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

Consolidated financial statements
for the year ended 31 December 2019

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Commercial registration number	1010164391	
Directors	H.E. Yaser Bin Othman Al-Rumayyan	- Chairman (Appointed on 28 September 2019)
	H.E. Engr. Khalid Bin Abdulaziz Al-Faleh	- Chairman (Resigned on 27 September 2019)
	H.E. Sulaiman Bin Abdulrahman Al-Gwaiz	- Vice chairman
	H.E. Engr. Abdullah Bin Ibrahim Al-Saadan	
	H.E. Engr. Khalid Bin Saleh Al-Mudaifer	
	Engr. Abdullah Bin Mohammed Al-Issa	
	Ms. Lubna Bint Suliman Al-Olayan	
	Engr. Azzam Bin Yaser Shalabi	- (Resigned on 19 December 2019)
	Dr. Klaus Christian Kleinfeld	
	Mr. Richard O'Brien	
Registered address	Building number 395 Abi Bakr Asseddiq Road, South Exit 6, North Ring Road Riyadh 11537 Kingdom of Saudi Arabia	
Postal address	P.O. Box 68861 Riyadh 11537 Kingdom of Saudi Arabia	
Banker	The Saudi British Bank (SABB)	
Auditors	PricewaterhouseCoopers Kingdom Tower - 21st Floor King Fahad Road Riyadh 11414 Kingdom of Saudi Arabia	

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, set out on page 4 to 14, is made with a view to distinguish the responsibilities of management and those of the independent auditor 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 2019, its financial performance, 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, management is responsible for:

- selecting suitable accounting policies and applying them consistently,
- making judgments and estimates that are reasonable and prudent,
- stating whether IFRS and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA"), as endorsed in the Kingdom of Saudi Arabia, have been followed, subject to any material departures disclosed and explained in the consolidated 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.

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 2019 set out on pages 15 to 145, were approved and authorized for issue by the Board of Directors on 30 January 2020 and signed on their behalf by:

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

5 Jumada Al-Akhirah 1441H
30 January 2020
Riyadh
Kingdom of Saudi Arabia

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

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (together the "Group") as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019;
- the consolidated statement of financial position as at that date;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent auditor's report to the shareholders of Saudi Arabian Mining Company (Ma'aden) (continued)

Our audit approach

Overview

Key audit matters	• Impairment assessment of property, plant and equipment, mine properties, capital work-in-progress and finite-lived intangible assets; • Accounting for the acquisition of Meridian Consolidated Investment Company Limited and its subsidiaries (together the "Meridian Group"), and impairment assessment of the carrying value of the resultant goodwill; and • Adoption of IFRS 16 "Leases".

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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Independent auditor's report to the shareholders of Saudi Arabian Mining Company (Ma'aden) (continued)

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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Impairment assessment of property, plant and equipment, mine properties, capital work-in-progress and finite-lived intangible assets	
As at 31 December 2019, the Group has property, plant and equipment of Saudi Riyals 64,496,438,656, mine properties of Saudi Riyals 10,045,329,831, capital work-in-progress of Saudi Riyals 2,747,575,350 and finite-lived intangible assets of Saudi Riyals 196,631,689. As at 31 December 2019, property, plant and equipment and capital work-in-progress are stated net of an impairment loss amounting to Saudi Riyals 2,467,500,000 (31 December 2018: Saudi Riyals 2,467,500,000) and Saudi Riyals 836,250,000 (31 December 2018: Saudi Riyals 836,250,000), respectively. At each reporting date, the Group reviews for impairment the carrying amount of these assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The determination of the recoverable amount, being the higher of value-in-use and fair value less costs of disposal, requires management to identify and then estimate the recoverable amount for the asset or the cash generating unit ("CGU") to which the asset belongs. Recoverable amounts, in case of value-in-use, are based on management's view of key internal value driver inputs as well as external market conditions such as future commodity prices as set out in the approved business plan. It also requires management to make estimates of growth rates beyond the approved business plan period and to determine the most appropriate discount rate.	We performed the following procedures: • Understood and evaluated the appropriateness of management's identification of the CGUs. • Assessed management's identification of impairment indicators, as well as indicators of impairment reversal, including the conclusions reached. We also evaluated the design and implementation of key controls over the impairment assessment process comprising of impairment indicator identification and estimation of recoverable amounts. • Evaluated the reasonableness of management's assumptions and estimates used to determine the recoverable amount of the CGUs where impairment indicators have been identified. This included: (i) Assessing the methodology used by management to estimate the value-in-use by checking, on a sample basis, the accuracy and appropriateness of the input data in the discounted cash flow model to supporting documentation, such as the approved business plans. We considered the reasonableness of business plans by comparing the business plans to the historical results and the market data, particularly with respect to sales pricing, and comparing the current year's actual results with its forecast. We also discussed with management to understand the basis for the assumptions used in the business plans;

