase in depreciation of property, plant and equipment due to componentization	5.2.1	-	(106,966,813)
– Increase in depreciation due to reclassification of capital spares from inventory to property, plant and equipment	5.2.1	-	(379,574)
		-	(107,346,387)

(All amounts in Saudi Riyals unless otherwise stated)

5.5.2 Property, plant and equipment (continued)

5.5.2C Transaction cost

Under SOCPA the gross transaction costs attributable to long-term borrowings, comprising of upfront fees and commitment fees, were capitalized as part of capital work-in-progress as and when incurred, with the corresponding credit to long-term borrowings. Upon declaration of commercial production, such transactions costs were transferred to property, plant and equipment.

Under IFRS the gross transaction costs can only be recognized on a proportionate basis over the term of the long-term borrowings, by using effective interest rate method. The portion of the transaction cost so calculated can only be capitalized as part of the cost of the qualifying asset shown under capital work-in-progress up until the date that commercial production is declared. Thereafter the calculated portion of the transaction cost is expensed as finance cost in the consolidated statement of profit or loss.

The eligible gross transaction cost and the subsequent depreciation charges related to it needed to be reversed as part of the transition from SOCPA to IFRS:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of reversal of eligible transaction costs by debiting the long-term borrowings and crediting:			
– property, plant and equipment	5.5.9	(282,637,367)	(282,637,367)
– property, plant and equipment (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.9	(179,744,959)	-
1 January 2016 – Cumulative effect of the capitalization of amortization of the transaction costs, using the effective interest rate method with a corresponding increase in long-term borrowings			
– property, plant and equipment	5.5.9	21,776,725	21,776,725
– property, plant and equipment (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.9	15,893,539	-
1 January 2016 – Cumulative effect of the reversal of depreciation calculated on the eligible transaction cost previously capitalized, resulted in an increase in the net book value of property, plant and equipment and a corresponding decrease in consolidated opening retained earnings		16,908,243	16,908,243
Periodic impact of amortization of transaction cost by debiting property, plant and equipment and crediting long-term borrowings until the date of declaring commercial production	5.5.9	16,329,547	-
Comparative year impact on the consolidated statement of profit or loss as a result of reversal of depreciation calculated on the eligible transaction cost previously capitalized, resulted in an increase in the net book value of property, plant and equipment with a corresponding credit to:			
– Cost of sales	5.4.1B	15,169,739	-
Net impact of applying the IFRS standards relating to transaction cost on property, plant and equipment		**(376,304,533)**	**(243,952,399)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	16,908,243

(All amounts in Saudi Riyals unless otherwise stated)

5.5.2 Property, plant and equipment (continued)

5.5.2D Introduction of mine closure assets

At the date of transition to IFRS, the provision for decommissioning, site rehabilitation and dismantling obligation was measured in accordance with the requirements of IAS 37, estimated from the date that the development and construction of the mine and facilities commenced and discounted to its present value over the period starting with the development and construction of the project and terminates with the mine closure date. The present value of the estimated future cost to be incurred to perform the decommissioning, site rehabilitation and dismantling at the end of the life of the mine, amounting to SAR 12,024,020 has been capitalized as part of capital work-in-progress until the date of declaration of commercial production which was then transferred to property, plant and equipment after the date of commercial production with a corresponding credit to the provision for decommissioning, site rehabilitation and dismantling obligations (Note 5.5.10).

The asset so recognized was depreciated, using the UOP method, over the life of the mine, and a cumulative effect of increase in depreciation of mine closure assets amounting to SAR 33,938,986 resulted in a decrease in mine properties with a corresponding debit to consolidated opening retained earnings.

The related depreciation, charged to the appropriate reporting periods as follow:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the remeasurement of the provision for decommissioning, site rehabilitation and dismantling with effect of:			
– increasing capital work-in-progress until the date of commercial production and property, plant and equipment after date of commercial production with a corresponding increase in provision for decommissioning, site rehabilitation and dismantling	5.5.3E, 5.5.10	12,024,020	-
– decrease in property, plant and equipment with a corresponding decrease in consolidated opening retained earnings		(33,938,986)	(33,938,986)
Comparative year impact on the consolidated statement of profit or loss as a result of decrease in depreciation of mine closure assets, charged to:			
– Cost of sales	5.4.1B	1,219,887	-
Net impact of applying the IFRS standards relating to provision for decommissioning, site rehabilitation and dismantling on property, plant and equipment		**(20,695,079)**	**(33,938,986)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(33,938,986)

(All amounts in Saudi Riyals unless otherwise stated)

5.5.2 Property, plant and equipment (continued)

5.5.2E Employees' end of service termination benefits obligation

Under SOCPA the employees' end of service termination benefits obligations were calculated at the current value of the vested benefits to which the employee is entitled to at the consolidated statement of financial position date. However, at the date of transition to IFRS, the employees' end of service termination benefits obligation was remeasured in accordance with the requirements of IAS 19, using the projected unit credit method, on an actuarial basis.

This resulted in an increase of employee's termination benefits obligations by SAR 52,416,223 (Note 5.5.12) out of which SAR 5,036,371 has been capitalized as part of capital work-in-progress until the date of commercial production out of which SAR 2,766,227 was transferred to property, plant and equipment after the date of commercial production with a correspond debit of SAR 47,379,852 (Note 5.2.1) to the consolidated opening retained earnings as at 1 January 2016.

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of capitalization of increase in employee's end of service termination benefit obligation resulting in an increase in capital work-in-progress until the date of commercial production and property, plant and equipment after date of commercial production	5.5.3F, 5.5.12	2,766,227	-
Comparative year remeasurement of the employees' end of service termination benefits obligation debited to capital work-in-progress until the date of declaring commercial production with a corresponding increase in employees' end of service termination benefits obligation	5.5.12	653,478	-
Net impact of applying the IFRS standards relating to employees' end of service termination benefits on property, plant and equipment		**3,419,705**	**-**
1 January 2016 – Cumulative effect on opening retained earnings		-	-

5.5.2F Total impact of applying IFRS standards on property, plant and equipment

Total impact of applying the IFRS standards on property, plant and equipment – sub-total	**5.3,5.2**	**(539,945,185)**	**(385,237,772)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings – sub-total	5.2.1	-	(124,377,130)

5.5.3 Capital work-in-progress

5.5.3A Impairment

In accordance with IFRS 1 and the IFRS 1 Implementation guide, the carrying value of capital work-in-progress, under the cost model, needs to be challenged to ensure that the capitalized cost meets the IFRS measurement criteria under IAS 16, when recognizing the asset initially.

In accordance with IAS 36 an entity also needs to assess whether there is any indications that an asset (capital work-in-progress) may be impaired. If any such indicators exist, the entity shall estimate the recoverable amount of the asset or cash generating unit for which, impairment indicators existed at 31 December 2015 and triggered the need for formal impairment calculation to be performed. The value-in-use ("VIU") model was used to estimate the recoverable amount.

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.

(All amounts in Saudi Riyals unless otherwise stated)

5.5.3 Capital work-in-progress (continued)

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 asset in the financial records. If the undiscounted recoverable amount exceeds the carrying amount of the asset 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.

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

The calculation under the IFRS approach, resulted in a recoverable amount of MRC's plant and equipment that was lower than the carrying amount as at 1 January 2016 by SAR 1,455,000,000. The shortfall in the recoverable amount was recognized as an IFRS transition date adjustment against opening retained earnings.

The same impairment indicators for MRC's plant and equipment existed at 31 December 2016 and in fact deteriorated compared to 1 January 2016, which resulted in a further deterioration of the estimated future cash flows, in line with the latest construction and production plans. The VIU model, using a pre-tax discount rate of 10.5% and a growth rate of 3.0%, resulted in a recoverable amount that was SAR 566,250,000 lower than the already impaired carrying amount as at 1 January 2016 at the time and an additional impairment loss was recognized in the consolidated statement of profit or loss for the year ended 31December 2016 (Note 19).

Further, the VIU model, using a pre-tax discount rate of 10.5% and a growth rate of 3.0%, resulted in a recoverable amount of the automotive sheet project that was lower than the carrying amount as at 1 January 2016 by SAR 461,250,000. An impairment was recognized as an IFRS transition date adjustment and shared between the two joint venture partners. Ma'aden charged its share of impairment loss against the opening retained earnings on 1 January 2016 whereas Alcoa's share was offset against the amount due to them (Note 35).

The transition date adjustments recognized in capital work-in-progress and the comparative year impact of these adjustments are as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of impairment of automotive sheet project carried at cost in Ma'aden Corporate resulted in a decrease in capital work-in-progress with a corresponding debit to consolidated opening retained earnings and due to the joint venture partner		(461,250,000)	(461,250,000)
Less: 25.1% share of the impairment adjusted against the amount due to the joint venture partner in automotive sheet project (Note 35)	5.3,5.2	115,773,750	115,773,750
Net effect of impairment of automotive sheet project on opening retained earnings	35	**(345,476,250)**	**(345,476,250)**
1 January 2016 – Impairment of MRC's plant and equipment resulted in a decrease in capital work-in-progress with a corresponding debit to consolidated opening retained earnings		(1,455,000,000)	(1,455,000,000)
Comparative year impact of impairment of plant and equipment related to MRC on the consolidated statement of profit or loss	5.4	(566,250,000)	-
Total effect of impairment of MRC plant and equipment		**(2,021,250,000)**	**(1,455,000,000)**
Total impact of impairment on capital work-in-progress		**(2,482,500,000)**	**(1,916,250,000)**
1 January 2016 – Cumulative effect of impairment on consolidated opening retained earnings	5.2.1	**-**	(1,800,476,250)

(All amounts in Saudi Riyals unless otherwise stated)

5.5.3 Capital work-in-progress (continued)

5.5.3B Ineligible cost written-off

As at 1 January 2016, certain ineligible cost amounting to SAR 34,594,002, that were previously capitalized under SOCPA was identified and have been written-off and charged to the opening balance of consolidated retained earnings. Further, certain ineligible cost was identified for the comparative year which was identified and charged as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Write-off of ineligible costs capitalized in capital work-in-progress which did not meet the measuring criterion under IAS 16, resulting in a decrease in the carrying value of capital work-in-progress with a corresponding debit to the consolidated opening retained earnings		(34,594,002)	(34,594,002)
Comparative year impact on the consolidated statement of profit or loss as a result of:			
– General and administrative expenses			
write-off of ineligible costs capitalized in capital work-in-progress which did not meet the measuring criterion under IAS 16, resulting in a decrease in the carrying value of capital work-in-progress	5.4.1D	(7,603,500)	-
reversal of ineligible cost written-off resulted in an increase in the carrying value of capital work-in-progress	5.4.1D	152,670	-
Net impact of ineligible cost written-off		**(42,044,832)**	**(34,594,002)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(34,594,002)

(All amounts in Saudi Riyals unless otherwise stated)

5.5.3 Capital work-in-progress (continued)

5.5.3C Transaction cost

Under SOCPA the gross transaction costs attributable to long-term borrowings, comprising of upfront fees and commitment fees, were capitalized as part of capital work-in-progress as and when incurred, with the corresponding credit to long-term borrowings. Upon declaration of commercial production, such transactions costs were transferred to property, plant and equipment.

Under IFRS the gross transaction costs can only be recognized on a proportionate basis over the term of the long-term borrowings, by using effective interest rate method. The portion of the transaction cost so calculated can only be capitalized as part of the cost of the qualifying asset shown under capital work-in-progress up until the date that commercial production is declared. Thereafter the calculated portion of the transaction cost is expensed as finance cost in the consolidated statement of profit or loss.

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of reversal of eligible transaction costs by debiting the long-term borrowings and crediting:			
– capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production)	5.5.9	(167,916,612)	(167,916,612)
– capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.9	-	(179,744,959)
1 January 2016 – Cumulative effect of amortizing transaction cost, using the effective interest rate method by crediting the long term borrowings and debiting:			
– capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production)	5.5.9	22,815,389	22,815,389
– capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.9	-	15,893,539
Comparative year impact of amortizing transaction costs by using the effective interest rate method, by debiting capital work-in-progress and crediting long-term borrowings until the date of declaring commercial production	5.5.9	23,175,224	-
Net impact of applying the IFRS standards relating to transaction cost on capital work-in-progress		**(121,925,999)**	**(308,952,643)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings		-	-

(All amounts in Saudi Riyals unless otherwise stated)

5.5.3 Capital work-in-progress (continued)

5.5.3D Assets held under finance lease

Certain assets, comprising of motor vehicles, power plant and certain mining equipment, were the subject of lease agreements that had been treated as an operating lease under SOCPA. However, on the date of transition to IFRS 1 January 2016 these lease agreements were assessed and re-classified as finance leases under IFRS and capitalized in accordance with IAS 17.

As at 1 January 2016, lease rentals paid for certain assets were capitalized as part of capital work-in-progress until the date of commencement of commercial production have been reversed resulting in a reduction to obligation under finance lease amounting to SAR 16,212,806 and an increase in advances and prepayments amounting to SAR 6,470,522. Further the cumulative effect of depreciation charged on certain assets held under finance lease amounting to SAR 24,014,086 have been capitalized as part of capital work-in-progress until the date of commencement of commercial production.

The comparative year impact of reversal of lease rentals previously capitalized under SOCPA and the capitalization of depreciation charge and finance cost until the date of commencement of commercial production is as follow:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of reversal of repayments initially capitalized as part of capital work-in-progress before commencement of commercial operations resulting in a decrease in carrying value of capital work-in-progress and a decrease in obligation under finance lease	5.5.11	(16,212,806)	(16,212,806)
1 January 2016 – Cumulative effect of reversal of repayments initially capitalized as part of capital work-in-progress before commencement of commercial operations resulting in a decrease of carrying value of capital work-in-progress and a corresponding increase in advances and prepayments	5.5.7	(6,470,522)	(6,470,522)
1 January 2016 – Cumulative effect of the depreciation charge on leased assets initially capitalized as part of capital work-in-progress before commencement of commercial operations resulting in an increase in carrying value of capital work-in-progress and a decrease in net book value of lease assets under mine properties	5.5.1F	24,014,086	24,014,086
Comparative year impact of reversal of lease rental capitalized as part of capital work-in-progress pertaining to reversal of lease rental from:			
– advances and prepayments	5.5.7	(1,294,104)	-
– obligation under finance lease	5.5.11	(4,884,642)	-
Comparative year impact of finance cost on obligation under finance lease capitalized as part of capital work-in-progress	5.5.11	882,321	-
Comparative year impact of depreciation charge capitalized as part of capital work-in-progress	5.5.1F	5,780,710	-
Net impact of assets held under finance lease on capital work-in-progress		**1,815,043**	**1,330,758**
1 January 2016 – Cumulative effect consolidated opening retained earnings		-	-

(All amounts in Saudi Riyals unless otherwise stated)

5.5.3 Capital work-in-progress (continued)

5.5.3E Introduction of mine closure assets

At the date of transition to IFRS, the provision for decommissioning, site rehabilitation and dismantling obligation was measured in accordance with the requirements of IAS 37, estimated from the date that the development and construction of the mine and facilities commenced and discounted to its present value over the period starting with the development and construction of the project and terminates with the mine closure date. The present value of the estimated future cost to be incurred to perform the decommissioning, site rehabilitation and dismantling at the end of the life of the mine, amounting to SAR 12,024,020 has been capitalized as part of capital work-in-progress until the date of declaration of commercial production which was then transferred to property, plant and equipment (Note 5.5.2(d)) after the date of commercial production with a corresponding credit to the provision for decommissioning, site rehabilitation and dismantling obligations (Note 5.5.10).

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the remeasurement of the provision for decommissioning, site rehabilitation and dismantling with effect of:			
– increasing capital work-in-progress until the date of commercial production and property, plant and equipment after date of commercial production with a corresponding increase in provision for decommissioning, site rehabilitation and dismantling	5.5.2D, 5.5.10	-	12,024,020
Net impact of applying the IFRS standards relating to provision for decommissioning, site rehabilitation and dismantling on capital work-in-progress		**-**	**12,024,020**
1 January 2016 – Cumulative effect on consolidated opening retained earnings		-	-

(All amounts in Saudi Riyals unless otherwise stated)

5.5.3 Capital work-in-progress (continued)

5.5.3F Employees' end of service termination benefits obligation

Under SOCPA the employees' end of service termination benefits obligation was calculated at the current value of the vested benefits to which the employee is entitled to at the consolidated statement of financial position date. However, at the date of transition to IFRS, the employees' end of service termination benefits obligations were remeasured in accordance with the requirements of IAS 19, using the projected unit credit method, on an actuarial basis.

This resulted in an increase of employee's termination benefits obligation by SAR 52,416,223 (Note 5.5.12) with the corresponding debit of SAR 47,379,852 to the consolidated opening retained earnings as at 1 January 2016 and a debit of SAR 5,036,371 to capital work-in-progress until the date of commercial production out of which SAR 2,766,227 was transferred to property, plant and equipment after the date of commencement of commercial production.

out of which SAR 5,036,371 has been capitalized as part of capital work-in-progress until the date of commercial production out of which SAR 2,766,227 was transferred to property, plant and equipment after the date of commercial production with a correspond debit of SAR 47,379,852 (Note 5.2.1) to the consolidated opening retained earnings as at 1 January 2016.

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of capitalization of increase in employee's end of service termination benefit obligations resulting in an increase in capital work-in-progress until the date of commercial production and property, plant and equipment after date of commercial production with a corresponding increase in employees' end of service termination benefits obligation			
– capital work-in-progress	5.5.12	2,270,144	2,270,144
– capital work-in-progress until the date of commercial production and to property, plant and equipment after the date of commencement of commercial production	5.5.2E, 5.5.12	-	2,766,227
Comparative year re-measurement of the employees' end of service termination benefits obligation debited to capital work-in-progress until the date of declaring commercial production and credited to the employees' end of service termination benefits obligation	5.5.12	3,962,133	-
Net impact of employees' end of service termination benefits obligation on capital work-in-progress		**6,232,277**	**5,036,371**
1 January 2016 – Cumulative effect on consolidated opening retained earnings		-	-

5.5.3G Total impact of applying IFRS standards on capital work-in-progress

Total impact of applying the IFRS standards on capital work-in-progress – sub-total	**5.3,5.2**	**(2,638,423,511)**	**(2,241,405,496)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings – sub-total	5.2.1	-	(1,835,070,252)

(All amounts in Saudi Riyals unless otherwise stated)

5.5.4 Intangible assets

In accordance with IFRS 1 and the IFRS 1 Implementation guide, that carrying value of intangible assets under the cost model, needs to be challenged to ensure that the capitalized cost meets the IFRS measurement criteria under IAS, when recognizing the asset. Therefore, certain intangible assets that did not qualify for recognition as intangible assets amounting to SAR 1,390,413 have been written-off and charged to retained earnings.

In accordance with SOCPA, the Group 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 Group retrospectively remeasured the intangible assets based on the estimated economic useful life of the intangible assets. This resulted in a decrease in accumulated amortization of intangible assets that was adjusted against the consolidated opening retained earnings.

Further, certain intangible assets that did not qualify for recognition as intangible assets amounting to SAR 1,390,413 have been written-off and charged to the opening balance of consolidated retained earnings.

The transition date adjustments recognized in intangible assets and the comparative year impact of these adjustments are as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of write-off of ineligible cost and the retrospective change in the amortization policy of intangible assets under IFRS, based on the economic useful lives on the net book value of intangible assets with a corresponding increase in consolidated opening retained earnings:			
– Ineligible cost written-off of intangible assets		(1,390,413)	(1,390,413)
– Decrease in accumulated amortization of intangible assets		3,913,397	3,913,397
Sub-total		**2,522,984**	**2,522,984**
Comparative year impact of amortization of intangible assets on the consolidated statement of profit or loss by debiting to:			
– Cost of sales	5.4.1B	1,120,172	-
– General and administrative expenses	5.4.1D	1,682,213	-
Net impact of amortization adjustment on intangible assets	**5.3,5.2**	**5,325,369**	**2,522,984**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	2,522,984

(All amounts in Saudi Riyals unless otherwise stated)

5.5.5 Investment in joint venture

As of the date of transition, the Group determined that the recoverable amount of the total investment in one of its joint venture (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 372,774,239 as at the date of transition to IFRS (Note 21.2).

Consequently, the share in net loss recognized for the investment during the year ended 31 December 2016 has been credited to "Share in net loss of joint venture that have been equity accounted" in the consolidated statement of profit or loss.