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Key audit matter	How our audit addressed the Key audit matter
Specific assets or the CGUs, to which the assets belong, where we focused our procedures included the following: *Ma'aden Rolling Company* Management determined that the recoverable amount was approximately equal to the carrying value resulting in no impairment loss or reversal of a previously recognized impairment loss to be recognized for the year ended 31 December 2019. *Ma'aden Wa'ad Al Shamal Phosphate Company* Management determined that the recoverable amount was approximately equal to the carrying value resulting in no impairment loss to be recognized for the year ended 31 December 2019. We considered this as a key audit matter as the assessment of the recoverable amount of the asset or the CGU to which the asset belongs requires estimation and judgement primarily around production profiles, useful life of assets, commodity prices, future economic and market conditions, growth rates (including terminal growth rate) and discount rates. Refer to Note 4.11 to the consolidated financial statements for the accounting policy relating to the impairment of these assets, Note 6.1 for the disclosure of significant accounting estimates and judgements and Note 19 for the disclosure of matters related to impairment of property, plant and equipment, mine properties and capital work-in-progress.	(ii) Assessing the appropriateness of the discounted cash flow projections in the calculation of the value-in-use, testing the reasonableness of key assumptions such as the future business growth, terminal growth rates and discount rates based on our knowledge of the business and industry by comparing the assumptions to historical results and published market and industry outlook data and other relevant information. Our internal valuation experts were engaged to assist us in the review of the methodology underlying the value-in-use calculations and to assess the reasonableness of discount rates and growth rates; (iii) Testing management's discounted cash flow models used in the calculation of the value-in-use for mathematical accuracy and logical integrity of the underlying calculations; and (iv) Performing sensitivity analysis over key assumptions in the calculation of the value-in-use in order to assess the potential impact of a range of possible outcomes. • Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.

Independent auditor's report to the shareholders of Saudi Arabian Mining Company (Ma'aden) (continued)

Key audit matter	How our audit addressed the Key audit matter
Accounting for the acquisition of Meridian Group, and impairment assessment of the carrying value of the resultant goodwill Ma'aden, through its wholly-owned subsidiary, Ma'aden Marketing and Distribution Company ("MMDC"), acquired a total stake of 85% in Meridian Group on 8 August 2019. Ma'aden paid a total purchase consideration of Saudi Riyals 436,856,535 to acquire the net assets with fair value of Saudi Riyals 328,662,007, at the acquisition date, resulting in the recognition of finite-lived intangible assets of Saudi Riyals 85,875,000 and goodwill of Saudi Riyals 159,465,843. Ma'aden completed the Purchase Price Allocation ("PPA") with the assistance of management's expert. The accounting for acquisition is governed by IFRS 3 'Business Combinations' which requires management to exercise significant judgement in determining certain estimates. The most significant judgement in the initial accounting of an acquisition includes: • Determining the fair value of the purchase consideration; • Determination of the fair values of identifiable assets acquired and liabilities assumed; • Identification of intangible assets; and • Determination of goodwill arising on acquisition. As part of the PPA exercise, fair values were attributed to certain identified intangible assets. The fair valuation of these intangibles was determined using financial models which contain certain significant assumptions, including discount rate, expected revenues and profit margins as per an agreed business plan. The remaining unallocated purchase price was accounted for as goodwill. Further, a shareholders' agreement ("SA"), was signed on the acquisition date (8 August 2019), which gave the right of the non-controlling equity holders to put their remaining shareholding of 15% to the Group for acquisition from 2020 through 2023.	Our procedures included the following: • Reviewed the shares purchase agreement ("SPA") entered into for the acquisition of Meridian Group and tested the purchase consideration and cash payment of Saudi Riyals 436,856,535 made in accordance with the terms and conditions of SPA; • Evaluated the competence, objectivity, and capabilities of management's expert based on their professional qualifications and experience and assessed their independence; • Obtained and reviewed the PPA and tangible and intangible asset valuation reports prepared by management's expert; • Involved our internal valuation experts for reviewing the PPA, including the methodology and assumptions used in the identification of intangible assets and in determination of fair values of identifiable assets acquired and liabilities assumed; • Our internal valuation experts assisted us in testing the reasonableness of the relevant discount rate used in the PPA in valuation of intangible assets by reference to observable market data; • We tested certain key inputs used in the valuation of intangible assets, such as expected revenue and profit margins by reference to the historical operating and financial performance of Meridian Group; • Our internal valuation experts assisted us in testing the methodology used for the valuation of the non-controlling interest put option liability recognised on the date of acquisition, and the significant assumptions of EBITDA multiple and discount rate used by the management's expert in such valuation; and • Assessed the adequacy and appropriateness of the disclosures in the accompanying consolidated financial statements related to the acquisition of Meridian Group.

Key audit matter	How our audit addressed the Key audit matter
Accordingly, a non-controlling interest put option liability of Saudi Riyals 78,900,805 was recognized on the date of acquisition. The valuation of these options was determined after considering certain significant assumptions including discount rate and EBITDA multiple for the years from 2020 through 2023.	
In accordance with the International Accounting Standard 36 ("IAS 36"), "Impairment of assets", an entity is required to test goodwill acquired in a business combination for impairment at least annually irrespective of whether or not there is any indication of impairment. Goodwill is monitored by management at the level of CGUs, which are the primary operating elements of the business concerned. Management carried out an impairment exercise in respect of goodwill allocated to Meridian Group by determining the recoverable amount based on value-in-use discounted cash flow model, which utilized the most recent five years business plan prepared by Meridian Group's management. The outcome of this exercise did not result in any impairment loss to be recognized. We considered accounting for acquisition of Meridian Group (including determination of PPA and recognition of the put option liability) and impairment assessment of carrying value of Meridian Group goodwill as a key audit matter due to the following: *Accounting for acquisition of Meridian Group* The complexity of accounting for business combination and significant management assumptions in the (i) valuation of intangibles identified; (ii) determination of fair values of assets acquired and liabilities assumed; and (iii) determination of the non-controlling interest put option liability recognised.	With respect to impairment assessment of the carrying value of Meridian Group goodwill, we performed the following procedures: • Understood and evaluated the appropriateness of management's identification of the CGUs; • Assessed the methodology used by management to determine the recoverable value of the goodwill based on the value-in-use method and compared it to the requirements of IAS 36; • Tested the arithmetical accuracy and logical integrity of the underlying calculations in the model; • Tested the accuracy and relevance of the input data by reference to supporting evidence, such as approved business plan, and considered the reasonableness of approved business plan by comparison to the Meridian Group's historical results and performance against budgets; • Engaged our internal valuation experts to assist us in testing of the methodology of the value-in-use calculations and use of certain assumptions including discount rates and long-term growth rates; • Performed sensitivity analyses over key assumptions, principally sales growth rate, average EBITDA margin and discount rate, in order to assess the potential impact of a range of possible outcomes; and • Assessed the adequacy and appropriateness of the disclosures in the accompanying consolidated financial statements related to the carrying value of Meridian Group goodwill.