The transition date adjustments recognized in investment in joint venture and the comparative year impact of these adjustments are as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of impairment of investment in a joint venture which resulted in a decrease in the carrying value of the investment and additional contribution with a corresponding decrease in the opening retained earnings			
– investment in a joint venture		(324,775,820)	(324,775,820)
– additional contribution		(47,998,419)	(47,998,419)
Comparative year effect of reversal of the share in the net loss of the joint venture on the consolidated statement of profit or loss by crediting to:			
– share in net loss of joint venture that have been equity accounted	5.4.1G	77,513,678	-
Net impact of impairment on investment in joint venture	**5.3,5.2**	**(295,260,561)**	**(372,774,239)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1,21.2	-	(372,774,239)

(All amounts in Saudi Riyals unless otherwise stated)

5.5.6 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 applicable to foreign shareholders only.

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 1 January 2016.

The impact of applying IAS 12 in recognizing deferred tax assets and liabilities on foreign shareholder only on the comparative years are as follows:

5.5.6A Deferred tax assets

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of recognizing deferred tax assets for the first time with a corresponding increase in opening retained earnings		248,382,944	248,382,944
Comparative year impact on consolidated statement of profit or loss due to an increase in deferred tax assets	5.4.1H	130,056,102	-
Total impact on recognizing deferred tax assets	**5.3,5.2**	**378,439,046**	**248,382,944**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	248,382,944

5.5.6B Deferred tax liabilities

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of recognizing deferred tax liabilities for the first time with a corresponding decrease in opening retained earnings		(164,155,080)	(164,155,080)
Comparative year impact on consolidated statement of profit or loss due to an increase in deferred tax liabilities	5.4.1H	(110,173,387)	-
Total impact on recognizing deferred tax liabilities	**5.3,5.2**	**(274,328,467)**	**(164,155,080)**
1 January 2016 – Cumulative effect on opening retained earnings	5.2.1	-	(164,155,080)

5.5.6C Net impact of applying IFRS standards on deferred tax

Net periodic effect of increase in deferred tax assets and liabilities as shown in the consolidated statement of profit or loss – sub-total	5.4.1H, 22.1	**19,882,715**	**-**
1 January 2016 – Net effect of recognizing deferred tax assets and deferred tax liability on consolidated opening retained earnings – sub-total	5.2.1	-	84,227,864

(All amounts in Saudi Riyals unless otherwise stated)

5.5.7 Advances and prepayments

The outstanding balance of a mobilization advance amounting to SAR 25,882,088 has been reclassified from advances and prepayments to finance lease assets under mine properties (Note 5.5.1F).

The related reversal of the operating lease expense previously charged as follow:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of reclassification of advances and prepayments as finance lease with a corresponding increase in finance lease assets under mine properties	5.5.1F	(25,882,088)	(25,882,088)
1 January 2016 – Cumulative effect of reversal of repayments initially capitalized as part of capital work-in-progress before commencement of commercial operations resulting in a decrease of carrying value of capital work-in-progress and a corresponding increase in advances and prepayments	5.5.3D	6,470,522	6,470,522
Comparative year impact of reversal of lease rentals resulted in an increase in advances and prepayments with a corresponding credit to:			
– Cost of sales	5.4.1B	3,882,312	-
– capital work-in-progress related to lease rentals capitalized before commencement of commercial operations	5.5.3D	1,294,104	-
Net impact of reclassification of lease assets and reversal of lease rentals on advances and prepayments	**5.3,5.2**	**(14,235,150)**	**(19,411,566)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings		-	-

(All amounts in Saudi Riyals unless otherwise stated)

5.5.8 Trade and other receivables and sales

It is a common practice in the mining industry that certain commodities are provisionally priced at the time that the commodity physically change hands due to:

- the metal content needs to be finally assayed at the refinery as a result of further refinement or
- the selling price is not finally settled until a contractually pre-determined future date and is based on the ruling market price at that time

Revenue on the sale of such commodities is initially recognized at a provisional market price prevailing at the time of delivery. The trade receivables arising from the provisional priced sales are marked to market at each reporting date, using the forward price for the year equivalent to the pricing mechanism agreed in the contract. This marked to market adjustment to trade receivables is recognized in the sales revenue of such commodity (Note 8) and also to the cost of sales for the by-products (Note 9) as and when booked at the reporting date, in accordance with IFRS revenue recognition standard.

The transition date adjustments recognized in trade and other receivable and sales along with the comparative year impact of these provisional pricing adjustments are as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of applying provisional pricing resulted in a decrease in trade receivables with a corresponding decrease in consolidated opening retained earnings		(996,824)	(996,824)
Comparative year impact arising from the adjustment to trade receivables due to the application of provisional pricing and the subsequent reversal in the following year to:			
– Sales	5.4.1A	(1,997,792)	-
– Cost of sales for by-product sales	5.4.1B	3,292,841	-
Net impact of applying provisional pricing adjustments on trade and other receivables	**5.3,5.2**	**298,225**	**(996,824)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(996,824)

5.5.9 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.

(All amounts in Saudi Riyals unless otherwise stated)

5.5.9 long-term borrowings (continued)

The transition date adjustments recognized in long-term borrowings and the comparative year impact of these adjustments are as follows:

		31 December 2016	1 January 2016
Transaction cost			
1 January 2016 – Cumulative effect of reversal of eligible transaction costs by debiting long-term borrowings and crediting:			
– property, plant and equipment	5.5.2C	(282,637,367)	(282,637,367)
– property, plant and equipment (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.2C	(179,744,959)	-
– capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production)	5.5.3C	(167,916,612)	(167,916,612)
– capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.3C	-	(179,744,959)
1 January 2016 – Cumulative effect of amortizing transaction cost, using the effective interest rate method by crediting the long term borrowings and debiting:			
– property, plant and equipment	5.5.2C	21,776,725	21,776,725
– property, plant and equipment (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.2C	15,893,539	-
– capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production)	5.5.3C	22,815,389	22,815,389
– capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.3C	-	15,893,539
– opening retained earnings		46,167,299	46,167,299
Comparative year impact of amortizing transaction cost, by debiting:			
– property, plant and equipment	5.5.2C	16,329,547	-
– capital work-in-progress and crediting long-term borrowings until the date of declaring commercial production	5.5.3C	23,175,224	-
– finance cost as shown in the statement of profit or loss after declaring commercial production	5.4.1F	39,513,080	-
Net impact of applying the IFRS standards relating to long-term borrowings	**5.3,5.2**	**(444,628,135)**	**(523,645,986)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(46,167,299)

(All amounts in Saudi Riyals unless otherwise stated)

5.5.10 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 net increase of the provision for decommissioning by SAR 97,078,345 with a corresponding increase in mine closure assets under mine properties by SAR 121,284,731 (Note 5.5.1D) and an increase of SAR 12,024,020 in mine closure assets capitalized as part of capital work-in-progress before the date of declaration of commercial production which was then transferred to mine closure assets under property, plant and equipment after the date of commencement of commercial production.

The provision for decommissioning is unwinded with the passage of time and the unwinding of the present value is charged to finance cost in the consolidated statement of profit or loss as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the present value of the estimated future expenditure of the provision for decommissioning, site rehabilitation and dismantling obligation with a corresponding debit to:			
– mine properties	5.5.1D	121,284,731	121,284,731
– property, plant and equipment (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.2D	12,024,020	-
– capital work-in-progress until the date of commercial production and property, plant and equipment after date of commercial production	5.5.3E	-	12,024,020
1 January 2016 – Cumulative effect of discounting the present value of the estimated future expenditure of the provision for decommissioning, site rehabilitation and dismantling obligation resulted in a decrease in the provision with a corresponding increase in consolidated opening retained earnings		(51,884,538)	(51,884,538)
1 January 2016 – Cumulative effect of the unwinding of the provision for decommissioning, site rehabilitation and dismantling commenced at the beginning of the development and construction phase of project. Therefore, the retrospective charge due to unwinding has increased the provision with a corresponding decrease in the consolidated opening retained earnings		15,654,132	15,654,132
Comparative year impact of accretion of the decommissioning, site rehabilitation and dismantling provision, debited to:			
– Finance cost	5.4.1F	15,367,190	-
Net impact of applying the IFRS standards relating to decommissioning, site rehabilitation and dismantling obligations	**5.3,5.2**	**112,445,535**	**97,078,345**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	36,230,406

(All amounts in Saudi Riyals unless otherwise stated)

5.5.11 Obligation under finance lease

Certain assets, comprising of motor vehicles, power plant and certain mining equipment, were the subject of lease agreements that had been treated as an operating lease under SOCPA. However, on the date of transition to IFRS 1 January 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 and the liability relating to the obligation under finance lease amounting to SAR 103,991,949 (Note 5.5.1F) were recognized in the consolidated statement of financial position on 1 January 2016.

The related repayments that were previously charged to the consolidated statement of profit or loss were reversed and recorded as a reduction to the obligation under finance lease whereas, the related finance cost portion was charged to the consolidated statement of profit or loss and recorded as an increase in obligation under finance lease as follow:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the retrospective change and capitalization as a finance lease under IAS 17 with a corresponding increase in assets held under finance lease reported under mine properties	5.5.1F	103,991,949	103,991,949
1 January 2016 – Cumulative effect of reversal of repayments initially capitalized as part of capital work-in-progress before commencement of commercial operations resulted in a decrease of carrying value of capital work-in-progress with a corresponding decrease in obligation under finance lease	5.5.3D	(16,212,806)	(16,212,806)
1 January 2016 – Cumulative effect of reversal of repayments of lease rentals initially charged to expense and accordingly recorded as a reduction to obligation under finance lease with a corresponding decrease in consolidated opening retained earnings		(232,093)	(232,093)
Sub-total		**87,547,050**	**87,547,050**
Comparative year impact of reversal of repayments of lease rentals resulted in a decrease in obligation under finance lease with a corresponding credit to:			
– Cost of sales	5.4.1B	(17,414,072)	-
– General and administrative expenses	5.4.1D	(548,226)	-
– Exploration and technical services expenses	5.4.1E	(173,899)	-
– Finance cost portion charged to consolidated statement of profit or loss	5.4.1F	2,972,121	-
– Capital work-in-progress (before commencement of commercial operations)	5.5.3D	(4,884,642)	-
– Finance cost portion capitalized as part of capital work-in-progress (before commencement of commercial operations)	5.5.3D	882,321	-
Net repayments		**(19,166,397)**	**-**
Obligation under finance lease after applying IAS 17		**68,380,653**	**87,547,050**
Less: Current portion of obligation under finance lease shown under current liabilities	5.3,5.2	(20,124,717)	(19,166,397)
Long-term portion of obligation under finance lease	**5.3,5.2**	**48,255,936**	**68,380,653**
1 January 2016 – Cumulative effect consolidated opening retained earnings	5.2.1	-	232,093

(All amounts in Saudi Riyals unless otherwise stated)

5.5.12 Employees' end of service termination benefits obligations

Under SOCPA the employees' end of service termination benefits obligation were calculated at the current value of the vested benefits to which the employee is entitled to at the consolidated statement of financial position date. However, at the date of transition to IFRS, the employees' end of service termination benefits obligation was remeasured in accordance with the requirements of IAS 19, using the projected unit credit method, on an actuarial basis.

This resulted in an increase of employee's termination benefits obligation by SAR 52,416,223 out of which SAR 5,036,371 has been capitalized as part of capital work-in-progress and SAR 47,379,852 (Note 5.2.1) has been recognized as a decrease against the consolidated opening retained earnings as at 1 January 2016.

One of the assumptions used in arriving at the present value of the defined termination benefits obligation is a discount rate of 4.5% (Note 39). The accretion of the present value of the employees' end of service termination benefits obligation over the weighted average duration of the defined end of service termination benefit obligation is charged to finance cost in the consolidated statement of profit or loss. 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.

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

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the increase in the employees' end of service termination benefits obligation with a corresponding debit to:			
– Property, plant and equipment (since commencement of commercial production)	5.5.2E	2,766,227	-
– Capital work-in-progress	5.5.3F	2,270,144	2,270,144
– Capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.3F	-	2,766,227
– Consolidated opening retained earnings		47,379,852	47,379,852
Comparative year impact arising from remeasurement of employees' end of service termination benefits obligation in the following accounts of consolidated statement of profit or loss:			
– Cost of sales	5.4.1B	8,972,174	-
– Selling, marketing and logistic expenses	5.4.1C	(91,742)	-
– General and administrative expenses	5.4.1D	(12,467,460)	-
– Exploration and technical services expenses	5.4.1E	(1,792,619)	-
– Finance cost (accretion of employees' and of service termination benefits obligation)	5.4.1F	14,741,558	-
Total adjustment to the consolidated statement of profit or loss		**9,361,911**	**-**
Remeasurement due to change in:			
– Experience adjustment	5.4.1I	(28,092,902)	-
– Loss from change in financial assumption	5.4.1I	26,322,317	-
Total charged to consolidated statement of other comprehensive income		**(1,770,585)**	**-**
Comparative year impact of increase in employees' end of service termination benefits obligation and debiting property, plant and equipment	5.5.2E	653,478	-
Comparative year impact of increase in employees' end of service termination benefits obligation and debiting capital work-in-progress until the date of declaring commercial production	5.5.3F	3,962,133	-
Net impact of applying the IFRS standards to employees' end of service termination benefits	**5.3,5.2**	**64,623,160**	**52,416,223**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(47,379,852)

(All amounts in Saudi Riyals unless otherwise stated)

5.5.13 Projects, trade and other payable

The Group, In accordance with SOCPA, was not required to discount project long-term retention payables, having a maturity of more than one year, from the statement of financial position date. However, under IFRS it is a requirement to recognize a financial liability at its fair value, less the attributable transaction cost.

5.5.13A Reclassification of current portion of retention payable

The Group at the reporting date of its consolidated statement of financial position, reclassified the current portion of the long-term retention payable within the next twelve months from non-current liabilities to current liabilities in the consolidated statement of financial position as follows:

	Notes	31 December 2016	1 January 2016
Projects - long-term retention payable		1,980,257,388	1,250,638,415
Less: Current portion of retention payable	5.3,5.2	(793,626,305)	(279,162,159)
		1,186,631,083	**971,476,256**

5.5.13B Discounting of long-term retention payable

The Group, as of the transition date 1 January 2016 and all subsequent reporting dates, has discounted the non-current portion of long-term retentions payable using its incremental borrowing rate. The decrease in the non-current portion of the projects long-term retention payable as a result of the discounting amounted to SAR 73,922,306 with a corresponding increase in the consolidated opening retained earnings on 1 January 2016 of SAR 73,922,306 (Note 5.2.1).

The resulting accretion of the projects – long term retention payables, arising from the passage of time and the unwinding of the present value impacted the comparable years as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of decrease in projects, trade and other payables due to remeasurement of long-term project retentions due and payable using effective interest rate method, to its present value with a corresponding increase in consolidated opening retained earnings		(73,922,306)	(73,922,306)
Comparative year impact on consolidated statement of profit or loss due to accretion of the discounted present value in the following account:			
– Finance cost	5.4.1F	(8,031,734)	-
Net impact of applying the IFRS standards to long-term retention payable	**5.3,5.2**	**(81,954,040)**	**(73,922,306)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	73,922,306

5.5.14 First time adoption of IFRS – effect on consolidated statement of cash flows

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

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

6.1 Critical accounting judgements in applying accounting standards

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

- economic useful lives of property, plant and equipment;
- impairment and the reversal of impairment
- zakat and income tax
- exploration and evaluation expenditure
- stripping costs
- commercial 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 31 December 2017 an amount of SAR 61,545,657 was paid to GAZT pertaining to the year ended 31 December 2016 (during the year ended 31 December 2016 an amount of SAR 44,082,363 was paid to GAZT pertaining to the year ended 31 December 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 has filed an appeal against the assessed amount with the preliminary appeal committee. Refer to Note 46.3.

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 31 December 2017, the allowance for obsolete slow-moving items amounted to SAR 38,291,650 (31 December 2016: SAR 15,853,329 and 1 January 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 (Note 27.1).

Contingencies

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

7 Segmental information

Segment reporting

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

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

7.1 Business segment

A business segment is a component of the Group :

- that engages in business activities from which it may earn revenues and incur expenses;
- 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 the VSK processing plant at Al Madinah Al Munawarah.
  - ***MWSPC*** – the development of a mine to exploit the Al-Khabra phosphate deposit. The company declared commercial production of the ammonia plant on 1 January 2017 and has commenced the trial production of Diammonium Phosphate (DAP) on 8 July 2017.
  - ***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.
- **Aluminium 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 MBAC and produces aluminium products. MAC declared commercial production on 1 September 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 Ba'itha mine and the transportation thereof to its refinery at Ras Al Khair. The alumina from MBAC is then processed at MAC. The refinery declared commercial production on 1 October 2016.
  - ***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).
  - ***Aluminium division under Corporate*** – related cost and external sales revenue have been allocated to this segment.
  - ***MIC*** – is responsible for the development, construction and delivery of services to Ma'aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a 67% proportionate share of MIC's revenues, costs and assets have been allocated to this segment.

7.1 Business segment (continued)

- **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 1 April 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 1 July 2016.
  - ***Precious and base metals division under Corporate*** – related cost and exploration expenses in Ma’aden Corporate has been allocated to this segment.

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

(All amounts in Saudi Riyals unless otherwise stated)

7.2 Business segment financial information

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2017						
Sales of goods to external customers	7.4	**5,461,224,495**	**5,031,550,231**	**1,593,159,444**	**-**	**12,085,934,170**
Gross profit		**1,865,985,866**	**1,427,175,664**	**639,133,437**	**-**	**3,932,294,967**
Income from time deposits	13	**3,477,570**	**3,309,962**	**-**	**70,709,111**	**77,496,643**
Underlying EBITDA		**2,543,823,275**	**2,572,185,313**	**820,832,204**	**(175,204,904)**	**5,761,635,888**
Depreciation and amortization		**(1,127,967,078)**	**(1,362,227,713)**	**(338,744,184)**	**(20,642,140)**	**(2,849,581,115)**
Underlying EBIT		**1,415,856,197**	**1,209,957,600**	**482,088,020**	**(195,847,044)**	**2,912,054,773**
Operating special items and re-measurements:						
Non-operating other income / (expenses), net		**(16,047,556)**	**(444,749)**	**(1,000,615)**	**(47,498,975)**	**(64,991,895)**
Impairment of capital work-in-progress	19	**-**	**(446,250,000)**	**-**	**-**	**(446,250,000)**
Impairment of investment in joint venture	21.2	**-**	**(30,750,000)**	**-**	**-**	**(30,750,000)**
Share in net income of a joint venture	21.1.3	**-**	**-**	**101,650,424**	**-**	**101,650,424**
Net profit / (loss) before net finance income / (cost) and zakat and income tax		**1,399,808,641**	**732,512,851**	**582,737,829**	**(243,346,019)**	**2,471,713,302**
Net profit / (loss) attributable to shareholders' of the parent company		**640,361,277**	**(183,046,140)**	**517,064,487**	**(259,537,738)**	**714,841,886**
Mine properties	17	**4,943,241,944**	**1,420,759,553**	**2,734,031,950**	**-**	**9,098,033,447**
Property, plant and equipment	18	**15,610,933,567**	**28,693,443,136**	**12,848,842**	**133,707,243**	**44,450,932,788**
Capital work-in-progress*	19	**21,030,769,552**	**5,252,622,714**	**86,878,993**	**39,198,718**	**26,409,469,977**
Intangible assets	20	**86,896,716**	**216,256,255**	**21,581,350**	**20,889,139**	**345,623,460**
Investment in a joint venture	21	**-**	**-**	**934,056,539**	**-**	**934,056,539**
Total assets		**45,861,745,801**	**39,950,561,537**	**4,291,293,331**	**5,013,395,641**	**95,116,996,310**
Long-term borrowings	36.6	**28,369,128,044**	**24,369,956,783**	**1,156,772,912**	**-**	**53,895,857,739**
Obligation under finance lease	38	**-**	**13,592,151**	**48,255,936**	**-**	**61,848,087**
Total liabilities		**31,265,446,048**	**27,049,649,164**	**1,673,267,341**	**598,654,239**	**60,587,016,792**

* An amount of SAR 446,250,000 was recognised as an impairment in capital work-in-progress of aluminium segment at the year ended 31 December 2017.