Key audit matter	How our audit addressed the Key audit matter
Impairment assessment of carrying value of Meridian Group goodwill The assessment of the recoverable amount of goodwill under the value-in-use method is complex and requires considerable judgment on part of the management. The critical judgmental elements of management's assessment included: • assumptions concerning the expected economic conditions, especially growth in the markets in which Meridian Group primarily operates; and • discount rate and average EBITDA margin used in the value-in-use cash flow model. Refer to Notes 4.1 and 4.10 to the consolidated financial statements for the accounting policies relating to the business combinations and impairment of goodwill, respectively. Also refer to Note 6.1 and 6.2 for the disclosures of significant accounting estimates, assumptions and judgements made in applying the above accounting policies and Notes 5 and 22 for related disclosures.	
Adoption of IFRS 16 "Leases" Effective 1 January 2019, the Group changed its accounting policies due to the mandatory application of IFRS 16 "Leases" which supersedes the requirements of IAS 17 "Leases". IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.	We performed the following procedures: • Tested management's assessment of the impact of adoption of IFRS 16 in terms of recognition, classification and measurement of its right-of-use assets and lease liabilities at 1 January 2019, and understood the approach taken towards such implementation; • Evaluated the competence, objectivity, and capabilities of management's experts based on their professional qualifications and experience and assessed their independence;

Independent auditor's report to the shareholders of Saudi Arabian Mining Company (Ma'aden) (continued)

Key audit matter	How our audit addressed the key audit matter
Management used an external expert to assist in the compilation of a lease register, assessment of all the contracts whether they met the definition of a lease, assessment of the lease terms related to the contracts which included termination or extension options and use of appropriate discount rate to determine the right-of-use assets and lease liabilities recognised on the adoption date. The Group has adopted IFRS 16 from 1 January 2019, using the simplified approach, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in IFRS 16. As a policy choice, the Group has opted to recognise the right-of-use assets equal to the lease liabilities, due to which, no adjustment was required to be made against opening retained earnings as at the adoption date (1 January 2019). Accordingly, this resulted in recognition of right-of-use assets and lease liabilities of Saudi Riyals 1,292,480,071 as at 1 January 2019. We considered this as a key audit matter as the assessment of the contracts within the scope of IFRS 16 may not be identified or appropriately included in the calculation of the transitional impact and determination of amounts underlying the right-of-use assets and corresponding lease liabilities involve significant management judgements and estimates relating to the lease term and discount rate. Refer to Note 3 for the impact of the adoption of IFRS 16, Note 4.8 for the accounting policy and Notes 20 and 40 for the related disclosures in the accompanying consolidated financial statements.	• Tested completeness of the lease register by testing the reconciliation of the lease liabilities recognised at 1 January 2019 to the Group's operating lease commitments as at 31 December 2018, and by testing the management's assessment of contracts, on a sample basis, for inclusion or exclusion of contracts from the lease register at the adoption date; • Involved our subject matter specialists to assist us with the review of management assessment of whether or not a contract meets the definition of a lease for certain key contracts. Our subject matter specialists also assisted us with assessing the appropriateness of the significant assumptions and judgements related to lease terms used to determine the right-of-use assets and lease liabilities for such contracts and the appropriateness of the discount rate used in determining lease liabilities; • Verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contracts and other supporting information, and tested the arithmetical accuracy of the amounts underlying the right-of-use assets and lease liabilities; and • Assessed the adequacy and appropriateness of the disclosures in the accompanying consolidated financial statements in relation to the adoption of IFRS 16.

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Independent auditor's report to the shareholders of Saudi Arabian Mining Company (Ma'aden) (continued)

Other information

Management is responsible for the other information. The other information comprises information included in the Group's 2019 annual report, but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's 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 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 2019 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 issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control 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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Independent auditor's report to the shareholders of Saudi Arabian Mining Company (Ma'aden) (continued)

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 scepticism 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 control 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 control.
- 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 control 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.

Independent auditor's report to the shareholders of Saudi Arabian Mining Company (Ma'aden) (continued)

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 period 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.

PricewaterhouseCoopers

Omar M. Al Sagga
License Number 369

30 January 2020

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

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Sales	8	**17,736,278,586**	14,170,759,920
Cost of sales	9	**(15,432,560,000)**	(9,283,779,854)
Gross profit		**2,303,718,586**	4,886,980,066
Operating expenses			
Selling, marketing and logistic expenses	10	**(641,080,703)**	(350,906,083)
General and administrative expenses	11	**(561,843,682)**	(463,470,168)
Exploration and technical services expenses	12	**(179,909,722)**	(95,437,950)
Impairment / reversal of impairment of non-current assets, net	13	**(35,245,038)**	46,480,083
Operating profit		**885,639,441**	4,023,645,948
Other income / (expenses)			
Income from time deposits	14	**205,403,500**	123,942,122
Finance cost	15	**(2,401,363,914)**	(1,753,403,620)
Other income / (expenses), net	16	**87,390,250**	(3,325,610)
Share in net profit of joint ventures that have been equity accounted	23.1.3, 23.2.3	**112,077,731**	143,535,306
(Loss) / profit before zakat and income tax		**(1,110,852,992)**	2,534,394,146
Income tax	24.1	**(168,128,373)**	(72,526,367)
Zakat expense	45.2	**(249,156,159)**	(216,232,355)
(Loss) / profit for the year		**(1,528,137,524)**	2,245,635,424
Other comprehensive loss			
Items that may be reclassified to profit or loss in subsequent periods			
Cash flow hedge – effective portion of changes in fair value	41	**(198,893,932)**	(26,940,863)
Items that will not be reclassified to profit or loss in subsequent periods			
Share in other comprehensive loss of a joint venture that has been equity accounted	23.1.3	**(763,703)**	-
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	42.1.1	**(329,869)**	(24,162,881)
Loss on exchange differences on translation		**(28,877,730)**	-
Other comprehensive loss for the year		**(228,865,234)**	(51,103,744)
Total comprehensive (loss) / income for the year		**(1,757,002,758)**	2,194,531,680

Continued

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
(Loss) / profit for the year is attributable to:			
Ordinary shareholders of the parent company	17	**(739,463,938)**	1,847,917,080
Non-controlling interest	36.2	**(788,673,586)**	397,718,344
	36.3	**(1,528,137,524)**	2,245,635,424
Total comprehensive (loss) / income for year is attributable to:			
Ordinary shareholders of the parent company		**(913,787,687)**	1,806,491,711
Non-controlling interest	36.2	**(843,215,071)**	388,039,969
		(1,757,002,758)	2,194,531,680
(Loss) / earnings per ordinary share (Saudi Riyals)			
Basic and diluted (loss) / earnings per share from continuing operations attributable to ordinary shareholders of the parent company	17	**(0.62)**	1.58

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2019	31 December 2018
Assets			
Non-current assets			
Mine properties	18	**10,045,329,831**	10,045,042,854
Property, plant and equipment	19	**64,496,438,656**	66,482,353,144
Right-of-use assets	20	**1,416,739,854**	-
Capital work-in-progress	21	**2,747,575,350**	2,197,029,285
Intangible assets and goodwill	22	**356,097,532**	340,187,882
Investment in joint ventures	23	**1,116,716,693**	1,423,526,084
Deferred tax assets	24.2	**638,743,706**	597,837,808
Other investments	25	**38,440,000**	43,185,000
Other non-current assets	26	**998,863,145**	1,078,706,138
Total non-current assets		**81,854,944,767**	82,207,868,195
Current assets			
Other investments	25	**4,745,000**	4,665,000
Due from joint venture partner	27	**-**	36,686,041
Advances and prepayments	28	**252,221,973**	191,146,717
Inventories	29	**5,758,620,975**	4,311,929,714
Trade and other receivables	30	**2,995,379,409**	2,435,885,584
Time deposits	31	**3,186,788,848**	3,556,910,113
Cash and cash equivalents	32	**3,604,896,076**	5,393,162,064
Total current assets		**15,802,652,281**	15,930,385,233
Total assets		**97,657,597,048**	98,138,253,428
Equity and liabilities			
Equity			
Share capital	33	**12,305,911,460**	11,684,782,610
Statutory reserve			
Share premium	34	**10,739,190,039**	8,391,351,697
Transfer of net income	35	**1,054,251,439**	1,054,251,439
Retained earnings		**6,667,826,000**	6,772,344,987
Other reserves		**(111,636,166)**	-
Equity attributable to ordinary shareholders of the parent company		**30,655,542,772**	27,902,730,733
Non-controlling interest	36.3	**7,737,389,993**	8,791,695,515
Total equity		**38,392,932,765**	36,694,426,248
Non-current liabilities			
Deferred tax liabilities	24.3	**841,232,652**	607,317,644
Due to a joint venture partner	37	**-**	195,267,690
Long-term borrowings	38	**47,157,272,822**	51,403,730,903
Provision for decommissioning, site rehabilitation and dismantling obligations	39	**451,095,515**	385,625,329
Non-current portion of lease liability	40	**1,127,119,455**	5,720,810
Derivative financial instruments	41	**236,723,783**	28,888,908
Employees' benefits	42	**722,399,205**	618,463,740
Projects, trade and other payables	43	**169,274,230**	301,563,818
Total non-current liabilities		**50,705,117,662**	53,546,578,842
Current liabilities			
Projects, trade and other payables	43	**3,169,100,203**	2,215,392,112
Accrued expenses	44	**2,171,278,361**	1,909,315,871
Zakat and income tax payable	45	**267,369,819**	190,701,571
Severance fees payable	46	**124,505,948**	124,800,448
Current portion of long-term borrowings	38	**2,687,811,435**	3,435,575,366
Current portion of lease liability	40	**139,480,855**	21,462,970
Total current liabilities		**8,559,546,621**	7,897,248,338
Total liabilities		**59,264,664,283**	61,443,827,180
Total equity and liabilities		**97,657,597,048**	98,138,253,428
Commitments and contingent liabilities	48		

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated statement of changes in equity for the year ended 31 December 2019
(All amounts in Saudi Riyals unless otherwise stated)