(All amounts in Saudi Riyals unless otherwise stated)

7.2 Business segment financial information (continued)

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2016						
Sales of goods to external customers	7.4	4,165,055,524	4,249,270,671	1,049,530,901	-	9,463,857,096
Gross profit		705,891,898	988,223,778	326,442,332	-	2,020,558,008
Income from time deposits	13	9,517,140	351	-	142,118,647	151,636,138
Underlying EBITDA		1,625,897,319	1,834,041,092	394,138,059	(156,713,067)	3,697,363,403
Depreciation and amortization		(1,255,766,304)	(1,020,819,573)	(222,734,106)	(19,209,301)	(2,518,529,284)
Underlying EBIT		370,131,015	813,221,519	171,403,953	(175,922,368)	1,178,834,119
Operating special items and re-measurements:						
Non-operating other income / (expenses), net		16,363,869	1,029,392	(4,006,255)	19,756,158	33,143,164
Impairment of capital work-in-progress	19	-	(566,250,000)	-	-	(566,250,000)
Share in net income of a joint venture	21.1.3	-	-	3,725,530	-	3,725,530
Net profit / (loss) before net finance income / (cost) and zakat and income tax		386,494,884	248,000,911	171,123,228	(156,166,210)	649,452,813
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 a joint venture	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
Long-term borrowings	36.6	27,878,968,248	24,751,023,599	901,051,061	-	53,531,042,908
Obligation under finance lease	38	-	26,783,121	68,380,653	-	95,163,774
Total liabilities		32,021,417,239	27,198,381,264	1,421,937,328	364,696,311	61,006,432,142

* An amount of SAR 566,250,000 was recognised as an impairment in capital work-in-progress of aluminium segment at the year ended 31 December 2016.

(All amounts in Saudi Riyals unless otherwise stated)

7.3 Geographical segment

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group’s 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 base metals	Corporate	Total
31 December 2017						
International						
Indian subcontinent and Asia-pacific		**3,811,780,222**	**1,133,740,902**	**-**	**-**	**4,945,521,124**
Brazil, Singapore, GCC MENA, Europe, Latin America and North America		**705,713,599**	**2,345,321,499**	**3,993,525**	**-**	**3,055,028,623**
Switzerland and others		**897,149,773**	**939,798,617**	**1,589,165,919**	**-**	**3,426,114,309**
Sub-total		**5,414,643,594**	**4,418,861,018**	**1,593,159,444**	**-**	**11,426,664,056**
Domestic		**46,580,901**	**612,689,213**	**-**	**-**	**659,270,114**
Total	8	**5,461,224,495**	**5,031,550,231**	**1,593,159,444**	**-**	**12,085,934,170**
31 December 2016						
International						
Indian subcontinent and Asia-pacific		2,527,012,739	1,516,441,146	-	-	4,043,453,885
Brazil, Singapore, GCC MENA, Europe, Latin America and North America		1,090,996,415	1,287,934,099	2,640,359	-	2,381,570,873
Switzerland and others		471,223,772	645,581,518	1,043,312,766	-	2,160,118,056
Sub-total		4,089,232,926	3,449,956,763	1,045,953,125	-	8,585,142,814
Domestic		75,822,598	799,313,908	3,577,776	-	878,714,282
Total	8	4,165,055,524	4,249,270,671	1,049,530,901	-	9,463,857,096

(All amounts in Saudi Riyals unless otherwise stated)

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 base metals	Corporate	Total
31 December 2017					
Customer No. 1 – Indian subcontinent	**1,950,271,753**	**-**	**-**	**-**	**1,950,271,753**
Customer No. 2 – Switzerland	**-**	**-**	**1,428,230,236**	**-**	**1,428,230,236**
Customer No. 3 – Spain	**-**	**1,192,670,053**	**-**	**-**	**1,192,670,053**
Customer No. 4 – Brazil	**691,069,381**	**-**	**-**	**-**	**691,069,381**
31 December 2016					
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

7.4 The Group's revenue generation by product

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2017						
Phosphate fertilizer and ammonia		**5,350,833,240**	**-**	**-**	**-**	**5,350,833,240**
Low grade bauxite, caustic calcined magnesia and dead burned magnesia		**110,187,810**	**-**	**-**	**-**	**110,187,810**
Primary aluminium		**-**	**4,991,567,481**	**-**	**-**	**4,991,567,481**
Alumina		**-**	**39,569,695**	**-**	**-**	**39,569,695**
Gold		**-**	**-**	**1,593,159,444**	**-**	**1,593,159,444**
Infrastructure		**203,445**	**413,055**	**-**	**-**	**616,500**
Total	7.2, 8	**5,461,224,495**	**5,031,550,231**	**1,593,159,444**	**-**	**12,085,934,170**

(All amounts in Saudi Riyals unless otherwise stated)

7.4 The Group's revenue generation by product (continued)

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2016						
Phosphate fertilizer and ammonia		4,056,326,243	-	-	-	4,056,326,243
Low grade bauxite and caustic calcined magnesia		108,722,268	-	-	-	108,722,268
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
Total	7.2, 8	4,165,055,524	4,249,270,671	1,049,530,901	-	9,463,857,096

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

(All amounts in Saudi Riyals unless otherwise stated)

8 Sales

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Sale of goods			
Phosphate segment			
Phosphate fertilizer and ammonia		**5,350,833,240**	4,056,326,243
Industrial minerals		**110,187,810**	108,722,268
Sub-total		**5,461,021,050**	4,165,048,511
Aluminium segment			
Primary aluminium		**4,991,567,481**	4,249,256,434
Alumina		**39,569,695**	-
Sub-total		**5,031,137,176**	4,249,256,434
Precious and base metals segment			
Gold		**1,593,159,444**	1,049,530,901
Rendering of services			
Infrastructure revenue		**616,500**	21,250
Total	7.2, 7.3,7.4	**12,085,934,170**	9,463,857,096
Gold sales analysis			
Quantity of gold ounces (Oz) sold		**333,381**	224,576
Average realized price per ounce (Oz) in:			
US$		**1,274**	1,246
Saudi Riyals (equivalent)		**4,779**	4,673

(All amounts in Saudi Riyals unless otherwise stated)

9 Cost of sales

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Salaries and staff related benefits		**973,017,780**	760,179,167
Contracted services		**717,876,809**	439,698,732
Repairs and maintenance		**117,064,675**	62,732,179
Consumables		**134,087,056**	143,671,934
Overheads		**442,319,490**	368,334,373
Raw material and utilities consumed		**3,305,877,981**	3,185,804,208
Inventory losses		**12,446,990**	16,509,086
Sale of by-products	4.3,9.1	**(90,852,704)**	(44,008,143)
Allowance / (reversal) of inventory obsolescence	27.1	**22,438,321**	(131,520)
Severance fees	41	**73,093,714**	8,278,039
Total cash operating costs		**5,707,370,112**	4,941,068,055
Depreciation of mine properties	17.1	**505,285,879**	393,922,609
Depreciation of property, plant and equipment	18.1	**2,287,053,143**	2,060,404,913
Amortisation of intangible assets	20.1	**20,294,014**	29,927,970
Total operating costs		**8,520,003,148**	7,425,323,547
(Increase) / decrease in inventory	27	**(366,363,945)**	17,975,541
Total		**8,153,639,203**	7,443,299,088

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

Copper		**34,700,739**	19,297,994
Zinc		**48,263,728**	19,022,849
Silver		**7,888,237**	5,687,300
Total	9	**90,852,704**	44,008,143

10 Selling, marketing and logistic expenses

	Year ended 31 December 2017	Year ended 31 December 2016
Salaries and staff related benefits	**45,418,518**	43,091,632
Contracted services	**6,991,550**	3,311,801
Freight and overheads	**177,529,820**	117,377,469
Consumables	**184,760**	63,942
Marketing fees and deductibles	**273,102,217**	220,546,979
Other selling expenses	**27,650,630**	25,571,378
Total	**530,877,495**	409,963,201

(All amounts in Saudi Riyals unless otherwise stated)

11 General and administrative expenses

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Salaries and staff related benefits		**201,964,648**	216,848,654
Contracted services		**79,542,650**	30,167,377
Overheads and other		**64,428,407**	42,544,710
Consumables		**1,627,255**	1,735,433
Repair parts		**586,964**	829,677
Depreciation of mine properties	17.1	**392,830**	438,072
Depreciation of property, plant and equipment	18.1	**26,928,555**	28,796,708
Amortisation of intangible assets	20.1	**6,335,751**	2,998,071
Provision for doubtful debts	28.1	**-**	312,475
Total		**381,807,060**	324,671,177

12 Exploration and technical services expenses

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Salaries and staff related benefits		**28,530,175**	33,944,091
Contracted services		**25,802,021**	9,349,771
Overheads and other		**3,003,498**	3,743,012
Consumables		**1,308,357**	248,258
Repair parts		**266,299**	10,812
Depreciation of mine properties	17.1	**146,585**	151,514
Depreciation of property, plant and equipment	18.1	**3,144,358**	1,889,427
Total		**62,201,293**	49,336,885

13 Income from time deposits

	Note	Year ended 31 December 2017	Year ended 31 December 2016
Income from time deposits – measured at amortised cost	7.2	**77,496,643**	151,636,138

(All amounts in Saudi Riyals unless otherwise stated)

14 Finance cost

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Public Investment Fund		**354,174,576**	140,705,757
Saudi Riyal procurement		**258,351,526**	176,104,082
Al-Rajhi Bank		**-**	8,226,879
The Export Import Bank of Korea		**-**	2,194,015
Korea Export Insurance Corporation		**-**	5,728,642
Commercial		**55,658,912**	31,031,974
US Dollar procurement		**55,101,085**	31,179,532
Wakala		**65,908,680**	36,748,886
Saudi Industrial Development Fund		**19,890,000**	11,655,785
Riyal Murabaha facility		**382,248,125**	274,871,707
Revolving credit facility		**24,187,500**	64,297,882
Others		**43,755,761**	9,177,007
Sub-total		**1,259,276,165**	791,922,148
Amortization of transaction cost	36.9	**274,320,433**	71,479,197
Accretion of provision for mine decommissioning obligations	37.1,37.2, 37.3,37.4	**18,047,031**	16,832,346
Unwinding of discount of non-current obligations under finance lease	38	**5,307,249**	3,472,190
Finance cost on employees' end of service termination benefits obligation	39.1	**19,429,917**	14,741,559
Unwinding of discount / (increase in discount) of long-term retention payable	42.1	**39,625,169**	(8,031,734)
Total	14.1	**1,616,005,964**	890,415,706

14.1 Summary of finance cost

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Expensed during the year	14	**1,616,005,964**	890,415,706
Borrowing cost capitalised as part of qualifying assets in capital work-in-progress during the year	19	**495,873,199**	695,720,611
Amortization of transaction cost capitalized as part of qualifying assets in capital work-in-progress during the year	19,36.9	**40,484,382**	86,846,987
Unwinding of discount of non-current obligations under finance lease capitalized as part of qualifying assets in capital work-in-progress during the year	19,38	**-**	3,603,093
Interest cost on employees' end of service termination benefits obligation capitalised as part of qualifying assets in capital work-in-progress during the year	19,39.1	**-**	974,740
Total		**2,152,363,545**	1,677,561,137

(All amounts in Saudi Riyals unless otherwise stated)

15 Other (expenses) / income, net

	Year ended 31 December 2017	Year ended 31 December 2016
Other (expenses) / income , net	**(64,991,895)**	33,143,164

16 Earnings per ordinary share

	Note	Year ended 31 December 2017	Year ended 31 December 2016
Profit / (loss) attributable to shareholders' of the parent company		**714,841,886**	(10,739,221)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	31	**1,168,478,261**	1,168,478,261
Basic and diluted earnings / (loss) per ordinary share from continuing operations		**0.61**	(0.01)

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

(All amounts in Saudi Riyals unless otherwise stated)

17 Mine properties

				---------- Producing mines						----------		
	Notes	**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***	**Total**
Cost												
1 January 2016		233,233,575	4,206,515,699	186,176,460	940,441,205	135,434,455	3,217,007,983	59,228,787	48,105,087	398,940,798	176,136,412	9,601,220,461
Additions during the year		36,569,955	1,280,371,855	-	-	-	1,075,324	-	45,440,760	108,838,048	-	1,472,295,942
Transfer of capital spares	27	-	-	-	-	-	26,323,519	-	-	-	-	26,323,519
Transfers within mine properties		-	(3,167,815,875)	11,248,741	991,369,915	213,368,769	1,359,287,805	408,472,487	-	(37,560,830)	221,628,988	-
Adjustments		-	-	-	(4,071,415)	-	-	-	-	-	(13,590)	(4,085,005)
31 December 2016		269,803,530	2,319,071,679	197,425,201	1,927,739,705	348,803,224	4,603,694,631	467,701,274	93,545,847	470,218,016	397,751,810	11,095,754,917
Additions during the year		37,072,561	177,279,156	1,103,556	-	-	6,402,090	-	98,898,284	23,963,124	34,730	344,753,501
Transfers within mine properties		-	(164,408,974)	-	(315,114,605)	11,706,623	123,358,628	33,373,975	-	(27,002,674)	338,087,027	-
Transfer from capital work-in-progress	19	-	-	-	-	-	-	-	-	13,829,815	-	13,829,815
Adjustments		-	-	-	-	-	(1,526,053)	-	-	-	(1,619,640)	(3,145,693)
31 December 2017		**306,876,091**	**2,331,941,861**	**198,528,757**	**1,612,625,100**	**360,509,847**	**4,731,929,296**	**501,075,249**	**192,444,131**	**481,008,281**	**734,253,927**	**11,451,192,540**
Accumulated depreciation												
1 January 2016		-	-	27,009,108	386,201,244	70,067,806	854,824,100	16,573,332	3,825,987	-	93,508,754	1,452,010,331
Charge for the year	17.1	-	-	6,627,276	63,613,360	23,816,933	249,815,878	6,976,742	11,996,506	-	38,431,944	401,278,639
Adjustments		-	-	-	(4,071,415)	-	-	-	-	-	(13,590)	(4,085,005)
31 December 2016		-	-	33,636,384	445,743,189	93,884,739	1,104,639,978	23,550,074	15,822,493	-	131,927,108	1,849,203,965
Charge for the year	17.1	-	-	7,174,888	77,807,107	35,465,185	276,988,539	17,072,120	15,675,913	-	75,641,542	505,825,294
Adjustments		-	-	-	(94,659,533)	(236,045)	(402,245)	-	-	-	93,427,657	(1,870,166)
31 December 2017		**-**	**-**	**40,811,272**	**428,890,763**	**129,113,879**	**1,381,226,272**	**40,622,194**	**31,498,406**	**-**	**300,996,307**	**2,353,159,093**
Net book value as at												
1 January 2016		233,233,575	4,206,515,699	159,167,352	554,239,961	65,366,649	2,362,183,883	42,655,455	44,279,100	398,940,798	82,627,658	8,149,210,130
31 December 2016		269,803,530	2,319,071,679	163,788,817	1,481,996,516	254,918,485	3,499,054,653	444,151,200	77,723,354	470,218,016	265,824,702	9,246,550,952
31 December 2017		**306,876,091**	**2,331,941,861**	**157,717,485**	**1,183,734,337**	**231,395,968**	**3,350,703,024**	**460,453,055**	**160,945,725**	**481,008,281**	**433,257,620**	**9,098,033,447**

*Mine properties includes plant and equipment acquired as part of finance lease (Note 17.3).

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

Stripping activity asset

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

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.

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.

(All amounts in Saudi Riyals unless otherwise stated)

17. Mine properties (continued)

17.1 Allocation of depreciation charge for the year to:

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Expensed through profit or loss			
Cost of sales	9	**505,285,879**	393,922,609
General and administrative expenses	11	**392,830**	438,072
Exploration and technical services expenses	12	**146,585**	151,514
Sub-total		**505,825,294**	394,512,195
Capital work-in-progress	19	**-**	6,766,444
Total		**505,825,294**	401,278,639

17.2 Mining properties pledged as security

Mine properties with a net book value at 31 December 2017 of SAR 5,682,315,912 (31 December 2016: SAR 5,816,082,069 and 1 January 2016: SAR 7,859,883,447) are pledged as security to lenders under the Common Term Agreements (Note 36.10).

17.3 Plant and equipment acquired utilizing finance leases as a funding mechanism

	Heavy equipment	Fixed plant and heap leaching	Others	Total
Cost				
1 January 2016	56,931,767	89,732,132	46,673,816	193,337,715
31 December 2016	56,931,767	89,732,132	46,673,816	193,337,715
31 December 2017	**56,931,767**	**89,732,132**	**46,673,816**	**193,337,715**
Accumulated depreciation				
1 January 2016	13,200,546	14,955,355	11,944,258	40,100,159
Charge for the year	6,639,792	17,946,427	3,922,108	28,508,327
31 December 2016	19,840,338	32,901,782	15,866,366	68,608,486
Charge for the year	7,002,869	17,946,427	7,165,722	32,115,018
31 December 2017	**26,843,207**	**50,848,209**	**23,032,088**	**100,723,504**
Net book value				
1 January 2016	43,731,221	74,776,777	34,729,558	153,237,556
31 December 2016	37,091,429	56,830,350	30,807,450	124,729,229
31 December 2017	**30,088,560**	**38,883,923**	**23,641,728**	**92,614,211**

Leased plant and equipment with a net book value at 31 December 2017 of SAR 92,614,211 (31 December 2016: SAR 124,729,229 and 1 January 2016: SAR 153,237,556) has been pledged as security to the lessor (Note 38.1 and 38.2).

(All amounts in Saudi Riyals unless otherwise stated)

18 Property, plant and equipment

		Non – mining assets									
	Notes	**Land**	**Motor vehicles**	**Heavy equipment**	**Fixed plant**	**Buildings**	**Civil works**	**Office equipment**	**Other equipment**	**Furniture and fittings**	**Total**
Cost											
1 January 2016		61,550,000	42,289,488	163,576,422	23,857,805,801	7,758,954,580	4,552,403,546	72,736,224	2,030,734,259	68,799,797	38,608,850,117
Additions during the year		-	-	-	51,403,494	-	-	21,766	-	-	51,425,260
Transfer from capital work-in-progress during the year	19	-	3,499,280	(86,233)	5,425,598,205	4,490,714,747	693,147,439	5,535,345	482,424,609	1,467,680	11,102,301,072
Transfer to capital work-in-progress during the year	19	-	-	-	(15,975,469)	-	-	-	-	-	(15,975,469)
Transfer of capital spares during the year	27	-	-	-	197,563,018	-	-	-	-	-	197,563,018
Written-off during the year		-	-	-	-	-	-	-	(44,237,425)	-	(44,237,425)
Adjustments		-	(32,836)	(2,572,467)	-	-	(7,670,522)	(2,908,602)	(68,000)	(3,820,591)	(17,073,018)
31 December 2016		61,550,000	45,755,932	160,917,722	29,516,395,049	12,249,669,327	5,237,880,463	75,384,733	2,468,853,443	66,446,886	49,882,853,555
Additions during the year		-	-	-	141,919,046	-	-	236,611	-	-	142,155,657
Transfer from capital work-in-progress during the year	19	-	280,343	170,457	3,779,907,614	276,153,331	48,558,681	8,579,881	138,973,488	599,532	4,253,223,327
Written-off during the year		-	-	-	-	-	-	-	(119,863,827)	-	(119,863,827)
Adjustments		-	(1,235,580)	-	1,526,053	-	-	(1,072,287)	-	-	(781,814)
31 December 2017		**61,550,000**	**44,800,695**	**161,088,179**	**33,439,747,762**	**12,525,822,658**	**5,286,439,144**	**83,128,938**	**2,487,963,104**	**67,046,418**	**54,157,586,898**

(All amounts in Saudi Riyals unless otherwise stated)

18 Property, plant and equipment (continued)

		Non – mining assets									
	Notes	**Land**	**Motor vehicles**	**Heavy equipment**	**Fixed plant**	**Buildings**	**Civil works**	**Office equipment**	**Other equipment**	**Furniture and fittings**	**Total**
Accumulated depreciation											
1 January 2016		-	21,012,496	45,186,418	3,954,703,351	479,565,379	312,790,428	33,088,487	415,844,148	47,110,449	5,309,301,156
Charge for the year	18.1	-	8,450,682	9,700,326	1,435,164,204	261,326,139	154,544,981	8,865,413	259,465,808	10,419,028	2,147,936,581
Written-off during the year		-	-	-	-	-	-	-	(20,576,243)	-	(20,576,243)
Adjustment		-	(32,836)	(2,572,467)	-	-	(3,579,578)	(2,902,640)	(68,000)	(3,706,019)	(12,861,540)
31 December 2016		-	29,430,342	52,314,277	5,389,867,555	740,891,518	463,755,831	39,051,260	654,665,713	53,823,458	7,423,799,954
Charge for the year	18.1	-	8,587,775	8,011,189	1,535,930,200	338,332,453	173,190,030	11,287,089	279,392,550	4,346,753	2,359,078,039
Written-off during the year		-	-	-	-	-	-	-	(74,509,481)	-	(74,509,481)
Adjustment		-	(1,235,580)	-	593,465	-	-	(1,072,287)	-	-	(1,714,402)
31 December 2017		**-**	**36,782,537**	**60,325,466**	**6,926,391,220**	**1,079,223,971**	**636,945,861**	**49,266,062**	**859,548,782**	**58,170,211**	**9,706,654,110**
Net book value											
1 January 2016		61,550,000	21,276,992	118,390,004	19,903,102,450	7,279,389,201	4,239,613,118	39,647,737	1,614,890,111	21,689,348	33,299,548,961
31 December 2016		61,550,000	16,325,590	108,603,445	24,126,527,494	11,508,777,809	4,774,124,632	36,333,473	1,814,187,730	12,623,428	42,459,053,601
31 December 2017		**61,550,000**	**8,018,158**	**100,762,713**	**26,513,356,542**	**11,446,598,687**	**4,649,493,283**	**33,862,876**	**1,628,414,322**	**8,876,207**	**44,450,932,788**

(All amounts in Saudi Riyals unless otherwise stated)

18. Property, plant and equipment (continued)

18.1 Allocation of depreciation charge for the year to:

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Expenses through profit or loss			
Cost of sales	9	**2,287,053,143**	2,060,404,913
General and administrative expenses	11	**26,928,555**	28,796,708
Exploration and technical services expenses	12	**3,144,358**	1,889,427
Sub-total		**2,317,126,056**	2,091,091,048
Capital work-in-progress	19	**41,951,983**	56,845,533
Total	18	**2,359,078,039**	2,147,936,581

18.2 Property, plant and equipment pledged as security

Property, plant and equipment with a net book value at 31 December 2017 of SAR 15,133,757,446 (31 December 2016: SAR 29,557,638,028 and 1 January 2016: SAR 32,659,970,932) are pledged as security to lenders under the Common Term Agreement (Note 36.10).

(All amounts in Saudi Riyals unless otherwise stated)

19 Capital work-in-progress

		Non-mining assets			
	Notes	Property, plant and equipment	Automotive sheet (Note 35)	Mutrafiah housing	Total
1 January 2016		31,703,253,256	793,185,851	1,009,031,897	33,505,471,004
Additions during the year		7,213,795,526	119,832,947	72,247,519	7,405,875,992
Transfer to property, plant and equipment	18	(11,102,301,072)	-	-	(11,102,301,072)
Transfer from property, plant and equipment	18	15,975,469	-	-	15,975,469
Transfer to intangible assets	20	(40,715,230)	-	-	(40,715,230)
Written-off during the year		(34,091,444)	-	-	(34,091,444)
Impairment at the end of the year*		(566,250,000)	-	-	(566,250,000)
Adjustments		669,167	-	-	669,167
31 December 2016		27,190,335,672	913,018,798	1,081,279,416	29,184,633,886
Additions during the year		2,870,299,529	148,577,257	11,412,174	3,030,288,960
Transfer to mine properties	17	(13,829,815)	-	-	(13,829,815)
Transfer to property, plant and equipment	18	(4,253,223,327)	-	-	(4,253,223,327)
Transfer to intangible assets	20	(22,623,328)	-	-	(22,623,328)
Transfer from intangible assets	20	23,165,191	-	-	23,165,191
Transfer to employees' home ownership program receivable		-	-	(1,092,691,590)	(1,092,691,590)
Impairment at the end of the year**		(446,250,000)	-	-	(446,250,000)
31 December 2017		**25,347,873,922**	**1,061,596,055**	**-**	**26,409,469,977**

*Based on weak market conditions, impairment testing was performed as at 31 December 2016 which led to the identification of an impairment of MRC's assets under capital work-in-progress amounting to SAR 566 million (USD 151 million). The fair value of MRC's assets, and the consequent impairment, was based on a discounted cashflow analysis which utilized the most recent five year business plan prepared by the management (Note 5.5.3A).

**In 2017 MRC's five year business plan was updated. The update involved an in depth review of each key element of MRC's income and costs (including sales volume and prices, operating costs and capital expenditure) and included a review of historical results and also a review of third party forecasts of the aluminium market. The updated plan included revised assumptions for the business including a lower rate of production growth than had been assumed previously and an impairment test was therefore carried out at the end of 2017. The methodology used was again the discounted cash flow analysis. Key assumptions used in this analysis included a weighted average cost of capital (WACC) of 10.5% p.a. which was calculated using a Capital Asset Pricing Model (CAPM) methodology. For the calculation of the terminal value the Gordon Growth Method was adopted which included a growth rate assumption of 3.5% which has been estimated based on third party consultants forecasts for the industry.

The results of this analysis showed a further deterioration in the fair value of MRC's assets and the requirement for an additional impairment charge of SAR446 million (USD119million).

(All amounts in Saudi Riyals unless otherwise stated)

19 Capital work-in-progress (continued)

The Group has capitalized as part of capital work-in-progress the following:

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Net borrowing cost attributable to qualifying assets	14.1	**495,873,199**	695,720,611
Depreciation of mine properties	17.1	**-**	6,766,444
Depreciation of property, plant and equipment	18.1	**41,951,983**	56,845,533
Amortisation of intangible assets	20.1	**1,653,489**	9,576,144
Amortization of transaction cost	14.1,36.9	**40,484,382**	86,846,987
Unwinding of discount of non-current obligation under finance lease	14.1,38	**-**	3,603,093
Finance cost on employees' end of service termination benefits obligation	14.1,39.1	**-**	974,740
(Gain) / loss attributable to re-measurements of employees' end of service termination benefits obligation	39.1	**(1,511,535)**	4,425,464

At 31 December 2017, the net book value of SAR 24,675,759,709 (31 December 2016: SAR 26,446,280,850 and 1 January 2016: SAR 31,595,660,537) are pledged as security to the lenders (Note 36.10).

(All amounts in Saudi Riyals unless otherwise stated)

20 Intangible assets

	Notes	Infrastructure	Internally developed software	Software and licenses	Technical development	Total
Cost						
1 January 2016		297,876,390	24,369,462	166,025,822	17,705,112	505,976,786
Additions during the year		-	-	1,285,986	-	1,285,986
Transfer from capital work-in-progress during the year	19	-	-	40,715,230	-	40,715,230
31 December 2016		297,876,390	24,369,462	208,027,038	17,705,112	547,978,002
Transfer from capital work-in-progress during the year	19	-	-	22,623,328	-	22,623,328
Transfer to capital work-in-progress during the year	19	-	-	(23,165,191)	-	(23,165,191)
31 December 2017		**297,876,390**	**24,369,462**	**207,485,175**	**17,705,112**	**547,436,139**
Accumulated amortisation						
1 January 2016		69,884,175	11,327,055	47,413,174	2,402,836	131,027,240
Charge for the year	20.1	8,208,293	3,818,592	28,072,464	2,402,836	42,502,185
31 December 2016		78,092,468	15,145,647	75,485,638	4,805,672	173,529,425
Charge for the year	20.1	8,208,293	2,784,851	14,887,274	2,402,836	28,283,254
31 December 2017		**86,300,761**	**17,930,498**	**90,372,912**	**7,208,508**	**201,812,679**
Net book value						
1 January 2016		227,992,215	13,042,407	118,612,648	15,302,276	374,949,546
31 December 2016		219,783,922	9,223,815	132,541,400	12,899,440	374,448,577
31 December 2017		**211,575,629**	**6,438,964**	**117,112,263**	**10,496,604**	**345,623,460**

(All amounts in Saudi Riyals unless otherwise stated)

20 Intangible assets (continued)

Intangible assets of with a net book value at 31 December 2017 of SAR 40,075,519 (31 December 2016: SAR 103,105,996 and 1 January 2016: SAR 85,374,130) are pledged as security to lenders under the Common Term Financing Agreement (Note 36.10).

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	Year ended 31 December 2017	Year ended 31 December 2016
Expensed through profit or loss			
Cost of sales	9	**20,294,014**	29,927,970
General and administrative expenses	11	**6,335,751**	2,998,071
Sub-total		**26,629,765**	32,926,041
Capital work-in-progress	19	**1,653,489**	9,576,144
Total		**28,283,254**	42,502,185

(All amounts in Saudi Riyals unless otherwise stated)

21 Investment in joint venture

	Notes	31 December 2017	31 December 2016	1 January 2016
MBCC	21.1.3	**934,056,539**	832,406,115	828,680,585
SAMAPCO	21.2	**-**	-	-
Total	7.2	**934,056,539**	832,406,115	828,680,585

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 venture

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

	Note	Year ended 31 December 2017	Year ended 31 December 2016
Sales and other operating revenues		**796,098,526**	270,468,071
Finance cost		**(9,785,786)**	(3,999,009)
Depreciation		**(130,366,645)**	(53,102,842)
Other expense		**(395,814,257)**	(201,619,806)
Profit before zakat and income tax		**260,131,838**	11,746,414
Zakat and severance fees		**(30,498,641)**	(1,563,725)
Income tax		**(30,498,640)**	-
Profit for the year		**199,134,557**	10,182,689
Other comprehensive income		**2,998,388**	-
Total comprehensive income		**202,132,945**	10,182,689
Group's share of total comprehensive income for the year *	21.1.3	**101,650,424**	3,725,530

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

(All amounts in Saudi Riyals unless otherwise stated)

21. Investment in joint ventures (continued)

21.1.2 Summarised statement of financial position

	31 December 2017	31 December 2016	1 January 2016
Assets			
Non-current assets	**1,820,617,464**	1,766,089,471	1,694,949,673
Current assets			
Other current assets	**265,235,756**	210,315,217	250,241,329
Cash and cash equivalents	**189,267,716**	51,243,426	22,288,497
Total assets	**2,275,120,936**	2,027,648,114	1,967,479,499
Liabilities			
Non-current liabilities			
Long-term advances extended by the shareholders	**1,252,395,878**	1,252,395,878	1,477,395,874
Long-term borrowings	**180,000,000**	-	-
Other non-current liabilities	**49,828,553**	39,417,475	44,528,269
Current liabilities			
Current portion of long-term borrowings	**45,000,000**	225,000,000	-
Other current liabilities	**130,615,579**	95,686,780	42,097,068
Total liabilities	**1,657,840,010**	1,612,500,133	1,564,021,211
Net assets	**617,280,926**	415,147,981	403,458,288
Group's proportionate ownership %	**50%**	50%	50%
Group's proportionate ownership share in net assets	**307,858,600**	206,208,176	202,482,646

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	31 December 2017	31 December 2016	1 January 2016
Shares at cost	53	**202,482,646**	202,482,646	202,482,646
Share of the accumulated profit		**105,375,954**	3,725,530	-
Carrying value of investment		**307,858,600**	206,208,176	202,482,646
Long-term loan	44.2	**626,197,939**	626,197,939	626,197,939
Total	21	**934,056,539**	832,406,115	828,680,585

During 2014, the Company entered into a loan agreement 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.

Group's share of the accumulated profit in MBCC:

	Note	31 December 2017	31 December 2016	1 January 2016
1 January		**3,725,530**	**-**	-
Share in net profit for the year	21.1.1	**101,650,424**	3,725,530	-
31 December / 1 January		**105,375,954**	3,725,530	-

(All amounts in Saudi Riyals unless otherwise stated)

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	31 December 2017	31 December 2016	1 January 2016
Shares at cost		**-**	-	450,000,000
Additional contribution		**30,750,000**	-	47,998,419
Sub-total		**30,750,000**	-	497,998,419
Share of the accumulated loss		**-**	-	(125,224,180)
Carrying value of investment		**30,750,000**	-	372,774,239
Less: Impairment on date of transition	5.5.5	**(30,750,000)**	-	(372,774,239)
Total	21	**-**	-	-

The impairment test was done using an equity valuation model, which included an appropriate market related discount rate (Note 5.5.5).

The Group has issued a guarantee in favor of SIDF and certain commercial banks as is fully disclosed in Note 46.2.

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

22 Deferred tax

22.1 Income tax

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Deferred income tax	5.5.6C	**(30,864,737)**	19,882,715
Deferred tax assets credited to the consolidated statement of profit or loss	22.2	**83,285,771**	130,056,102
Deferred tax liabilities charged to the consolidated statement of profit or loss	22.3	**(114,150,508)**	(110,173,387)
Current income tax	40.5	**(26,059,632)**	-
Total income tax		**(56,924,369)**	19,882,715

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.

(All amounts in Saudi Riyals unless otherwise stated)

22 Deferred tax (continued)

22.2 Deferred tax assets

The balance comprises temporary differences attributable to:

	Note	31 December 2017	31 December 2016	1 January 2016
Tax losses		**336,575,158**	275,006,217	172,984,640
Property, plant and equipment, capital work-in-progress and intangible assets		**113,943,609**	94,171,723	68,247,856
Provision for decommissioning, site rehabilitation and dismantling obligations		**1,757,007**	1,668,027	1,583,554
Employees' end of service benefits		**9,449,043**	7,593,079	5,566,894
Total deferred tax assets	5.5.6A	**461,724,817**	378,439,046	248,382,944

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

	Notes	Total
1 January 2016		248,382,944
Credited to the consolidated statement of profit or loss during the year	22.1	130,056,102
31 December 2016		378,439,046
Credited to the consolidated statement of profit or loss during the year	22.1	83,285,771
31 December 2017		**461,724,817**

22.3 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	Note	31 December 2017	31 December 2016	1 January 2016
Property, plant and equipment, capital work-in-progress and intangible assets	5.5.6B	**388,478,975**	274,328,467	164,155,080

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

	Notes	Total
1 January 2016		164,155,080
Charged to the consolidated statement of profit or loss during the year	22.1	110,173,387
31 December 2016		274,328,467
Charged to the consolidated statement of profit or loss during the year	22.1	114,150,508
31 December 2017		**388,478,975**

(All amounts in Saudi Riyals unless otherwise stated)

23 Other investments

	Note	31 December 2017	31 December 2016	1 January 2016
Debt securities with original maturities of more than a year at the date of acquisition	49	**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 Other non-current assets

	Notes	31 December 2017	31 December 2016	1 January 2016
Non-current portion of:				
Advances and prepayments	26	**89,022,133**	29,730,480	21,645,868
Stockpile of mined ore	27	**96,700,623**	24,353,666	-
Employees' home ownership program receivables	28	**997,741,756**	-	-
Total		**1,183,464,512**	54,084,146	21,645,868

25 Due from joint venture partners

	Notes	31 December 2017	31 December 2016	1 January 2016
Due from The Mosaic Company*	44.2	**-**	-	450,000,000
Due from SABIC*	44.2	**-**	-	270,000,000
Due from Alcoa Corporation**	35,44.2	**13,652,075**	-	-
Total	44.2,49	**13,652,075**	-	720,000,000

*On 5 August 2013, the Company entered into an agreement with The Mosaic Company 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 The Mosaic Company and SABIC were 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 31 December 2013 and the remaining 50% of SAR 1.44 billion due on 30 June 2016 was received in full.

**This represents contribution receivable from Alcoa Corporation for their share of 25.1% in the automotive sheet project (Note 19 and 35), to extend the product mix of the aluminium complex at Ras Al-Khair, to also include automotive sheet.

(All amounts in Saudi Riyals unless otherwise stated)

26 Advances and prepayments

	Note	31 December 2017	31 December 2016	1 January 2016
Non-current portion				
Revolver loan fees		**57,000,000**	-	-
Other prepayments		**32,022,133**	29,730,480	21,645,868
Sub-total	24	**89,022,133**	29,730,480	21,645,868
Current portion				
Advances to contractors		**51,450,134**	105,228,220	152,701,627
Advances to employees		**21,725,281**	14,012,651	12,889,197
Prepaid rent		**8,037,011**	9,335,197	14,396,416
Prepaid insurance		**30,717,827**	8,060,774	44,442,651
Current portion of revolver loan fees		**14,250,000**	-	-
Other prepayments		**16,094,671**	3,922,170	4,874,582
Sub-total		**142,274,924**	140,559,012	229,304,473
Total		**231,297,057**	170,289,492	250,950,341

27 Inventories

	Notes	31 December 2017	31 December 2016	1 January 2016
Non-current portion				
Stockpile of mined ore	24	**96,700,623**	24,353,666	-
Current portion				
Finished goods – ready for sale		**563,174,513**	293,875,243	243,049,951
Work-in-process		**552,902,687**	496,309,809	583,756,631
Stockpile of mined ore		**133,661,469**	165,055,380	173,176,988
By-products		**2,642,909**	3,124,158	710,227
Sub-total		**1,252,381,578**	958,364,590	1,000,693,797
Spare parts and consumables materials				
1 January		**1,293,172,895**	1,289,436,609	1,289,436,609
Net additions during the year		**165,662,650**	227,622,823	
Transfer to mine properties	17	**-**	(26,323,519)	-
Transfer to property, plant and equipment	18	**-**	(197,563,018)	-
		1,458,835,545	1,293,172,895	1,289,436,609
Write-off of obsolete and slow-moving spare parts and consumable materials		**(4,058,354)**	-	-
Allowance for obsolete and slow-moving spare parts and consumable materials	27.1	**(38,291,650)**	(15,853,329)	(15,984,849)
		1,416,485,541	1,277,319,566	1,273,451,760
Raw materials		**767,366,525**	832,956,069	644,322,504
Sub-total		**2,183,852,066**	2,110,275,635	1,917,774,264
Sub-total - current portion		**3,436,233,644**	3,068,640,225	2,918,468,061
Total		**3,532,934,267**	3,092,993,891	2,918,468,061

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

	Note	31 December 2017	31 December 2016	1 January 2016
1 January		**15,853,329**	15,984,849	15,984,849
Allowance / (reversal) of allowance for obsolescence	9	**22,438,321**	(131,520)	-
31 December / 1 January		**38,291,650**	15,853,329	15,984,849

(All amounts in Saudi Riyals unless otherwise stated)

28 Trade and other receivables

	Notes	31 December 2017	31 December 2016	1 January 2016
Non-current portion				
Employees' home ownership program receivables	24	**997,741,756**	-	-
Current portion				
Trade receivables				
Other third party receivables		**1,432,456,109**	885,371,900	656,441,349
Due from Alcoa Inespal, S.A.	44.2	**104,208,538**	88,987,620	87,897,065
Due from SABIC	44.2	**182,767,681**	195,110,098	407,155,456
Due from The Mosaic Company	44.2	**40,082,398**	-	-
Due from Alcoa Warrick LLC	44.2	**22,067,292**	-	-
Sub-total	47.1.3, 47.2	**1,781,582,018**	1,169,469,618	1,151,493,870
Due from SABIC	44.2	**28,807,037**	28,807,037	-
Due from MBCC	44.2	**747,566**	-	-
Due from Saudi Mining Polytechnic ("SMP")	44.2	**4,183,905**	3,951,089	2,166,504
Withholding tax receivable		**-**	446,724	31,850,982
Other		**65,174,988**	50,700,940	40,698,300
Investment income receivable		**14,364,838**	15,914,150	8,936,151
Due from Saudi Ports Authority		**5,748,858**	3,927,345	2,696,500
Gross amount due		**9,261,333**	7,439,820	5,896,500
Allowance for doubtful debts	28.1	**(3,512,475)**	(3,512,475)	(3,200,000)
Insurance claims	28.2	**-**	-	13,304,480
Zakat receivable from GAZT		**44,575,187**	-	-
Employees' home ownership program receivables		**54,728,700**	-	-
Sub-total - current portion		**1,999,913,097**	1,273,216,903	1,251,146,787
Total		**2,997,654,853**	1,273,216,903	1,251,146,787

28.1 Movement in the allowance for doubtful debts:

	Notes	31 December 2017	31 December 2016	1 January 2016
1 January		**3,512,475**	3,200,000	3,200,000
Increase in allowance for doubtful debts	11	**-**	312,475	-
31 December / 1 January	28	**3,512,475**	3,512,475	3,200,000

28.2 Insurance claims:

	Notes	31 December 2017	31 December 2016	1 January 2016
Related to:				
• 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.		**-**	-	9,892,253
• an ammonia reformer and conveyor belt claim		**-**	-	3,412,227
Total	28	**-**	-	13,304,480

(All amounts in Saudi Riyals unless otherwise stated)

29 Time deposits

	Note	31 December 2017	31 December 2016	1 January 2016
Time deposits with original maturities of more than three months and less than a year at the date of acquisition	47.3	**2,240,000,000**	2,711,000,000	899,052,989

Time deposits yield financial income at prevailing market prices.