	Equity attributable to ordinary shareholders of the parent company						Non-controlling interest					
		Statutory reserve										
	Share capital (Note 33)	Share premium (Note 34)	Transfer of net income (Note 35)	Retained earnings	Other reserves	Sub-total	Share capital	Payments to increase share capital*	Net income attributable to non-controlling interest	Other reserves	Sub-total	Total equity
31 December 2017 - as previously reported	11,684,782,610	8,391,351,697	869,459,731	5,151,922,897	-	26,097,516,935	8,523,320,890	298,542,857	(389,401,164)	-	8,432,462,583	34,529,979,518
IFRS 9 adjustments on expected credit losses	-	-	-	(1,277,913)	-	(1,277,913)	-	-	-	-	-	(1,277,913)
1 January 2018 - restated	11,684,782,610	8,391,351,697	869,459,731	5,150,644,984	-	26,096,239,022	8,523,320,890	298,542,857	(389,401,164)	-	8,432,462,583	34,528,701,605
Net profit for the year	-	-	-	1,847,917,080	-	1,847,917,080	-	-	397,718,344	-	397,718,344	2,245,635,424
Other comprehensive income for the year:												
Cash flow hedge – effective portion of changes in fair value (Note 41)	-	-	-	(20,178,706)	-	(20,178,706)	-	-	(6,762,157)	-	(6,762,157)	(26,940,863)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation (Note 42.1.1)	-	-	-	(21,246,663)	-	(21,246,663)	-	-	(2,916,218)	-	(2,916,218)	(24,162,881)
Total comprehensive income for the year	-	-	-	1,806,491,711	-	1,806,491,711	-	-	388,039,969	-	388,039,969	2,194,531,680
Net income transferred to statutory reserve	-	-	184,791,708	(184,791,708)	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interest during the year	-	-	-	-	-	-	-	-	(28,807,037)	-	(28,807,037)	(28,807,037)
31 December 2018	11,684,782,610	8,391,351,697	1,054,251,439	6,772,344,987	-	27,902,730,733	8,523,320,890	298,542,857	(30,168,232)	-	8,791,695,515	36,694,426,248

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated statement of changes in equity for the year ended 31 December 2019
(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Equity attributable to ordinary shareholders of the parent company						Non-controlling interest					
		Statutory reserve										
	Share capital (Note 33)	Share premium (Note 34)	Transfer of net income (Note 35)	Other reserves	Retained earnings	Sub-total	Share capital	Payments to increase share capital*	Other reserves	Net income attributable to non-controlling interest	Sub-total	Total equity
31 December 2018	11,684,782,610	8,391,351,697	1,054,251,439	-	6,772,344,987	27,902,730,733	8,523,320,890	298,542,857	-	(30,168,232)	8,791,695,515	36,694,426,248
Proceeds from conversion of long-term borrowings to equity	621,128,850	2,365,258,650	-	-	-	2,986,387,500	-	-	-	-	-	2,986,387,500
Transaction costs arising from conversion of long-term borrowings to equity	-	(17,420,308)	-	-	-	(17,420,308)	-	-	-	-	-	(17,420,308)
Net loss for the year	-	-	-	-	(739,463,938)	(739,463,938)	-	-	-	(788,673,586)	(788,673,586)	(1,528,137,524)
Other comprehensive loss for the year:												
Share in other comprehensive loss of a joint venture that has been equity accounted (Note 23.1.3)	-	-	-	-	(763,703)	(763,703)	-	-	-	-	-	(763,703)
Cash flow hedge – effective portion of changes in fair value (Note 41)	-	-	-	-	(148,971,556)	(148,971,556)	-	-	-	(49,922,376)	(49,922,376)	(198,893,932)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation (Note 42.1.1)	-	-	-	-	(42,419)	(42,419)	-	-	-	(287,450)	(287,450)	(329,869)
Loss on exchange differences on translation				(24,546,071)	-	(24,546,071)			(4,331,659)	-	(4,331,659)	(28,877,730)
Total comprehensive loss for the year	-	-	-	(24,546,071)	(889,241,616)	(913,787,687)	-	-	(4,331,659)	(838,883,412)	(843,215,071)	(1,757,002,758)
Additional capital contribution resulting from transfer of automotive sheet project (Note37)	-	-	-	-	-	-	-	195,488,894	-	-	195,488,894	195,488,894
Payment to increase share capital during the year (Note 36.3)	-	-	-	-	-	-	-	375,000,000	-	-	375,000,000	375,000,000
Charge due to transfer of long-term borrowings (Note 38.2)	-	-	-	-	(46,682,862)	(46,682,862)	-	-	-	-	-	(46,682,862)
Non-controlling interest share in MRC transferred in full to Ma'aden (Note 36.3)	-	-	-	-	831,405,491	831,405,491	(621,820,323)	(800,876,319)	-	591,291,151	(831,405,491)	-
Addition resulting from the business combination during the year (Note 36.3)	-	-	-	-	-	-	51,271,315	-	-	-	51,271,315	51,271,315
Non-controlling interest put option (Note 43)	-	-	-	(78,900,805)	-	(78,900,805)	-	-	-	-	-	(78,900,805)
Share of other non-distributable reserves	-	-	-	(8,189,290)	-	(8,189,290)	-	-	(1,445,169)	-	(1,445,169)	(9,634,459)
31 December 2019	**12,305,911,460**	**10,739,190,039**	**1,054,251,439**	**(111,636,166)**	**6,667,826,000**	**30,655,542,772**	**7,952,771,882**	**68,155,432**	**(5,776,828)**	**(277,760,493)**	**7,737,389,993**	**38,392,932,765**