30 Cash and cash equivalents

	31 December 2017	31 December 2016	1 January 2016
Time deposits with original maturities equal to or less than three months at the date of acquisition			
- unrestricted	**3,625,320,169**	3,953,142,872	3,397,121,398
- restricted	**-**	-	544,554,663
Sub-total	**3,625,320,169**	3,953,142,872	3,941,676,061
Cash and bank balances			
- unrestricted	**656,423,990**	357,230,436	317,824,870
- restricted	**69,872,871**	59,341,221	48,808,593
Sub-total	**726,296,861**	416,571,657	366,633,463
Total	**4,351,617,030**	4,369,714,529	4,308,309,524

Restricted cash and cash equivalents are related to the following:

	Notes	31 December 2017	31 December 2016	1 January 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	36.7	**-**	-	1,539
Employees' savings plan obligation	4.14, 4.20,39.2	**69,872,871**	59,341,221	48,807,054
Sub-total		**69,872,871**	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	36.7	**-**	-	544,554,663
Total restricted cash		**69,872,871**	59,341,221	593,363,256
Total unrestricted cash	47.3	**4,281,744,159**	4,310,373,308	3,714,946,268

(All amounts in Saudi Riyals unless otherwise stated)

31 Share capital

		31 December 2017	31 December 2016	1 January 2016
Authorized, issued and fully paid				
1,168,478,261	Ordinary shares with a nominal value of SAR 10 per share (Note 1,16)	**11,684,782,610**	11,684,782,610	11,684,782,610

32 Share premium

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

33 Transfer of net income

	Note	2017	2016
1 January		**797,975,542**	757,911,634
Transfer of 10% of net income for the year*	5.3.1	**71,484,189**	40,063,908
31 December		**869,459,731**	797,975,542

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 31 December 2016 was based on SOCPA net income for the year as this is not an IFRS transition adjustment requirement.

(All amounts in Saudi Riyals unless otherwise stated)

34 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 any inter-company eliminations.

34.1 Summarized statement of financial position

	Notes	MAC	MRC	MBAC	MPC	MWSPC	Total
Non-controlling % interest in		**25.1 %**	**25.1 %**	**25.1 %**	**30 %**	**40 %**	
31 December 2017							
Non-current assets		17,423,459,721	5,052,651,116	12,672,259,329	15,219,204,586	26,328,595,279	76,696,170,031
Current assets		2,731,803,073	1,444,543,587	1,132,301,349	2,326,239,886	2,175,416,307	9,810,304,202
Total assets		**20,155,262,794**	**6,497,194,703**	**13,804,560,678**	**17,545,444,472**	**28,504,011,586**	**86,506,474,233**
Non-current liabilities		11,244,842,852	4,111,087,038	7,861,415,695	9,303,281,553	17,941,863,306	50,462,490,444
Current liabilities		2,173,045,741	1,594,536,585	1,224,655,348	1,761,779,690	2,111,058,187	8,865,075,551
Total liabilities		**13,417,888,593**	**5,705,623,623**	**9,086,071,043**	**11,065,061,243**	**20,052,921,493**	**59,327,565,995**
Net assets of subsidiary company		**6,737,374,201**	**791,571,080**	**4,718,489,635**	**6,480,383,229**	**8,451,090,093**	**27,178,908,238**
Share of net assets		1,691,080,924	198,684,341	1,184,340,898	1,944,114,969	3,380,436,037	8,398,657,169
Zakat and tax impact		(48,931,345)	98,087,643	4,293,176	**-**	(12,524,830)	40,924,644
Impact of payment to increase share capital		-	(7,119,230)	-	**-**	-	(7,119,230)
Net assets attributable to non-controlling interest	34.3	**1,642,149,579**	**289,652,754**	**1,188,634,074**	**1,944,114,969**	**3,367,911,207**	**8,432,462,583**
31 December 2016							
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
Total assets		**20,553,444,967**	**6,257,350,012**	**13,899,431,398**	**18,323,127,537**	**26,744,533,810**	**85,777,887,724**
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
Total liabilities		**14,069,126,714**	**5,582,294,431**	**8,941,507,289**	**12,098,246,246**	**19,707,773,080**	**60,398,947,760**
Net assets of subsidiary company		**6,484,318,253**	**675,055,581**	**4,957,924,109**	**6,224,881,291**	**7,036,760,730**	**25,378,939,964**
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
Zakat and tax impact		(9,852,156)	80,098,532	6,882,877	-	680,563	77,809,816
Impact of payment to increase share capital		-	(7,119,230)	-	-	-	(7,119,230)
Net assets attributable to non-controlling interest	34.3	**1,617,711,725**	**242,418,252**	**1,251,321,828**	**1,867,464,387**	**2,815,384,854**	**7,794,301,046**

(All amounts in Saudi Riyals unless otherwise stated)

34 Non-controlling interest (continued)

34.1 Summarized statement of financial position (continued)

	Notes	MAC	MRC	MBAC	MPC	MWSPC	Total
Non-controlling % interest in		**25.1 %**	**25.1 %**	**25.1 %**	**30 %**	**40 %**	
1 January 2016							
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
Total assets		**20,663,402,703**	**7,023,751,457**	**13,650,552,656**	**19,525,646,726**	**19,130,014,486**	**79,993,368,028**
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
Total liabilities		**14,303,146,181**	**5,793,279,524**	**8,586,744,967**	**11,744,189,815**	**13,588,315,748**	**54,015,676,235**
Net assets of subsidiary company		**6,360,256,522**	**1,230,471,933**	**5,063,807,689**	**7,781,456,911**	**5,541,698,738**	**25,977,691,793**
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
Impact of payment to increase share capital		-	(7,119,230)	-	-	-	(7,119,230)
Net assets attributable to non-controlling interest	34.3	**1,599,573,504**	**359,048,409**	**1,273,233,332**	**2,334,437,073**	**2,217,000,534**	**7,783,292,852**

(All amounts in Saudi Riyals unless otherwise stated)

34 Non-controlling interest (continued)

34.2 Summarized statement of profit or loss and other comprehensive income

	Notes	MAC	MRC	MBAC	MPC	MWSPC	Total
Non-controlling % interest in		**25.1 %**	**25.1 %**	**25.1 %**	**30 %**	**40 %**	
31 December 2017							
Sales		6,822,085,531	-	1,934,061,919	4,253,915,855	1,096,917,385	14,106,980,690
Profit / (loss) before zakat and income tax for the year		293,871,203	(657,502,006)	(237,544,786)	252,264,600	514,038,664	165,127,675
Zakat and income tax for the year		(52,175,152)	24,017,505	(3,457,545)	(6,306,615)	(35,209,740)	(73,131,547)
Other comprehensive income / (loss) for the year		11,359,897	-	1,567,857	9,543,953	(1,999,561)	20,472,146
Total comprehensive income / (loss) for the year		**253,055,948**	**(633,484,501)**	**(239,434,474)**	**255,501,938**	**476,829,363**	**112,468,274**
Total comprehensive income / (loss) attributable to non-controlling interest:							
Share of profit / (loss) before zakat and income tax for the year		73,761,672	(165,033,003)	(59,623,741)	75,679,380	205,615,466	130,399,774
Share of zakat and income tax for the year		(52,175,152)	24,017,505	(3,457,545)	(1,891,984)	(27,289,289)	(60,796,465)
Share of profit / (loss) for the year	34.3	21,586,520	(141,015,498)	(63,081,286)	73,787,396	178,326,177	69,603,309
Share of other comprehensive income / (loss) for the year	34.3	2,851,334	-	393,532	2,863,186	(799,824)	5,308,228
Total		**24,437,854**	**(141,015,498)**	**(62,687,754)**	**76,650,582**	**177,526,353**	**74,911,537**
31 December 2016							
Sales		5,287,098,947	-	382,797,084	4,056,326,243	-	9,726,222,274
Profit / (loss) before zakat and income tax for the year		139,600,447	(585,829,366)	(110,778,172)	(61,107,809)	(2,235,370)	(620,350,270)
Zakat and income tax for the year		(17,358,176)	30,413,014	6,228,671	6,731,110	599,205	26,613,824
Other comprehensive income / (loss) for the year		1,819,460	-	(1,334,079)	1,777,621	(3,301,843)	(1,038,841)
Total comprehensive income / (loss) for the year		**124,061,731**	**(555,416,352)**	**(105,883,580)**	**(52,599,078)**	**(4,938,008)**	**(594,775,287)**
Total comprehensive income / (loss) attributable to non-controlling interest:							
Share of profit / (loss) before zakat and income tax for the year		35,039,712	(147,043,171)	(27,805,321)	(18,332,342)	(894,148)	(159,035,270)
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
Share of profit / (loss) for the year	34.3	17,681,536	(116,630,157)	(21,576,650)	(16,313,009)	(294,943)	(137,133,223)
Share of other comprehensive income / (loss) for the year	34.3	456,685	-	(334,854)	533,286	(1,320,737)	(665,620)
Total		**18,138,221**	**(116,630,157)**	**(21,911,504)**	**(15,779,723)**	**(1,615,680)**	**(137,798,843)**

(All amounts in Saudi Riyals unless otherwise stated)

34 Non-controlling interest (continued)

34.3 Movement of non-controlling interest

	Notes	MAC	MRC	MBAC	MPC	MWSPC	Total
Non-controlling % interest in		**25.1 %**	**25.1 %**	**25.1 %**	**30 %**	**40 %**	
1 January 2016	34.1	1,599,573,504	359,048,409	1,273,233,332	2,334,437,073	2,217,000,534	7,783,292,852
Share of net profit / (loss) for the year	34.2	17,681,536	(116,630,157)	(21,576,650)	(16,313,009)	(294,943)	(137,133,223)
Share of other comprehensive income / (loss) for the year	34.2	456,685	-	(334,854)	533,286	(1,320,737)	(665,620)
Dividend paid during the year	44.1	-	-	-	(451,192,963)	-	(451,192,963)
Increase in non-controlling interest during the year	44.1	-	7,119,228	5,441,593	-	600,000,000	612,560,821
Payment to increase share capital during the year		-	(7,119,228)	(5,441,593)	-	-	(12,560,821)
31 December 2016	34.1	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 year	34.2	21,586,520	(141,015,498)	(63,081,286)	73,787,396	178,326,177	69,603,309
Share of other comprehensive income / (loss) for the year	34.2	2,851,334	-	393,532	2,863,186	(799,824)	5,308,228
Increase in non-controlling interest during the year	44.1	-	-	-	-	375,000,000	375,000,000
Payment to increase share capital during the year	44.1	-	188,250,000	-	-	-	188,250,000
31 December 2017	34.1	**1,642,149,579**	**289,652,754**	**1,188,634,074**	**1,944,114,969**	**3,367,911,207**	**8,432,462,583**

(All amounts in Saudi Riyals unless otherwise stated)

35 Due to a joint venture partner

	Note	31 December 2017	31 December 2016	1 January 2016
Due to Alcoa Corporation	35.1, 44.2	**266,358,724**	191,016,363	184,929,613

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 at Ras Al-Khair, to also include automotive sheet.

35.1 Movement in project cost and funding by joint venture partners

			Funding by joint venture partners	
Automotive sheet project	**Notes**	**Project cost (Note 19)**	**Ma'aden**	**Alcoa Corporation (Note 35)**
31 December 2015 – At cost		1,254,435,851	953,732,488	300,703,363
1 January 2016 – Impairment	5.5.3A	(461,250,000)	(345,476,250)	(115,773,750)
1 January 2016 – Recoverable amount		793,185,851	608,256,238	184,929,613
Additional funding during the year		-	113,746,197	6,086,750
Addition at cost during the year		119,832,947	-	-
31 December 2016		913,018,798	722,002,435	191,016,363
Additional funding during the year*		-	73,234,896	61,690,286
Due from Alcoa Corporation	25	-	-	13,652,075
Addition at cost during the year		148,577,257	-	-
31 December 2017		**1,061,596,055**	**795,237,331**	**266,358,724**

*The additional funding from Alcoa Corporation includes a portion of catch up cost relating to year ended 31, December 2016 in respect of additional cost incurred during the year which was paid by Alcoa Corporation in 2017.

(All amounts in Saudi Riyals unless otherwise stated)

36 Long-term borrowings

36.1 Facilities approved

- 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);
- MIC and MPC entered into Murabaha Facility Agreement (“MFA”) with Murabaha facility participants and
- MAC restructured its borrowing facility with PIF and entered into a new Common Terms Agreements (“CTA”) with the consortiums of local financial institutions.

The facilities granted to the Group comprise of the following as at 31 December 2017:

	MRC agreement signed on 30 Nov. 2010	MBAC agreement signed on 27 Nov. 2011	Ma’aden agreement signed on 18 Dec. 2012 and renewed on 18 Dec. 2017	MWSPC agreement signed on 30 Jun. 2014	MGBM agreements signed on 24 Mar. 2015 and 26 Apr. 2015	MIC agreement signed on 30 Dec. 2015	MPC agreement signed on 25 Feb. 2016	MAC agreement signed on 14 Dec. 2017	Total
Public Investment Fund (“PIF”)	3,078,750,000	3,750,000,000	-	7,500,000,000	-	-	-	4,875,375,000	19,204,125,000
Islamic and commercial banks									
Procurement*	1,041,000,000	2,690,712,844	-	4,299,854,655	-	-	-	-	8,031,567,499
Commercial*	-	258,750,000	-	5,450,145,345	-	-	-	1,503,750,000	7,212,645,345
Wakala	-	768,750,000	-	1,650,000,000	-	-	-	-	2,418,750,000
Sub-total	**1,041,000,000**	**3,718,212,844**	**-**	**11,400,000,000**	**-**	**-**	**-**	**1,503,750,000**	**17,662,962,844**
Saudi Industrial Development Fund (“SIDF”)	600,000,000	900,000,000	-	2,100,000,000	1,379,000,000	-	-	-	4,979,000,000
Riyal Murabaha facility	-	-	-	-	-	1,000,000,000	11,493,750,000	5,178,750,000	17,672,500,000
Riyal Murabaha facility (a working capital facility)	375,000,000	340,000,000	-	-	-	-	-	-	715,000,000
Sub-total	**5,094,750,000**	**8,708,212,844**	**-**	**21,000,000,000**	**1,379,000,000**	**1,000,000,000**	**11,493,750,000**	**11,557,875,000**	**60,233,587,844**
Syndicated Revolving Credit Facility Agreement	-	-	7,500,000,000	-	-	-	-	-	7,500,000,000
Total facilities granted	**5,094,750,000**	**8,708,212,844**	**7,500,000,000**	**21,000,000,000**	**1,379,000,000**	**1,000,000,000**	**11,493,750,000**	**11,557,875,000**	**67,733,587,844**

(All amounts in Saudi Riyals unless otherwise stated)

36.1 Facilities approved (continued)

The facilities granted to the Group comprise of the following as at 31 December 2016:

	MAC agreement signed on 30 Nov. 2010	**MRC agreement signed on 30 Nov. 2010**	**MBAC agreement signed on 27 Nov. 2011**	**Ma'aden agreement signed on 18 Dec. 2012**	**MWSPC agreement signed on 30 Jun. 2014**	**MGBM agreements signed on 24 Mar. 2015 and 26 Apr. 2015**	**MIC agreement signed on 30 Dec. 2015**	**MPC agreement signed on 25 Feb. 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
Islamic and commercial banks									
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
Sub-total	**6,735,000,000**	**1,041,000,000**	**3,718,212,844**	**-**	**11,400,000,000**	**-**	**-**	**-**	**22,894,212,844**
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 (a working capital facility)	375,000,000	375,000,000	-	-	-	-	-	-	750,000,000
Sub-total	**12,585,000,000**	**5,094,750,000**	**8,368,212,844**	**-**	**18,900,000,000**	**1,379,000,000**	**1,000,000,000**	**11,493,750,000**	**58,820,712,844**
Syndicated Revolving Credit Facility Agreement	-	-	-	9,000,000,000	-	-	-	-	9,000,000,000
Total facilities granted	**12,585,000,000**	**5,094,750,000**	**8,368,212,844**	**9,000,000,000**	**18,900,000,000**	**1,379,000,000**	**1,000,000,000**	**11,493,750,000**	**67,820,712,844**

(All amounts in Saudi Riyals unless otherwise stated)

36.1 Facilities approved (continued)

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

	MPC agreement signed on 15 Jun. 2008	**MAC agreement signed on 30 Nov. 2010**	**MRC agreement signed on 30 Nov. 2010**	**MBAC agreement signed on 27 Nov. 2011**	**Ma'aden agreement signed on 18 Dec. 2012**	**MWSPC agreement signed on 30 Jun. 2014**	**MGBM agreements signed on 24 Mar. 2015 and 26 Apr. 2015**	**MIC agreement signed on 30 Dec. 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
Islamic and commercial banks									
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
Sub-total	**10,355,205,000**	**6,735,000,000**	**1,041,000,000**	**3,718,212,844**	**-**	**11,400,000,000**	**-**	**-**	**33,249,417,844**
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
Sub-total	**14,955,206,250**	**12,585,000,000**	**5,094,750,000**	**8,368,212,844**	**-**	**18,900,000,000**	**1,379,000,000**	**1,000,000,000**	**62,282,169,094**
Syndicated Revolving Credit Facility Agreement	-	-	-	-	9,000,000,000	-	-	-	9,000,000,000
Total facilities granted	**14,955,206,250**	**12,585,000,000**	**5,094,750,000**	**8,368,212,844**	**9,000,000,000**	**18,900,000,000**	**1,379,000,000**	**1,000,000,000**	**71,282,169,094**

36.1 Facilities approved (continued)

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

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

The MFAs imposed certain conditions and special covenants which include:

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

MRC facility

*Facility Agents:

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

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.

36.1 Facilities approved (continued)

Saudi Arabian Mining Company ("Ma'aden")

On 18 December 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
- Riyad Bank
- Samba Financial Group
- The National Commercial Bank
- The Saudi British Bank
- The Saudi Investment Bank

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

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

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

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

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

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

(All amounts in Saudi Riyals unless otherwise stated)

36.1 Facilities approved (continued)

MGBM facility

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

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

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

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

MIC facility

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

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

The facility was drawn down on 17 February 2016.

MPC facility

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

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

The details of the CTA signed on 15 June 2008 which has been repaid in full on 25 February 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	750,000,000
Sub-total	10,355,205,000
Saudi Industrial Development Fund ("SIDF")	600,000,000
Total facilities approved	**14,955,206,250**

(All amounts in Saudi Riyals unless otherwise stated)

36.1 Facilities approved (continued)

MAC facility

On 30 November 2010, the company had entered into a CTA with PIF, SIDF and a consortium of financial institutions. On 14 December 2017 the facility with PIF was restructured resulting in a revised repayment schedule and covenants. Effective the same date, the company entered into a new CTA agreement with commercial banks in respect of new Dollar conventional and Riyal Murabaha facilities to replace the balance of the facilities. Consequently, MAC's financing facilities comprise of:

	Facility approved
PIF – Amendment to the existing agreement	4,275,375,000
Islamic and commercial banks	
Dollar conventional	1,503,750,000
Riyal Murabaha	5,178,750,000
Sub-total	6,682,500,000
Total facilities approved	**10,957,875,000**

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

Facility agents:

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

The details of the CTA signed on 30 November 2010 which has been repaid in full during December 2017 were as follows:

Public Investment Fund ("PIF")	4,875,000,000
Islamic and commercial banks	
Procurement	5,047,500,000
Commercial	900,000,000
Wakala	787,500,000
Sub-total	6,735,000,000
Saudi Industrial Development Fund ("SIDF")	600,000,000
Riyal Murabaha facility (a working capital facility)	375,000,000
Total facilities approved	**12,585,000,000**

(All amounts in Saudi Riyals unless otherwise stated)

36.2 Facilities utilized under the different CTAs

MPC facility

This loan was repaid in full on 25 February 2016.

	31 December 2017	31 December 2016	1 January 2016
Public Investment Fund	-	2,668,800,835	3,001,600,938
Less: Repaid during the year	-	(2,668,800,835)	(332,800,103)
Sub-total (Note 44.2)	-	-	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 30 June 2012, on a six monthly basis, in equal principal repayments of SAR 166.4 million and increasing over the term of the loan (Note 36.7).			
Islamic and commercial banks			
Saudi Riyal procurement	-	3,458,612,925	3,693,457,013
Al-Rajhi Bank	-	1,898,437,500	2,027,343,750
The Export Import Bank of Korea	-	1,096,500,000	1,230,000,000
Commercial	-	904,415,625	965,826,563
Korea Export Insurance Corporation	-	548,250,000	615,000,000
	-	7,906,216,050	8,531,627,326
Less: Repaid during the year	-	(7,906,216,050)	(625,411,276)
Sub-total	-	-	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 30 June 2012, on a six monthly basis, starting at SAR 255.1 million and increasing over the term of the loan (Note 36.7).			
Saudi Industrial Development Fund	-	370,000,000	460,000,000
Less: Repaid during the year	-	(370,000,000)	(90,000,000)
Sub-total	-	-	370,000,000
The project follow-up cost paid during the drawdown amounted to SAR 6.3 million.			
Repayment of this loan started on 26 February 2013, on a six monthly basis, starting at SAR 40 million and increasing over the term of the loan (Note 36.7).			
Total MPC borrowings (Note 36.6)	-	-	10,945,016,885

(All amounts in Saudi Riyals unless otherwise stated)

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

MAC facility

During December 2017, the Company restructured its borrowing facilities by amending the PIF agreement and entering into the new CTA, whereas, the other facilities were prematurely settled in full.

	31 December 2017	**31 December 2016**	**1 January 2016**
Public Investment Fund	**4,375,312,500**	4,575,187,500	4,575,187,500
Less: Repaid during the year	**(4,375,312,500)**	(199,875,000)	-
Sub-total (Note 44.2)	**-**	4,375,312,500	4,575,187,500
Less: Transaction cost balance at the year end	**-**	(78,459,966)	(90,228,773)
Sub-total	**-**	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 31 December 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 30 June 2026 (Note 36.7).			
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 78,459,966 has been expensed due to restructuring (31 December 2016: SAR 11,768,807) (Note 36.9).			
Islamic and commercial banks			
Dollar procurement	**834,675,000**	872,805,000	872,805,000
Saudi Riyal procurement	**3,695,456,250**	3,864,273,750	3,864,273,750
Commercial	**807,750,000**	844,650,000	844,650,000
Wakala	**706,781,250**	739,068,750	739,068,750
	6,044,662,500	6,320,797,500	6,320,797,500
Less: Repaid during the year	**(6,044,662,500)**	(276,135,000)	-
Sub-total	**-**	6,044,662,500	6,320,797,500
Less: Transaction cost balance at the year end	**-**	(83,472,594)	(96,166,076)
Sub-total	**-**	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 31 December 2014, starting at SAR 138 million and increasing over the term of the loan with the final repayment of SAR 1,684 million on 30 June 2026 (Note 36.7).			
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 83,472,594 (31 December 2016: SAR 12,693,482) (Note 36.9).			
Sub-total carried forward	**-**	10,258,042,440	10,709,590,151

(All amounts in Saudi Riyals unless otherwise stated)

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

MAC facility (continued)

	31 December 2017	31 December 2016	1 January 2016
Balance brought forward	**-**	10,258,042,440	10,709,590,151
Saudi Industrial Development Fund	**450,000,000**	550,000,000	519,999,800
Less: Repaid during the year	**(450,000,000)**	(100,000,000)	-
Sub-total	**-**	450,000,000	519,999,800
Less: Transaction cost balance at the year end	**-**	(18,690,882)	(28,298,494)
Sub-total	**-**	431,309,118	491,701,306
Repayment of the SIDF facility started from 4 February 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 7 June 2020 (Note 36.7).			
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 18,690,882 (31 December 2016: SAR 9,607,612) (Note 36.9).			
Riyal Murabaha facility (a working capital facility)	**-**	375,000,000	375,000,000
During the quarter ended 30 September 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 30 September 2018 (Note 36.7).			
Total MAC borrowings (Note 36.6)	**-**	11,064,351,558	11,576,291,457

MAC facility – restructured on 14 December 2017

	31 December 2017	31 December 2016	1 January 2016
Public Investment Fund (Note 44.2)	**4,275,375,000**	-	-
Less: Transaction cost balance at the year end	**(47,029,125)**	-	-
Sub-total	**4,228,345,875**	-	-
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is LIBOR plus 1.5%.			
After the restructuring on 14 December 2017, the repayment of the loan will start on 31 March 2023, on a six monthly basis, starting at SAR 99.9 million and increasing over the term of the loan with the final repayment of SAR 1,218 million on 30 September 2031 (Note 36.7).			
In addition, the company is required to make certain prepayments as described Note 6.1.			
The transaction cost incurred on the restructuring amounting to SAR 47,029,125 million has been netted off with the loan balance as on December 2017 (Note 36.9).			
Sub-total carried forward	**4,228,345,875**	-	-

(All amounts in Saudi Riyals unless otherwise stated)

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

MAC facility – restructured on 14 December 2017 (continued)

	31 December 2017	31 December 2016	1 January 2016
Balance brought forward	**4,228,345,875**	-	-
Islamic and commercial banks			
Riyal Murabaha	**5,178,750,000**		
Commercial – USD conventional	**1,503,750,000**	-	-
Less: Transaction cost balance at the year end	**(73,507,500)**	-	-
Sub-total	**6,608,992,500**	-	-

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

The repayment of the loan drawn on Islamic Murabaha Riyal will start from 31 March 2021, on a six monthly basis starting at SAR 259 million and increasing over the term of the loan with the final repayment of SAR 1,812 million on 30 September 2027 (Note 36.7).

The repayment of the loan drawn on Dollar Conventional facility will start from 31 March 2021, on a six monthly basis starting at SAR 129 million and increasing over the term of the loan with the final repayment of SAR 601 million on 30 September 2024 (Note 36.7).

In addition, the company is required to make certain prepayments as described Note 6.1.

The transaction cost incurred on obtaining the loan amounting to SAR 73,507,500 million has been netted off with the loan balance as on December 2017.

Total MAC borrowings (Note 36.6)	**10,837,338,375**	-	-

MRC facility

Public Investment Fund	**3,047,962,500**	3,078,750,000	3,078,750,000
Less: Repaid during the year	**(61,575,000)**	(30,787,500)	-
Sub-total (Note 44.2)	**2,986,387,500**	3,047,962,500	3,078,750,000
Less: Transaction cost balance at the year end	**(63,303,309)**	(74,679,201)	(86,129,080)
Sub-total	**2,923,084,191**	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 31 December 2016, on a six monthly basis, starting at SAR 30.8 million and increasing over the term of the loan with the final repayment of SAR 153.9 million on 30 June 2026 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 11,375,892 (31 December 2016: SAR 11,449,879) (Note 36.9).

Sub-total carried forward	**2,923,084,191**	2,973,283,299	2,992,620,920

(All amounts in Saudi Riyals unless otherwise stated)

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

MRC facility (continued)

	31 December 2017	**31 December 2016**	**1 January 2016**
Balance brought forward	**2,923,084,191**	2,973,283,299	2,992,620,920
Islamic and commercial banks			
Riyal procurement	**1,030,590,000**	1,041,000,000	1,041,000,000
Less: Repaid during the year	**(20,820,000)**	(10,410,000)	-
Sub-total	**1,009,770,000**	1,030,590,000	1,041,000,000
Less: Transaction cost balance at the year end	**(16,133,002)**	(19,263,364)	(22,416,189)
Sub-total	**993,636,998**	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 31 December 2016, starting at SAR 10.4 million and increasing over the term of the loan with the final repayment of SAR 13.5 million on 30 June 2026 (Note 36.7).			
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 3,130,362 (31 December 2016: SAR 3,152,825) (Note 36.9).			
Saudi Industrial Development Fund	**550,000,000**	600,000,000	570,000,000
Less: Repaid during the year	**(75,000,000)**	(50,000,000)	-
Sub-total	**475,000,000**	550,000,000	570,000,000
Less: Transaction cost balance at the year end	**(20,041,212)**	(27,983,434)	(36,555,954)
Sub-total	**454,958,788**	522,016,566	533,444,046
Repayment of the SIDF facility started from 25 January 2016, starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on 19 July 2021 (Note 36.7).			
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 7,942,222 (31 December 2016: SAR 8,572,520) (Note 36.9).			
Riyal Murabaha facility (a working capital facility)	**375,000,000**	375,000,000	375,000,000
During the quarter ended 31 December 2017, the rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is revised to SIBOR plus 1.20% from SIBOR plus 0.95%.			
The repayment of the Murabaha facility is due on 31 May 2018 (Note 36.7).			
Total MRC borrowings (Note 36.6)	**4,746,679,977**	4,881,626,501	4,919,648,777

(All amounts in Saudi Riyals unless otherwise stated)

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

MBAC facility

	31 December 2017	31 December 2016	1 January 2016
Public Investment Fund	**3,750,000,000**	3,750,000,000	3,750,000,000
Less: Repaid during the year	**(150,000,000)**	-	-
Sub-total (Note 44.2)	**3,600,000,000**	3,750,000,000	3,750,000,000
Less: Transaction cost balance at the year end	**(75,726,010)**	(88,152,378)	(100,536,720)
Sub-total	**3,524,273,990**	3,661,847,622	3,649,463,280

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

The repayment of the principal amount of PIF facility will be in 21 installments on a six monthly basis starting from 30 June 2017. The repayments are starting at SAR 75 million and increasing over the term of the loan with the final repayment of SAR 435 million on 30 June 2027 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 12,426,368 (31 December 2016: SAR 12,384,342) (Note 36.9).

	31 December 2017	31 December 2016	1 January 2016
Islamic and commercial banks			
Dollar procurement	**799,500,000**	799,500,000	799,500,000
Riyal procurement	**1,891,212,844**	1,891,212,844	1,891,212,844
Commercial	**258,750,000**	258,750,000	258,750,000
Wakala	**768,750,000**	768,750,000	768,750,000
	3,718,212,844	3,718,212,844	3,718,212,844
Less: Repaid during the year	**(148,728,518)**	-	-
Sub-total	**3,569,484,326**	3,718,212,844	3,718,212,844
Less: Transaction cost balance at the year end	**(48,680,556)**	(52,865,914)	(60,327,318)
Sub-total	**3,520,803,770**	3,665,346,930	3,657,885,526

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 started from 30 June 2017. The repayments are starting at SAR 74 million and increasing over the term of the loan with the final repayment of SAR 431 million on 30 June 2027 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 4,185,358 (31 December 2016: SAR 7,461,404) (Note 36.9).

	31 December 2017	31 December 2016	1 January 2016
Sub-total carried forward	**7,045,077,760**	7,327,194,552	7,307,348,806

(All amounts in Saudi Riyals unless otherwise stated)

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

MBAC facility (continued)

	31 December 2017	31 December 2016	1 January 2016
Balance brought forward	**7,045,077,760**	7,327,194,552	7,307,348,806
Saudi Industrial Development Fund	**900,000,000**	900,000,000	810,000,000
Less: Repaid during the year	**(40,000,000)**	-	-
Sub-total	**860,000,000**	900,000,000	810,000,000
Less: Transaction cost balance at the year end	**(45,389,329)**	(59,989,012)	(69,951,705)
Sub-total	**814,610,671**	840,010,988	740,048,295
Repayment of the SIDF facility will start from July 2017. The repayments started at SAR 40 million and increasing over the term of the loan with the final repayment of SAR 80 million in April 2024 (Note 36.7).			
SIDF has withheld loan processing and evaluation fee of SAR 75 million. The fee will be amortized over the term of the loan and the unamortized fee is SAR 59 million as of 31 December 2016.			
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 14,599,683 (31 December 2016: SAR 9,962,693) (Note 36.9).			
Riyal Murabaha facility (a working capital facility)	**340,000,000**	-	-
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 24 January 2019 (Note 36.7).			
Total MBAC borrowings (Note 36.6)	**8,199,688,431**	8,167,205,540	8,047,397,101

MWSPC facility

	31 December 2017	31 December 2016	1 January 2016
Public Investment Fund (Note 44.2)	**6,839,278,174**	6,839,278,174	3,954,229,920
Less: Transaction cost balance at the year end	**(57,478,142)**	(64,842,843)	(71,307,385)
Sub-total	**6,781,800,032**	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 30 June 2019. The repayments are starting at SAR 112.5 million and increasing over the term of the loan with the final repayment of SAR 606 million on 31 December 2030 (Note 36.7).			
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 7,364,701 (31 December 2016: SAR 6,464,542) (Note 36.9).			
Sub-total carried forward	**6,781,800,032**	6,774,435,331	3,882,922,535

(All amounts in Saudi Riyals unless otherwise stated)

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

MWSPC facility (continued)

	31 December 2017	31 December 2016	1 January 2016
Balance brought forward	**6,781,800,032**	6,774,435,331	3,882,922,535
Islamic and commercial banks			
Dollar procurement facility	**304,392,518**	304,392,518	174,565,346
Saudi Riyal procurement facility	**2,620,254,420**	2,620,254,420	1,502,683,523
Wakala	**1,488,141,198**	1,488,141,198	853,430,583
Commercial	**5,140,424,311**	5,061,772,152	2,847,314,693
Sub-total	**9,553,212,447**	9,474,560,288	5,377,994,145
Less: Transaction cost balance at the year end	**(46,703,936)**	(78,983,617)	(109,070,785)
Sub-total	**9,506,508,511**	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 30 June 2019. The repayments are starting at SAR 171 million and increasing over the term of the loan with the final repayment of SAR 809 million on 31 December 2030 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 32,279,681 (31 December 2016: SAR 30,087,168) (Note 36.9).

	31 December 2017	31 December 2016	1 January 2016
Saudi Industrial Development Fund	**1,680,000,000**	**-**	-
Less: Transaction cost balance at the year end	**(154,160,000)**	**-**	-
Sub-total	**1,525,840,000**	**-**	-

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

The repayment of the principal amounts of loans will start from 22 December 2018. The repayments are starting at SAR 60 million and increasing over the term of the loan (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 840,000 (31 December 2016: SAR Nil) (Note 36.9).

	31 December 2017	31 December 2016	1 January 2016
Total MWSPC borrowings (Note 36.6)	**17,814,148,543**	16,170,012,002	9,151,845,895

36.3 Syndicated revolving credit facility

Ma'aden facility

	31 December 2017	31 December 2016	1 January 2016
Syndicated revolving credit facility (Note 36.6)	**-**	-	-

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

(All amounts in Saudi Riyals unless otherwise stated)

36.4 Facility utilized under the different CTA's

MGBM facility

	31 December 2017	31 December 2016	1 January 2016
As Suq mine			
Saudi Industrial Development Fund	**171,000,000**	179,000,000	143,200,000
Less: Repaid during the year	**(28,000,000)**	(8,000,000)	-
Sub-total	**143,000,000**	171,000,000	143,200,000
Less: Transaction cost balance at the year end	**(6,755,017)**	(9,258,917)	(12,008,103)
Sub-total	**136,244,983**	161,741,083	131,191,897
The repayment of this loan started on 20 July 2016, on a six monthly basis, starting at SAR 8 million and increasing over the term of the loan with the final repayment of SAR 18 million on 9 November 2022 (Note 36.7).			
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 2,503,900 (31 December 2016: SAR 2,749,186) (Note 36.9).			
Ad-Duwayhi mine and water pipeline			
Saudi Industrial Development Fund	**1,200,000,000**	804,507,000	120,000,000
Less: Repaid during the year	**(130,000,000)**	-	-
Sub-total	**1,070,000,000**	804,507,000	120,000,000
Less: Transaction cost balance at the year end	**(49,472,071)**	(65,197,022)	(16,000,000)
Sub-total	**1,020,527,929**	739,309,978	104,000,000
The repayment of this loan started on 9 July 2017, on a six monthly basis, starting at SAR 60 million and increasing over the term of the loan with the final repayment of SAR 100 million on 30 October 2023 (Note 36.7).			
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 15,724,951 (31 December 2016: SAR 14,802,978) (Note 36.9).			
Total MGBM borrowings (Note 36.6)	**1,156,772,912**	901,051,061	235,191,897

(All amounts in Saudi Riyals unless otherwise stated)

36.5 Facilities utilized under the different MFAs

MIC facility

	31 December 2017	31 December 2016	1 January 2016
HSBC Saudi Arabia Limited – as agent for the Murabaha facility participants	**961,000,000**	1,000,000,000	-
Less: Repaid during the year	**(78,000,000)**	(39,000,000)	-
Sub-total	**883,000,000**	961,000,000	-
Less: Transaction cost balance at the year end	**(8,000,000)**	(9,000,000)	-
Total MIC borrowings (Note 36.6)	**875,000,000**	952,000,000	-

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

The repayment of the principal amount of the loan started from 30 December 2016, in equal principal repayments of SAR 39 million, on a semi-annual over a 10 year period with the final principal repayment of SAR 298 million on 30 December 2025 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 1,000,000 (31 December 2016: SAR 1,185,000) (Note 36.9).

MPC facility

	31 December 2017	31 December 2016	1 January 2016
Riyad Bank – as agent for the Murabaha facility participants	**11,493,750,000**	11,493,750,000	**-**
Less: Repaid during the year	**(1,149,375,000)**	-	**-**
Sub-total	**10,344,375,000**	11,493,750,000	**-**
Less: Transaction cost balance at the year end	**(78,145,499)**	(98,953,754)	**-**
Total MPC borrowings (Note 36.6)	**10,266,229,501**	11,394,796,246	**-**

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 25 February 2017, starting at SAR 575 million and increasing over the term of the loan with the final repayment of SAR 3,448 million on 25 February 2023 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 20,808,255 (31 December 2016: SAR 15,983,746) (Note 36.9).

(All amounts in Saudi Riyals unless otherwise stated)

36.6 Total borrowings

	Notes	31 December 2017	31 December 2016	1 January 2016
Facilities utilized under:				
CTAs:				
MPC	36.2	**-**	-	10,945,016,885
MAC – restructured on 14 December 2017	36.2	**10,957,875,000**	11,244,975,000	11,790,984,800
MRC	36.2	**4,846,157,500**	5,003,552,500	5,064,750,000
MBAC	36.2	**8,369,484,326**	8,368,212,844	8,278,212,844
MWSPC	36.2	**18,072,490,621**	16,313,838,462	9,332,224,065
Syndicated Revolving Credit Facility:				
Ma'aden	36.3	**-**	-	-
MGBM facility	36.4	**1,213,000,000**	975,507,000	263,200,000
MFAs:				
MIC	36.5	**883,000,000**	961,000,000	-
MPC	36.5	**10,344,375,000**	11,493,750,000	-
Sub-total	48,49	**54,686,382,447**	54,360,835,806	45,674,388,594
Less: Transaction cost balance at the year end		**(790,524,708)**	(829,792,898)	(798,996,582)
Sub-total		**53,895,857,739**	53,531,042,908	44,875,392,012
Less: Current portion of borrowings shown under current liabilities				
MPC		**1,149,375,000**	1,149,375,000	1,089,112,404
MAC		**-**	576,010,000	951,010,000
MRC		**660,564,000**	532,395,000	91,197,500
MBAC		**513,410,645**	338,728,517	-
MWSPC		**621,737,172**	-	-
MGBM		**172,000,000**	78,000,000	-
MIC		**78,000,000**	78,000,000	-
Sub-total		**3,195,086,817**	2,752,508,517	2,131,319,904
Long-term portion of borrowings		**50,700,770,922**	50,778,534,391	42,744,072,108

36.7 Maturity profile of long-term borrowings

2016		**-**	-	11,995,224,385
2017		**-**	2,752,508,518	1,525,133,518
2018		**3,195,086,817**	3,782,843,988	1,820,090,365
2019		**3,291,077,736**	3,589,383,564	1,928,546,879
2020		**3,661,668,070**	4,377,266,521	2,485,904,144
2021		**4,749,984,266**	4,684,263,901	2,740,568,476
2022		**6,204,421,881**	6,153,501,142	3,048,892,035
2023		**7,701,422,952**	7,404,071,526	3,265,178,578
2024 through 2030		**25,882,720,725**	21,616,996,646	16,864,850,214
Total	47.1.2	**54,686,382,447**	54,360,835,806	45,674,388,594

As of 1 January 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 30), however, the facility had been repaid in full from a drawing on 30 March 2016 under a new MFA signed by the company on 25 February 2016 with a Murabaha facility participants.