* 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 2019	Year ended 31 December 2018
Operating activities			
(Loss) / profit before zakat and income tax		**(1,110,852,992)**	2,534,394,146
Adjustments for non-cash flow items:			
Loss on exchange differences		**(38,512,189)**	-
Impairment / (reversal of impairment) of non-current assets, net	13	**35,245,038**	(46,480,083)
Income from time deposits	14	**(205,403,500)**	(123,942,122)
Finance cost	15	**2,401,363,914**	1,753,403,620
Adjustment to mine properties	18	**-**	-
Depreciation of mine properties	18.1	**812,077,882**	626,381,829
Adjustment to property, plant and equipment	19	**-**	3,702,425
Depreciation of property, plant and equipment	19.1	**3,577,762,925**	2,529,349,845
Adjustment to right-of-use assets and the related lease liability	20,40.1, 40.2	**-**	-
Depreciation of right-of-use assets	20.1	**204,128,992**	-
Amortisation of intangible assets	22.1	**42,495,946**	37,499,762
Share in net profit of joint ventures	23.1.3, 23.2.3	**(112,077,731)**	(143,535,306)
Obsolete and slow moving spare parts and consumable materials written-off	29	**-**	1,386,960
Inventory written-off to net realizable value	29	**120,223,940**	-
Increase / (reversal) of provision for allowance for inventory obsolescence	29.1	**(410,696)**	46,012,092
ECL allowance on time deposits	31.1	**-**	1,259,666
Adjustment to mine closure provision	39.1,16	**(10,179,743)**	-
Current service cost of employees' termination benefits	42.1	**80,372,421**	93,617,211
Contribution for the employees' savings plan	42.2	**38,775,217**	41,620,333
Provision for severance fees	46	**122,384,655**	123,792,353
Changes in working capital:			
Advances and prepayments	26,28	**(40,868,792)**	(36,906,474)
Inventories	26,29	**(1,072,662,545)**	(907,661,150)
Trade and other receivables	26,30	**(343,087,092)**	(307,384,248)
Projects and other payables – Trade	43	**783,822,875**	(95,369,611)
Accrued expenses – Trade	44	**385,595,960**	292,161,416
Derivative interest paid	41	**(15,050,748)**	-
Employees' termination benefits paid	42.1	**(25,089,096)**	(58,010,555)
Employees' savings plan withdrawal	42.2	**(14,975,286)**	(38,447,347)
Zakat paid	45.2	**(181,784,447)**	(142,676,352)
Income tax paid	45.5	**(5,697,912)**	(14,311,791)
Severance fees paid	46	**(122,679,155)**	(72,071,259)
Finance cost paid		**(2,199,458,320)**	(2,118,196,406)
Net cash generated from operating activities		**3,105,459,521**	3,979,588,954
Investing activities			
Income received from time deposits		**199,699,765**	114,195,653
Acquisition of a subsidiary net of cash acquired	5	**(331,701,929)**	-
Additions to mine properties	18	**(819,532,022)**	(275,145,829)
Additions to property, plant and equipment	19	**(174,473,420)**	(278,774,359)
Additions to capital work-in-progress	21	**(1,776,269,113)**	(1,142,246,955)
Additions to intangible assets	22	**(173,621)**	(115,173)
Settlement of additional contribution to equity in a joint venture	23.1.3	**418,123,419**	-
Other investments	25	**4,665,000**	2,150,000
Due from joint venture partners	27	**36,686,041**	(23,033,966)
Decrease / (increase) in time deposits	31	**375,825,000**	(1,295,000,000)
Increase in restricted cash	32	**(23,799,931)**	(3,172,986)
Projects and other payables - Projects	43	**(300,080,511)**	(394,251,198)
Accrued expenses - Projects	44	**(166,299,906)**	(317,067,159)
Net cash utilized in investing activities		**(2,557,331,228)**	(3,612,461,972)

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Financing activities			
Transaction cost incurred for the conversion of long-term borrowing to equity	34	**(17,420,308)**	-
Payment to increase share capital of non-controlling interest	36.3	**375,000,000**	-
Due to a joint venture partner, net	37	**221,204**	23,033,966
Proceeds from long-term borrowings received	38	**1,778,381,105**	10,012,202,039
Repayment of long-term borrowings	38	**(4,292,176,294)**	(9,326,726,973)
Lease liability	40.1	**(204,199,919)**	(37,263,966)
Net cash (utilized in) / generated from financing activities		**(2,360,194,212)**	671,245,066
Net change in cash and cash equivalents		**(1,812,065,919)**	1,038,372,048
Unrestricted cash and cash equivalents at the beginning of the year	32	**5,320,116,207**	4,281,744,159
Unrestricted cash and cash equivalents at the end of the year	32	**3,508,050,288**	5,320,116,207
Non-cash flow transactions			
Transfer to mine properties from capital work-in-progress	18,21	**-**	1,258,519,456
Adjustment of the provision for decommissioning, site rehabilitation and dismantling obligation	18,39.2, 39.3	**53,168,500**	73,406,497
Transfer to property, plant and equipment from mine properties	19,18	**-**	15,101,390
Transfer to property, plant and equipment from capital work-in-progress	19,21	**1,242,374,344**	24,310,225,995
Transfer to right-of-use assets from mine properties	20,18	**26,890,003**	-
Transfer to right-of-use assets from intangible assets	20,22	**203,367,336**	-
IFRS 16 adjustment - Initial recognition / adjustment to right-of-use assets and the corresponding lease liability	20,40.1, 40.2	**1,301,788,575**	-
Addition to right of use assets and the corresponding lease liability	20,40.1, 40.2	**103,370,909**	-
Borrowing cost capitalized as part of capital work-in-progress	21,15.1	**21,178,231**	549,836,633
Depreciation of property, plant and equipment capitalized as part of capital-work-in-progress	21,19.1	**-**	39,629,118
Amortization of intangible assets capitalized as part of capital-work-in-progress	21, 22.1	**-**	3,030,044
Amortization of transaction cost capitalized as part of capital work-in-progress	21,38.10	**2,094,184**	29,464,834
Transfer to intangible assets from capital work-in-progress	22,21	**16,080,244**	34,979,055
ECL allowance on adoption of IFRS 9 charged to trade and other receivables and opening retained earnings	30.1	**-**	336,385
ECL allowance on adoption of IFRS 9 charged to time deposits and other receivables and opening retained earnings	31.1	**-**	941,528
Dividend paid to non-controlling interest	36.3,30	**-**	28,807,037
Share of joint venture partner in impairment of capital work-in-progress	37,21	**-**	94,125,000
Transfer from due to joint venture partner to payment to increase share capital	37,36.3	**195,488,894**	-
Conversion of long-term borrowings to equity	38.2,33,34	**2,986,387,500**	-
Loss / (gains) attributable to re-measurement of employees' end of service termination benefits obligation capitalized as part of capital work-in-progress	42.1.1, 21	**-**	2,076,230
Non-controlling interest put option recorded in other reserves	43	**78,900,805**	-