36.8 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:

	31 December 2017 (US$)	31 December 2016 (US$)	1 January 2016 (US$)
Public Investment Fund	**4,720,277,513**	4,803,347,513	4,807,191,534
Less: Transaction cost balance at the year end	**(64,943,090)**	(81,635,838)	(92,853,856)
Sub-total	**4,655,334,423**	4,721,711,675	4,714,337,678
Islamic and commercial banks			
Procurement	**1,452,156,999**	2,463,336,937	3,135,408,811
Al-Rajhi Bank	**-**	-	506,250,000
The Export Import Bank of Korea	**-**	-	292,400,000
Korea Export Insurance Corporation	**-**	-	146,200,000
Commercial	**1,838,019,816**	1,634,205,907	1,294,701,418
US Dollar procurement	**285,843,338**	516,951,338	492,498,759
Wakala	**593,637,653**	790,312,653	629,666,489
Riyal Murabaha	**1,381,000,000**	-	-
	5,550,657,806	5,404,806,835	6,497,125,477
Less: Transaction cost balance at the year end	**(49,339,999)**	(62,556,129)	(76,794,764)
Sub-total	**5,501,317,807**	5,342,250,706	6,420,330,713
Saudi Industrial Development Fund	**1,127,466,667**	766,801,867	675,519,947
Less: Transaction cost balance at the year end	**(73,551,368)**	(48,298,471)	(43,417,136)
Sub-total	**1,053,915,299**	718,503,396	632,102,811
Riyal Murabaha facility	**2,993,966,666**	3,321,266,667	-
Less: Transaction cost balance at the year end	**(22,972,133)**	(28,787,668)	-
Sub-total	**2,970,994,533**	3,292,478,999	-
Riyal Murabaha facility (a working capital facility)	**190,666,667**	200,000,000	200,000,000
Total	**14,372,228,729**	14,274,944,776	11,966,771,202

(All amounts in Saudi Riyals unless otherwise stated)

36.9 Amortization of transaction cost

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Facilities utilized under:			
CTAs:			
MAC – restructured on 14 December 2017	36.2	**180,623,442**	34,069,901
MRC	36.2	**22,448,476**	23,175,224
MBAC	36.2	**31,211,409**	29,808,439
MWSPC	36.2	**40,484,382**	36,551,710
MGBM facility	36.4	**18,228,851**	17,552,164
MFAs:			
MIC	36.5	**1,000,000**	1,185,000
MPC	36.5	**20,808,255**	15,983,746
Sub-total		**314,804,815**	158,326,184
Less: Capitalised as part of capital work-in-progress			
MRC		**-**	23,175,224
MBAC		**-**	24,365,258
MGBM		**-**	2,754,795
MWSPC		**40,484,382**	36,551,710
Sub-total	14.1,19	**40,484,382**	86,846,987
Total charged to finance cost	14	**274,320,433**	71,479,197

36.10 Security

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

	Notes	31 December 2017	31 December 2016	1 January 2016
Mine properties	17.2	**5,682,315,912**	5,816,082,069	7,859,883,447
Property, plant and equipment	18.2	**15,133,757,446**	29,557,638,028	32,659,970,932
Capital work-in-progress	19	**24,675,759,709**	26,446,280,850	31,595,660,537
Intangible assets	20	**40,075,519**	103,105,996	85,374,130
Total		**45,531,908,586**	61,923,106,943	72,200,889,046

(All amounts in Saudi Riyals unless otherwise stated)

37 Provision for decommissioning, site rehabilitation and dismantling obligation

	Notes	31 December 2017	31 December 2016	1 January 2016
Gold mines	37.1	**97,248,815**	87,652,321	82,391,854
Bauxite mine	37.2	**35,000,134**	33,227,636	31,544,902
Phosphate mines	37.3	**150,804,353**	143,379,004	136,320,974
Low grade bauxite, kaolin and magnesite mines	37.4	**5,619,849**	5,263,603	4,932,489
Total		**288,673,151**	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:

(All amounts in Saudi Riyals unless otherwise stated)

37.1 Gold mines

	Notes	Bulghah mine	Mahad mine	As Suq mine	Al Amar mine	Ad Duwayhi mine	Sukhaybarat mine	Total
1 January 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 year	14	1,813,414	1,899,448	1,146,035	695,260	1,124,873	1,081,438	7,760,468
Utilization during the year		-	(2,500,001)	-	-	-	-	(2,500,001)
31 December 2016	37	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 year	14	1,978,492	2,072,357	1,250,360	764,787	1,237,360	1,189,582	8,492,938
Increase / (decrease) in provision during the year	17	1,037,903	-	324,652	25,234	(1,059,192)	774,959	1,103,556
31 December 2017	37	**24,750,589**	**22,337,682**	**15,310,498**	**8,437,893**	**12,551,782**	**13,860,371**	**97,248,815**

	Bulghah mine	Mahad mine	As Suq mine	Al Amar mine	Ad Duwayhi mine	Sukhaybarat mine
Commenced commercial production in	2001	1988	2014	2008	2016	1991
Expected closure date in	2019	2019	2019	2027	2027	2027

(All amounts in Saudi Riyals unless otherwise stated)

37.2 Bauxite mine

	Notes	Al-Ba'itha mine
1 January 2016		31,544,902
Increase arising from passage of time during the year	14	1,682,734
31 December 2016	37	33,227,636
Increase arising from passage of time during the year	14	1,772,498
31 December 2017	37	**35,000,134**
Commenced commercial production in		2014
Expected closure date in		2059

37.3 Phosphate mines

	Notes	Al-Jalamid mine	Al-Khabra mine	Total
1 January 2016		54,393,546	81,927,428	136,320,974
Increase arising from passage of time during the year	14	2,886,285	4,171,745	7,058,030
31 December 2016	37	57,279,831	86,099,173	143,379,004
Increase arising from passage of time during the year	14	3,039,439	4,385,910	7,425,349
31 December 2017	37	**60,319,270**	**90,485,083**	**150,804,353**
Commenced commercial production in		2008	2017	
Expected closure date in		2032	2045	

37.4 Low grade bauxite, kaolin and magnesite mines

	Notes	Az-Zabirah mine	Al-Ghazallah mine	Madinah plants	Total
1 January 2016		1,851,087	191,478	2,889,924	4,932,489
Increase arising from passage of time during the year	14	177,588	18,519	135,007	331,114
31 December 2016	37	2,028,675	209,997	3,024,931	5,263,603
Increase arising from passage of time during the year	14	194,623	20,309	141,314	356,246
31 December 2017	37	**2,223,298**	**230,306**	**3,166,245**	**5,619,849**
Commenced commercial production in		2008	2011	2011	
Expected closure date in		2026	2031	2031	

(All amounts in Saudi Riyals unless otherwise stated)

38 Obligation under finance lease

	Notes	31 December 2017	31 December 2016	1 January 2016
Future minimum lease payments	38.1,38.2	**65,380,978**	104,003,914	142,626,850
Less: Future finance cost not yet due	38.1,38.2	**(3,532,891)**	(8,840,140)	(15,915,423)
Net present value of minimum lease payment		**61,848,087**	95,163,774	126,711,427
Less: Current portion shown under current liabilities	38.1,38.2	**(34,664,307)**	(33,565,757)	(31,297,581)
Long-term portion of obligation under finance lease	38.1,38.2	**27,183,780**	61,598,017	95,413,846

Movement in future finance cost:

	Notes	31 December 2017	31 December 2016	1 January 2016
1 January		**(8,840,140)**	(15,915,423)	(15,915,423)
Unwinding of discount of non-current obligations under finance lease charged to finance cost	14	**5,307,249**	3,472,190	-
Unwinding of discount of non-current obligations under finance lease capitalized as part of qualifying assets in capital work-in-progress	14.1,19	**-**	3,603,093	-
31 December / 1 January		**(3,532,891)**	(8,840,140)	(15,915,423)

38.1 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	31 December 2017	31 December 2016	1 January 2016
Future minimum lease payments		**51,079,051**	74,099,887	97,120,723
Less: Future finance cost not yet due		**(2,823,115)**	(5,719,234)	(9,573,673)
Net present value of minimum lease payment	38	**48,255,936**	68,380,653	87,547,050
Less: Current portion shown under current liabilities	38	**(21,072,156)**	(20,124,717)	(19,166,397)
Long-term portion of obligation under finance lease		**27,183,780**	48,255,936	68,380,653

Maturity profile

Minimum lease payments falling due during the following years:

	31 December 2017	31 December 2016	1 January 2016
2016	**-**	-	23,020,836
2017	**-**	23,020,836	23,020,836
2018	**22,962,039**	22,962,039	22,962,039
2019	**22,315,272**	22,315,272	22,315,272
2020	**5,801,740**	5,801,740	5,801,740
Total	**51,079,051**	74,099,887	97,120,723

Unwinding of discount of non-current obligation under finance lease capitalized as part of capital work-in-progress amounting to SAR Nil (31 December 2016: SAR 882,318).

The leased assets with a net book value at 31 December 2017 of SAR 53,126,820 (31 December 2016: SAR 79,363,636 and 1 January 2016: SAR 105,600,452) have been pledged as security to the lessor (Note 17.3).

(All amounts in Saudi Riyals unless otherwise stated)

38.2 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	31 December 2017	31 December 2016	1 January 2016
Future minimum lease payments		**14,301,927**	29,904,027	45,506,127
Less: Future finance cost not yet due		**(709,776)**	(3,120,906)	(6,341,750)
Net present value of minimum lease payment	38	**13,592,151**	26,783,121	39,164,377
Less: Current portion shown under current liabilities	38	**(13,592,151)**	(13,441,040)	(12,131,184)
Long-term portion of obligation under finance lease		**-**	13,342,081	27,033,193
Maturity profile				
Minimum lease payments falling due during the following years:				
2016		**-**	-	15,602,100
2017		**-**	15,602,100	15,602,100
2018		**14,301,927**	14,301,927	14,301,927
Total		**14,301,927**	29,904,027	45,506,127

Unwinding of discount of non-current obligation under finance lease capitalized as part of capital work-in-progress amounting to SAR Nil (31 December 2016: SAR 2,720,775)

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 with a net book value at 31 December 2017 of SAR 39,487,391 (31 December 2016: SAR 45,365,593 and 1 January 2016: SAR 47,637,104) have been pledged as security to the lessor (Note 17.3).

39 Employees' benefits

	Notes	31 December 2017	31 December 2016	1 January 2016
Employees' end of service termination benefits obligation	39.1	**462,754,423**	430,415,008	356,913,499
Employees' savings plan	39.2	**69,872,871**	59,341,221	48,807,054
Total		**532,627,294**	489,756,229	405,720,553

39.1 Employees' end of service termination benefits obligation

The Group operates an employees' end of service termination benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia for each of the respective subsidiary entities. The employees' end of service termination 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 Law 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.

(All amounts in Saudi Riyals unless otherwise stated)

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

Amounts recognized in the consolidated statement of financial position

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

	Notes	2017	2016
1 January		**430,415,008**	356,913,499
Total amount recognised in profit or loss		**103,940,840**	86,171,488
Current service cost		**84,510,923**	70,455,189
Finance cost*		**19,429,917**	15,716,299
(Gain) / loss attributable to re-measurements recognised in other comprehensive income**		**(47,481,008)**	2,654,879
(Gain) / loss from change in financial assumptions		**(36,583,164)**	27,510,443
Experience gains		**(10,897,844)**	(24,855,564)
Settlements		**(24,120,417)**	(15,324,858)
31 December	39	**462,754,423**	430,415,008

***Summary of finance cost:**

	Notes	2017	2016
Expensed to consolidated statement of profit or loss during the year	14	**19,429,917**	14,741,559
Capitalised as part of qualifying assets in capital work-in-progress during the year	14.1,19	**-**	974,740
Total		**19,429,917**	15,716,299

****Summary of gains attributable re-measurements recognised in other comprehensive income:**

	Notes	2017	2016
Gain attributable to re-measurement charged to consolidated statement of profit or loss and other comprehensive income during the year		**(45,969,473)**	(1,770,585)
(Gain) / loss attributable to re-measurement capitalised as part of qualifying assets in capital work-in-progress during the year	19	**(1,511,535)**	4,425,464
Total		**(47,481,008)**	2,654,879

(Gain) / loss on re-measurements is attributable to:

	2017	2016
Shareholders' of the parent company	**(40,661,245)**	(2,436,205)
Non-controlling interest	**(5,308,228)**	665,620
	(45,969,473)	(1,770,585)

Significant actuarial assumptions

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

	31 December 2017	31 December 2016	1 January 2016
Discount rate	**4.5%**	4.5%	4.5%
Salary increase rate	**2.5-4.5%**	4.5%	4%
Mortality rate	**A90 table**	A90 table	A90 table
Withdrawal rate	**5%**	5%	5%

(All amounts in Saudi Riyals unless otherwise stated)

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

Sensitivity analysis

The sensitivity of the employees' end of service termination benefits obligation to changes in the weighted principal assumptions is:

	Sensitivity level % increase	Impact on termination benefit obligation	Sensitivity level % decrease	Impact on termination benefit obligation
31 December 2017				
Discount rate	**1%**	**(51,292,906)**	**1%**	**62,057,847**
Salary increase rate	**1%**	**61,797,177**	**1%**	**(52,042,373)**
Mortality rate	**10%**	**(88,966)**	**10%**	**89,249**
Withdrawal rate	**10%**	**(1,469,977)**	**10%**	**1,536,728**
31 December 2016				
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
1 January 2016				
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 employees' end of service termination benefit obligation to significant actuarial assumptions the same method (present value of the employees' end of service termination benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the employees' end of service termination benefit obligation recognised in the consolidated statement of financial position.

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

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

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

	31 December 2017	31 December 2016	1 January 2016
2016	**-**	-	31,008,198
2017	**-**	34,001,816	16,642,124
2018	**33,655,290**	16,733,338	15,724,809
2019	**19,496,490**	18,021,545	17,048,928
2020	**27,271,871**	27,394,538	22,935,630
2021	**25,540,458**	24,139,404	22,935,630
2022	**23,961,641**	24,139,404	22,935,630
2023and thereafter	**746,682,622**	672,970,764	511,386,186
Total	**876,608,372**	817,400,809	660,617,135

(All amounts in Saudi Riyals unless otherwise stated)

39.2 Employees' savings plan

	Notes	2017	2016
1 January	39	**59,341,221**	48,807,054
Contribution for the year		**30,530,337**	26,408,207
Withdrawals during the year		**(19,998,687)**	(15,874,040)
31 December	4.20, 30,39	**69,872,871**	59,341,221

40 Zakat and income tax payable

	Notes	31 December 2017	31 December 2016	1 January 2016
Zakat payable	40.2	**115,597,038**	85,308,278	50,962,237
Income tax payable	40.5	**26,059,632**	-	-
Total		**141,656,670**	85,308,278	50,962,237

40.1 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.

40.2 Zakat payable

	Note	2017	2016
1 January		**85,308,278**	50,962,237
Provision for zakat		**91,834,417**	78,428,404
Current year	40.3	**112,848,885**	85,308,278
Prior year over provision		**(21,014,468)**	(6,879,874)
Paid during year		**(61,545,657)**	(44,082,363)
31 December		**115,597,038**	85,308,278

(All amounts in Saudi Riyals unless otherwise stated)

40.3 Provision for zakat consist of:

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Saudi Arabian Mining Company		**78,730,860**	79,345,905
Ma'aden Gold and Base Metals Company	41.2	**12,584,744**	-
Industrial Minerals Company		**2,024,009**	1,798,962
Ma'aden Infrastructure Company		**3,302,094**	1,415,258
Ma'aden Phosphate Company		**6,306,615**	2,748,153
Ma'aden Wa'ad Al-Shamal Phosphate Company		**9,900,563**	-
Total	40.2	**112,848,885**	85,308,278

Calculation of provision for zakat for the year ended 31 December 2016 was based on SOCPA zakat base or adjusted net income for the year as this is not an IFRS transition adjustment requirement.

40.4 Status of final assessments

The Company and its wholly owned subsidiaries have diligently filed their zakat returns and have received provisional zakat certificates for the years ended 31 December 2008 to 31 December 2016.

During April 2017, the GAZT has issued final zakat assessments for the Company and its wholly owned subsidiaries for the years 2008 until 2013 with an additional zakat liability of SR 46,336,320.

Ma'aden has paid these final zakat assessments in full on 1 January 2018 in compliance with Article 66 of the Zakat and Income Tax Law, to reserve its right to appeal. Ma'aden has filed an appeal before the Preliminary Appeal Committee (PAC). Management is optimistic and expects a favorable outcome based on the arguments presented to the Appeal Committee.

40.5 Income tax payable

	Note	2017	2016
1 January		**-**	-
Provision for income tax during the year	22.1	**26,059,632**	-
31 December		**26,059,632**	-

40.6 Provision for income tax consist of:

	Note	Year ended 31 December 2017	Year ended 31 December 2016
Ma'aden Wa'ad Al-Shamal Phosphate Company	40.5	**26,059,632**	-

(All amounts in Saudi Riyals unless otherwise stated)

41 Severance fees payable

	Notes	2017	2016
1 January		**8,270,636**	16,096,147
Provision for severance fee made during the year	9	**73,093,714**	8,278,039
Current year charge	41.1	**73,079,354**	8,270,636
Prior year adjustment		**14,360**	7,403
Paid during year to the authorities		**(8,284,996)**	(16,103,550)
31 December		**73,079,354**	8,270,636

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

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

41.1 Provision for severance fees consists of:

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Gold mines	41.2	**72,004,956**	6,949,653
Low grade bauxite		**565,238**	952,382
Kaolin		**246,912**	246,268
Magnesia		**251,798**	122,333
Dead burned magnesia		**10,450**	-
Total	41	**73,079,354**	8,270,636

Calculation of provision for severance fees for the year ended 31 December 2016 was based on SOCPA 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, for the year as this is not an IFRS transition adjustment requirement.

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

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Net income from operating mines before severance fee for the year		**546,616,529**	125,745,830
25% of the year's net income as defined		**136,654,132**	31,436,457
Hypothetical income tax based on year's taxable net income		**84,589,700**	6,949,653
Provision based on the lower of the above two computations		**84,589,700**	6,949,653
Provision for zakat	40.3	**(12,584,744)**	-
Net severance fee provision for the year	41.1	**72,004,956**	6,949,653

(All amounts in Saudi Riyals unless otherwise stated)

42 Projects, trade and other payables

	Notes	31 December 2017	31 December 2016	1 January 2016
Non-current portion				
Gross retention withheld from progress payments		**1,227,216,448**	2,082,154,273	1,377,230,557
Less : Current portion of retention payable (see below)		**(658,951,243)**	(895,523,190)	(405,754,301)
		568,265,205	1,186,631,083	971,476,256
Less : Unamortized discount for long-term retention payable	42.1	**(42,328,871)**	(81,954,040)	(73,922,306)
Present value of long-term portion of retention payable		**525,936,334**	1,104,677,043	897,553,950
Non-refundable contributions*		**127,048,364**	126,080,875	83,305,964
Other payables		**-**	-	443,250
Sub-total		**652,984,698**	1,230,757,918	981,303,164
Current portion				
Projects		**367,440,443**	209,652,421	780,749,784
Trade		**1,142,655,132**	812,591,665	649,763,200
Current portion of retention payable		**658,951,243**	895,523,190	405,754,301
Advances from customers		**109,204,677**	245,066,728	232,969,329
Other		**37,529,483**	38,992,663	19,938,546
Sub-total		**2,315,780,978**	2,201,826,667	2,089,175,160
Total	49	**2,968,765,676**	3,432,584,585	3,070,478,324

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.

*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.

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

42.1 Movement in unamortized discount for long-term retention payable:

1 January		**(81,954,040)**	(73,922,306)	(73,922,306)
Unwinding of discount / (increase in discount) of long-term retention payable	14	**39,625,169**	(8,031,734)	-
31 December / 1 January	42	**(42,328,871)**	(81,954,040)	(73,922,306)

(All amounts in Saudi Riyals unless otherwise stated)

43 Accrued expenses

	Notes	31 December 2017	31 December 2016	1 January 2016
Projects		**809,699,570**	1,643,252,732	3,542,581,483
Trade		**771,409,500**	637,160,076	635,989,401
Employees		**212,401,686**	291,501,970	246,454,809
Accrued expenses – Alcoa Corporation	44.2	**38,257,664**	32,190,363	67,026,655
Accrued expenses – The Mosaic Company	44.2	**-**	4,475,402	14,983,460
Finance cost		**137,902,702**	20,857,795	13,889,780
Total		**1,969,671,122**	2,629,438,338	4,520,925,588

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.

44 Related party transactions and balances

44.1 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	Year ended 31 December 2017	Year ended 31 December 2016
Sales of MPC through SABIC during the year		**1,273,330,116**	1,805,740,941
Sales to Alcoa Inespal, S.A. during the year		**1,192,670,053**	1,012,405,329
Sales of MWSPC through SABIC and The Mosaic Company during the year			
• Since commencement of commercial production of ammonia on 1 January 2017		**85,053,278**	-
• Before date of commencement of commercial production of DAP, the pre-commercial production revenue, net of cost of production during the year ended 31 December 2017 amounting to SAR 39,054,573has been credited against capital work-in-progress		**81,983,712**	-
Cost of seconded employees, technology fee and other cost paid to Alcoa Corporation during the year		**133,263,732**	194,440,171
Raw material feedstock purchased from Alcoa Australia during the year		**36,280,913**	34,810,059
Dividend paid to SABIC during the year	34.3	**-**	451,192,963
Increase in non-controlling interest of MWSPC contributed by The Mosaic Company and SABIC	34.3	**375,000,000**	600,000,000
Payments to increase share capital of MRC received from Alcoa Corporation	34.3	**188,250,000**	-

(All amounts in Saudi Riyals unless otherwise stated)

44.2 Related party balances

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

	Notes	31 December 2017	31 December 2016	1 January 2016
Long-term loan due from a joint venture company				
Due from MBCC	21.1.3	**626,197,939**	626,197,939	626,197,939
Due from joint venture partners				
Due from The Mosaic Company being a non-controlling shareholder in MWSPC	25	**-**	-	450,000,000
Due from SABIC being a non-controlling shareholder in MWSPC	25	**-**	-	270,000,000
Due from Alcoa Corporation being a parent company of a non-controlling shareholder in MAC, MRC and MBAC	25	**13,652,075**	-	-
Total	25	**13,652,075**	-	720,000,000
Receivables from related parties				
Trade receivables from Alcoa Inespal, S.A. (a subsidiary of a non-controlling shareholder)	28	**104,208,538**	88,987,620	87,897,065
Trade receivables from SABIC (a non-controlling shareholder in MPC)	28	**182,767,681**	195,110,098	407,155,456
Trade receivables from Alcoa Warrick LLC (a subsidiary of a non-controlling shareholder)	28	**22,067,292**	-	-
Trade receivables from The Mosaic Company (a non-controlling shareholder in MWSPC)	28	**40,082,398**	-	-
Sub-total		**349,125,909**	284,097,718	495,052,521
Other receivables from SABIC (a non-controlling shareholder in MPC)	28	**28,807,037**	28,807,037	-
Due from Saudi Mining Polytechnic (a special purpose training vehicle)	28	**4,183,905**	3,951,089	2,166,504
Due from Ma'aden Barrick Copper Company (a joint venture company)	28	**747,566**	-	-
Sub-total		**33,738,508**	32,758,126	2,166,504
Total		**382,864,417**	316,855,844	497,219,025

(All amounts in Saudi Riyals unless otherwise stated)

44.2 Related party balances (continued)

	Notes	31 December 2017	31 December 2016	1 January 2016
Payable to a related party				
Payments to increase share capital received from Alcoa Corporation (a parent company of a non-controlling shareholder in MRC and MBAC)		**298,542,857**	110,292,857	122,853,678
Accrued expenses – Alcoa Corporation (a parent company of a non-controlling shareholder in MAC)	43	**38,257,664**	32,190,363	67,026,655
Sub-total		**336,800,521**	142,483,220	189,880,333
Due to joint venture partners				
Due to Alcoa Corporation (a parent company of a non-controlling shareholder in MAC, MRC and MBAC)	35	**266,358,724**	191,016,363	184,929,613
Accrued expenses – The Mosaic Company (a non-controlling shareholder in MWSPC)	43	**-**	4,475,402	14,983,460
Sub-total		**266,358,724**	195,491,765	199,913,073
Total		**603,159,245**	337,974,985	389,793,406
Long-term borrowings from PIF a 50% shareholder in Ma'aden				
Due to PIF for the financing of the :				
MPC facility	36.2	**-**	-	2,668,800,835
MAC facility	36.2	**4,275,375,000**	4,375,312,500	4,575,187,500
MRC facility	36.2	**2,986,387,500**	3,047,962,500	3,078,750,000
MBAC facility	36.2	**3,600,000,000**	3,750,000,000	3,750,000,000
MWSPC facility	36.2	**6,839,278,174**	6,839,278,174	3,954,229,920
Total		**17,701,040,674**	18,012,553,174	18,026,968,255

44.3 Key management personnel compensation

	Year ended 31 December 2017	Year ended 31 December 2016
Short-term employee benefits	**21,092,993**	26,697,726
Employees' end of service termination benefits	**1,797,814**	8,254,153
Total	**22,890,807**	34,951,879

(All amounts in Saudi Riyals unless otherwise stated)

45 Operating lease agreements

Payments under operating leases, recognized as an expense during the year.

	Year ended 31 December 2017	Year ended 31 December 2016
Minimum lease payments	**2,787,580**	7,128,448

Commitments for future minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	31 December 2017	31 December 2016
2017	**-**	2,763,888
2018	**2,787,580**	2,634,096
2019	**2,244,096**	2,171,760
2020	**1,671,760**	2,027,200
2021	**1,637,200**	2,137,200
2022	**1,477,200**	2,137,200
2023	**1,477,200**	2,137,200
2024 through 2041	**15,029,111**	9,661,911
Total	**26,324,147**	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 SAR 2,504,400 annually.

46 Commitments and contingent liabilities

46.1 Capital commitments

	31 December 2017	31 December 2016	1 January 2016
Capital expenditure contracted for:			
Property, plant and equipment	**6,505,529,843**	3,744,749,215	11,742,963,519

46.2 Guarantees

	Note	31 December 2017	31 December 2016	1 January 2016
Guarantee in favor of Saudi Aramco, for future diesel and gas feedstock supplies		**320,000,105**	310,887,605	302,492,405
Guarantees in favor of Ministry of Energy, Industry and Mineral Resources, for future purified phosphoric acid, fuel and feed stocks supplies		**262,500,000**	262,500,000	262,500,000
Guarantees in favor of SIDF and other financial institutions for financing facilities available to:*				
SAMAPCO	21.2	**450,000,000**	450,000,000	450,000,000
MBCC		**375,000,000**	375,000,000	375,000,000
Sub-total		**825,000,000**	825,000,000	825,000,000
Guarantee in favor of Saudi Ports Authority		**18,512,402**	18,512,402	18,162,608
Others		**14,773,463**	39,617,412	41,106,162
Total		**1,440,785,970**	1,456,517,419	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 (Note 21.2).

46.3 Contingent liabilities

On 27 January 2015, the Company received a notice of arbitration from China National Geological and Mining Corporation (CGM) (the Contractor) claiming SR 75.5 million due to alleged failure of the Company to comply with the contractual obligations and termination of the contract without sufficient cause. The Company counterclaimed for rectification costs, delay and other damages.

On 5 October 2017, the arbitration tribunal issued a preliminary award which provides that the Company should pay to CGM SR 38.8 million. The Company has filed a request for nullification of the arbitration award with the Court of Appeal under Article 50 of the Saudi Arbitration Law on the basis of material procedural and other errors committed by the tribunal. The Company believes that the appeal is likely to succeed.

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.

47 Financial risk management

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

- market risk
- credit risk and
- liquidity risk

47.1 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, time deposits, trade receivables, trade payables, accrued liabilities and derivative financial instruments.

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

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.

47.1.1 Foreign currency risk

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

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

47 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:

	31 December 2017	31 December 2016	1 January 2016
Trade receivables	**-**	15,329,406	-
Project, trade and other payables and accrued expenses	**51,856,576**	82,763,955	41,838,818
Total	**51,856,576**	98,093,361	41,838,818

Amount recognised in consolidated financial statements

During the year, the following foreign exchange related amounts were recognised in profit or loss:

	Year ended 31 December 2017	Year ended 31 December 2016
Foreign exchange gain included in other income / expense	**810,261**	115,729

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:

	Year ended 31 December 2017	Year ended 31 December 2016
SAR/ EURO exchange rate		
- Increase (10%)	**4,790,355**	7,782,202
- decrease (10%)	**(4,790,355)**	(7,782,202)

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

47.1.2 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.

(All amounts in Saudi Riyals unless otherwise stated)

47 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:

	Note	31 December 2017	31 December 2016	1 January 2016
Fixed rate borrowings		**4,228,000,000**	2,875,507,000	2,533,199,800
Variable rate borrowings		**50,458,382,447**	51,485,328,806	43,141,188,794
Total	36.6	**54,686,382,447**	54,360,835,806	45,674,388,594
Variable rate borrowings – repricing dates				
6 months or less		**50,458,382,447**	51,485,328,806	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:

	Year ended 31 December 2017	Year ended 31 December 2016
Interest rate		
- increase by 100 basis points	**(504,583,824)**	(514,853,288)
- decrease by 100 basis points	**504,583,824**	514,853,288

47.1.3 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 trade receivable balance to changes in commodity prices are as follows:

	Note	31 December 2017	31 December 2016	1 January 2016
Trade receivable pertaining to:				
Phosphate		**837,925,620**	608,022,165	676,936,808
Aluminium		**738,571,418**	448,913,721	413,603,556
Gold		**205,084,980**	112,533,732	60,953,506
Total	28	**1,781,582,018**	1,169,469,618	1,151,493,870

(All amounts in Saudi Riyals unless otherwise stated)

47 Financial risk management (continued)

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.

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.

	31 December 2017	31 December 2016	1 January 2016
Increase / (decrease) in phosphate prices			
Increase of 10% in USD per tonne	**83,792,562**	60,802,217	67,693,681
Decrease of 10% in USD per tonne	**(83,792,562)**	(60,802,217)	(67,693,681)
Increase / (decrease) in aluminium LME prices			
Increase of 10% in USD per tonne	**73,857,142**	44,891,372	41,360,356
Decrease of 10% in USD per tonne	**(73,857,142)**	(44,891,372)	(41,360,356)
Increase / (decrease) in gold prices			
Increase of 10% in USD per oz	**20,508,498**	11,253,373	6,095,351
Decrease of 10% in USD per oz	**(20,508,498)**	(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 occur.

47.2 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.

(All amounts in Saudi Riyals unless otherwise stated)

47 Financial risk management (continued)

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

Trade receivables

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

	Note	31 December 2017	31 December 2016	1 January 2016
Neither past due nor impaired		**1,425,511,488**	1,069,829,190	1,038,367,814
Past due not impaired				
< 30 days		**168,102,715**	24,786,438	80,291,059
30-60 days		**107,720,087**	20,123,484	22,223,111
61-90 days		**64,646,681**	4,049,651	6,899,745
> 90 days		**15,601,047**	50,680,855	3,712,141
Total	28	**1,781,582,018**	1,169,469,618	1,151,493,870

47.3 Liquidity risk

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

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

	Notes	31 December 2017	31 December 2016	1 January 2016
Time deposits	29	**2,240,000,000**	2,711,000,000	899,052,989
Unrestricted cash and cash equivalents	30	**4,281,744,159**	4,310,373,308	3,714,946,268
Total		**6,521,744,159**	7,021,373,308	4,613,999,257

(All amounts in Saudi Riyals unless otherwise stated)

47 Financial risk management (continued)

Liquidity risk exposure

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

	31 December 2017	31 December 2016	1 January 2016
Floating rate			
- Expiring within 1 year			
• Syndicated Revolving Credit Facility	**-**	9,000,000,000	-
- Expiring beyond 1 year			
• Syndicated Revolving Credit Facility	**7,500,000,000**	-	9,000,000,000
• Other facilities (mainly for project financing)	**2,507,509,379**	2,926,161,538	9,907,775,935
Fixed rate (mainly for project financing)			
- Expiring within 1 year	**-**	-	-
- Expiring beyond 1 year	**-**	395,493,000	1,115,800,000
Total	**10,007,509,379**	12,321,654,538	20,023,575,935

Maturities of financial liabilities

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

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

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

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Non-derivatives as at:						
31 December 2017						
Project and trade payables	1,510,095,575	-	-	-	1,510,095,575	1,510,095,575
Accrued expenses	1,969,671,122	-	-	-	1,969,671,122	1,969,671,122
Long-term borrowings	3,195,086,817	3,291,077,736	14,616,074,217	33,584,143,677	54,686,382,447	54,686,382,447
Finance lease liabilities	37,263,966	22,315,272	5,801,740	-	65,380,978	65,380,978
Total	**6,712,117,480**	**3,313,393,008**	**14,621,875,957**	**33,584,143,677**	**58,231,530,122**	**58,231,530,122**
Non-derivatives as at:						
31 December 2016						
Project and trade payables	1,022,244,086	-	-	-	1,022,244,086	1,022,244,086
Accrued expenses	2,629,438,338	-	-	-	2,629,438,338	2,629,438,338
Long-term borrowings	2,752,508,518	3,782,843,988	12,650,913,986	35,174,569,314	54,360,835,806	54,360,835,806
Finance lease liabilities	38,622,936	37,263,966	28,117,012	-	104,003,914	104,003,914
Total	**6,442,813,878**	**3,820,107,954**	**12,679,030,998**	**35,174,569,314**	**58,116,522,144**	**58,116,522,144**

(All amounts in Saudi Riyals unless otherwise stated)

47 Financial risk management (continued)

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Non-derivatives as at:						
1 January 2016						
Project and trade payables	1,430,512,984	-	-	-	1,430,512,984	1,430,512,984
Accrued expenses	4,520,925,588	-	-	-	4,520,925,588	4,520,925,588
Long-term borrowings	11,995,224,385	1,525,133,518	6,234,541,388	25,919,489,303	45,674,388,594	45,674,388,594
Finance lease liabilities	38,622,936	38,622,936	65,380,978	-	142,626,850	142,626,850
Total	**17,985,285,893**	**1,563,756,454**	**6,299,922,366**	**25,919,489,303**	**51,768,454,016**	**51,768,454,016**

48 Capital management

Risk management

The Group's objectives when managing capital are to

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

"Net debt divided by total equity and net debt (as shown in the consolidated statement of financial position, including non-controlling interests)."

The gearing ratios as at the end of the year were as follows:

	Note	31 December 2017	31 December 2016	1 January 2016
Net debt – Long-term borrowings	36.6	**54,686,382,447**	54,360,835,806	45,674,388,594
Total equity		**34,529,979,518**	33,136,314,850	33,133,609,672
Total equity and net debt		**89,216,361,965**	87,497,150,656	78,807,998,266
Net debt to equity ratio		**0.61**	0.62	0.58

(All amounts in Saudi Riyals unless otherwise stated)

49 Financial assets and financial liabilities

The Group holds the following classes of financial instruments:

	Notes	31 December 2017	31 December 2016	1 January 2016
Financial assets measured at amortised cost				
Other investments	23	**50,000,000**	50,000,000	50,000,000
Due from joint venture partners	25	**13,652,075**	-	720,000,000
Trade and other receivable (less withholding tax, zakat and employees' home ownership program receivable)	28	**1,900,609,211**	1,272,770,179	1,219,295,805
Time deposits	29	**2,240,000,000**	2,711,000,000	899,052,989
Cash and cash equivalents	30	**4,351,617,030**	4,369,714,529	4,308,309,524
Total		**8,555,878,316**	8,403,484,708	7,196,658,318
Financial liabilities measured at amortised cost				
Due to a joint venture partner	35	**266,358,724**	191,016,363	184,929,613
Long-term borrowings	36.6	**54,686,382,447**	54,360,835,806	45,674,388,594
Obligation under finance lease	38	**65,380,978**	104,003,914	142,626,850
Projects, trade and other payables	42	**2,968,765,676**	3,432,584,585	3,070,478,324
Accrued expenses	43	**1,969,671,122**	2,629,438,338	4,520,925,588
Total		**59,956,558,947**	60,717,879,006	53,593,348,969

Other investments are measured at amortized cost less any impairment losses, see Note 23.

In accordance with IFRS 7 paragraph 29(a), disclosures of fair value are not required when the carrying amount is a reasonable approximation of its fair value for financial instruments such as short-term trade receivables and payables. IFRS 7 paragraph 29(d) equally applies to lease liabilities.

Long-term borrowings are initially recognised at their fair value (being proceeds received, net of eligible transaction costs incurred) if any. Subsequent to the initial recognition long-term borrowings are measured at amortised cost using the effective interest rate method. The fair value measurement hierarchy, on a non-recurring basis for liabilities, is Level 3 – significant unobservable inputs.

50 Events after the reporting date

No events have arisen subsequent to 31 December 2017 and before the date of signing the independent auditors' report, that could have a significant effect on the consolidated financial statements as at 31 December 2017.

51 Comparative figures

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

52 Contingent assets held and liabilities incurred under fiduciary administration

On 6 January 2013 MIC, a wholly owned subsidiary of Ma'aden, received an amount of USD 140 million (in a fiduciary capacity) from the Ministry of Finance of the Kingdom of Saudi Arabia, in accordance with the Council of Ministers' Resolution No 87, dated 28 Rabi ul Awal 1433H (corresponding to 20 February 2012), for the purpose of establishing an industrial city in the Northern Borders Province, by the name of "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.

In 2014, an additional amount of USD 250 million has been received and deposited in a separate bank account that does not form part of MIC's available cash resources and has been accounted for in its own standalone accounting records and has not been integrated with MIC's accounting records.

In 2016, the remaining amount of USD 310 million was received. The amounts can only be utilised for the designated purpose in accordance with the Council of Ministers Resolution and replenished based on the presentation of supporting documents for the expenditures incurred, in accordance with the applicable Governments Regulations.

As of 31 December 2017, total net assets of the project amounted to SAR 2,625,000,000 (31 December 2016: SAR 2,625,000,000 and 1 January 2016: SAR 1,462,500,000).

(All amounts in Saudi Riyals unless otherwise stated)

53 Detailed information about the subsidiaries and joint ventures

		Issued and paid-up share capital			Effective group interest %			Cost of investment by parent company		
Subsidiaries	Nature of business	31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
MGBM	Gold mining	**867,000,000**	867,000,000	867,000,000	**100**	100	100	**867,000,000**	867,000,000	867,000,000
MIC	Manage and develop infrastructure projects	**500,000**	500,000	500,000	**100**	100	100	**500,000**	500,000	500,000
IMC	Kaolin, low grade bauxite and magnesite mining	**344,855,200**	344,855,200	344,855,200	**100**	100	100	**344,855,200**	344,855,200	344,855,200
MAC	Aluminium ingots, T-shape ingots, slabs and billets	**6,573,750,000**	6,573,750,000	6,573,750,000	**74.9**	74.9	74.9	**4,923,738,750**	4,923,738,750	4,923,738,750
MRC	Aluminium sheets for can body and lids	**2,477,371,807**	2,477,371,807	2,449,008,348	**74.9**	74.9	74.9	**1,855,551,483**	1,855,551,483	1,834,307,253
MBAC	Bauxite mining and refining	**4,828,464,412**	4,828,464,412	4,806,784,758	**74.9**	74.9	74.9	**3,616,519,845**	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	**70**	70	70	**4,345,936,000**	4,345,936,000	4,345,936,000
MWSPC	Phosphate mining and fertilizer producer	**7,942,501,875**	7,005,001,875	5,505,001,875	**60**	60	60	**4,765,501,125**	4,203,001,125	3,303,001,125
								20,719,602,403	20,157,102,403	19,219,620,112
Joint ventures										
SAMAPCO*	Production of concentrated caustic soda and ethylene dichloride	**900,000,000**	900,000,000	900,000,000	**50**	50	50	**450,000,000**	450,000,000	450,000,000
MBCC	Production of copper and associated minerals	**404,965,291**	404,965,291	404,965,291	**50**	50	50	**202,482,646**	202,482,646	202,482,646
Total								**652,482,646**	652,482,646	652,482,646

All the subsidiaries and joint ventures listed above are incorporated in the Kingdom of Saudi Arabia.

*Equity investment in SAMAPCO has been fully impaired on 1 January 2016, following the transition from SOCPA to IFRS (Note 21.2).