(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") 12,305,911,460 divided into 1,230,591,146 ordinary shares with a nominal value of SAR 10 each (Note 33).

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

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

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

2 Group structure

The Company has the following subsidiaries and joint ventures:

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

(All amounts in Saudi Riyals unless otherwise stated)

2 Group structure (continued)

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

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

2.1 MGBM

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

The objectives of the company are:

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

2.2 MIC

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

The objectives of the company are to:

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

2.3 IMC

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

The objectives of the company are:

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

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

2.4 MFC

The company was incorporated on 12 February 2019 in the Kingdom of Saudi Arabia, which is also its principal place of business.

The objectives of the company are:

- production of fertilizers, including phosphate and natural potassium minerals,
- mine minerals containing nitrogen and potassium,
- manufacture phosphate fertilizers, potassium fertilizers, Urea and phosphate and potassium and
- produce nitric acid, ammonia and potassium nitrate.

2.5 MMDC

The company was incorporated on 13 February 2019 in the Kingdom of Saudi Arabia, which is also its principal place of business.

The objectives of the company are:

- to be a vehicle for Ma’aden to build a fertilizer distribution business in the most important global fertilizer markets.

On 18 April 2019 MMDC signed an agreement, dated, to acquire 85% of Meridian Consolidated Investments Limited (“MCIL”) (Meridian Group or Meridian), a leading fertilizer distribution company operating in East and Southern Africa. Meridian already sells close to half a million tonnes of fertilizer every year through its network of facilities including fertilizer granulation and blending plants, warehouses and port facilities across Malawi, Zimbabwe, Zambia and Mozambique.

On 8 August 2019, acquisition of 85% of Meridian was completed after obtaining all the necessary regulatory and legal approvals.

2.6 MRC

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

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

The objectives of the company are the production of:

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

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

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

On 26 June 2019, Ma'aden and ASRI signed an agreement whereby ASRI transferred shares of the company representing 25.1% of the share capital in MRC to Ma'aden (Note 36.3). Ma'aden now owns 100% of MRC.

2.7 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 36.1).

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

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

2.8 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 36.1).

The objectives of the company are to:

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

2.9 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 36.1).

The objectives of the company are to:

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

2.10 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 36.1) and
- 15% by Saudi Basic Industries Corporation ("SABIC"), which is accounted for as a non-controlling interest in these consolidated financial statements (Note 36.1).

The objectives of the Company are the production of:

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

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

2.11 SAMAPCO

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

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

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

The objectives of the company are the production of:

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

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

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

2.12 MBCC

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

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

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

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

3 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with:

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

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

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

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

New IFRS standards, amendments to standards and interpretations not yet adopted

The following new accounting standards, amendments to standards and interpretations have been published by IASB that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform

These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that Interbank Offered Rate ("IBOR") reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the statement of profit or loss and other comprehensive income (Note 41).

Transition from LIBOR to risk free rates

In July 2017, the United Kingdom Financial Conduct Authority ('FCA'), which regulates the London Interbank Offered Rate ('LIBOR'), announced that the interest benchmark would cease after 2021. LIBOR is one of the most common series of benchmark interest rates.

LIBOR reforms and expectation of cessation of LIBOR will impact the Group's current risk management strategy and possibly accounting for certain financial instruments. The Group has long-term borrowings of SAR 27,150,445,927 which are exposed to the impact of LIBOR as at 31 December 2019 (Note 38.8).

As part of the Group's risk management strategy, the Group uses financial instruments to manage exposures arising from variation of interest rates that could affect profit or loss and other comprehensive income and applies hedge accounting to these instruments. Majority of those financial instruments are also referenced to LIBOR.

The Group is assessing the impact and next steps to ensure a smooth transition from LIBOR to the new benchmark rates.

3 Basis of preparation (continued)

New and amended IFRS standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their reporting periods commencing on or after 1 January 2019:

Amendment to IFRS 9, Financial instruments', on modification of financial liabilities

This amendment applies when a financial liability, measured at amortised cost, is modified without this resulting in a de-recognition, a gain or loss should be recognised immediately in the consolidated statement of profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. (Note 51).

Annual Improvements to IFRS Standards 2015 - 2017

These amendments include minor changes to **IAS 23 - *Borrowing costs*** – a company treats as part of general borrowings any long-term borrowing originally made to develop a qualified asset when the asset is ready for its intended use or sale. (Accounting policy 4.16 and Note 21). A portion of the finance cost paid on the general borrowings is capitalized as part of the qualifying asset presented in capital work-in-progress.

Amendments to IAS 19 - Employee benefits on plan amendment, curtailment or settlement

These amendments require an entity to: (Note 42.1)
- use updated assumptions to determine the current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement and
- recognise in profit or loss as part of past service cost, a gain or a loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

International Financial Reporting Standards Interpretations Committee ("IFRS IC") 23 - Uncertainty over income tax treatments

This IFRIC clarifies how the recognition and measurement requirements of **IAS 12 - *Income taxes***, are to apply where there is uncertainty over income tax treatments. The IFRIC had clarified previously that IAS 12, not **IAS 37 - Provisions, contingent liabilities and contingent assets**, applies to accounting for uncertain income tax treatments.

IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority.

IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group has also assessed the impact of the application of the interpretation related to uncertainty over Income Tax treatments, and has incorporated the relevant adjustments in the consolidated financial statements. (Note 45.4).

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

The Group has adopted a new accounting standard **IFRS 16 – *Leases*** for all reporting periods commencing on or after 1 January 2019, the impact of the adoption of this standard is explained below:

Nature of change

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

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

Impact of the new definition of a lease

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

3 Basis of preparation (continued)

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

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

The Group has applied IFRS 16, using the modified retrospective method, with the result that:

- the comparative amounts are not restated and
- the lease liability as at 1 January 2019 (the date of transition) is calculated as the present value of the remaining future lease payments due under the remaining term of the lease, discounted using the Company's incremental borrowing rate as at the date of the transition.

The equal and opposite side of the lease liability calculated like this, is the right-of-use("RoU") asset. Therefore, there is no adjustment against opening retained earnings as at the transition date.

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

Impact on lessee accounting

Former operating lease

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

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

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

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

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

Former finance leases

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

Impact on lessor accounting

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

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

Consolidated statement of financial position as at 1 January 2019

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

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

(All amounts in Saudi Riyals unless otherwise stated)

3 Basis of preparation (continued)

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

	Notes	1 January 2019
Right-of-use assets	20	1,292,480,071
Lease liability	40.1,40.2	(1,292,480,071)

Reconciliation of leases under IFRS 16

	Notes	1 January 2019
Operating lease commitments disclosed as at 31 December 2018		5,710,783
Initial recognition of Right-of-use assets as at 1 January 2019	20	1,292,480,071
Less: short-term leases not recognized as a lease liability		(5,710,783)
Lease liability	40	**1,292,480,071**

Lease liability recognised as at 1 January 2019

Future minimum lease payments	40	2,162,854,688
Less: Future finance cost not yet due	40	(870,374,617)
Net present value of minimum lease payments	**40**	**1,292,480,071**

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019

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

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

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

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

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

Consolidated statement of cash flows for the year ended 31 December 2019

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

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

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics and
- accounting for each lease component and any associated non-lease components as a single lease component.

4 Summary of significant accounting policies

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

4.1 Basis of consolidation and equity accounting

Subsidiaries

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

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

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

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

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

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

Business combinations

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

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

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

***Joint* ventures**

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

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

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

4.1 Basis of consolidation and equity accounting (continued)

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

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

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

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

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

4.2 Foreign currency translation

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

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

4.3 Revenue recognition

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

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

The Group recognizes revenue from the following main sources:

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

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

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

Sales of phosphate fertilizer, ammonia and industrial minerals

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

4.3 Revenue recognition (continued)

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

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

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

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

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

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

Sale of alumina, primary aluminium products and flat rolled products

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

Sale of gold bullion and concentrates

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

- **Gold bullion sales**

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

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

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

4.3 Revenue recognition (continued)

- **Metal concentrate sales**

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

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

Income from time deposits

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

4.4 Selling, marketing and logistic expenses

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

4.5 General and administrative expenses

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

4.6 Earnings per share

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

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

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

4.7 Mine properties and property, plant and equipment

Mine properties and property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

Exploration and evaluation assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Stripping activity asset and stripping activity expense

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

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

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

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

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

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

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

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

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

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

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

4.8 Right-of-use assets and lease liability

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

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

Lease liabilities

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

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

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

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

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

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

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

Right-of-use assets (RoU)

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

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

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

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

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

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

4.9 Capital work-in-progress

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

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

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

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

Capital work-in-progress is not depreciated.

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

4.10 Intangible assets and goodwill

Goodwill

Goodwill arising on acquisition of acquisition of a business is included in intangible assets.

Goodwill arising on acquisition of a business is carried at cost as at the acquisition date. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units (“CGU”) that are expected to benefit from the synergies of the combination and represents the lowest level at which goodwill is monitored for internal management purposes. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on pro-rata based on the carrying amount of each asset in the CGU.

Any impairment loss is recognized immediately in the consolidated statement of profit or loss and other comprehensive income. Impairment of goodwill is not subsequently reversed.

Customer relationships and non-core contracts

Customer relationships and non-core contracts acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses, where applicable.

Categories of intangible assets	**Number of years**
• customer relationships	10
• non-core contracts	4
• Goodwill	Not amortised but tested for impairment

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

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

4.10 Intangible assets (continued)

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

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

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

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

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

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

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

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

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

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

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

4.12 Inventories

Finished goods

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

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

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

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

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

Work-in-process

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

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

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

Ore stockpiles

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

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

Spares and consumables

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

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

Raw materials

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

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

4.13 Trade and other receivables

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at either amortized cost using the effective interest method less loss allowance, if any, or at fair value through profit and loss. See Note 4.16 for a description of the Group's impairment policies.

Trade receivables that do not meet the criteria for amortized cost or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss ("FVTPL"). Any gain or loss arising on such trade receivables, if material, is recognized in the consolidated statement of profit or loss and other comprehensive income and presented within revenue.

Employees' home ownership program receivable

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

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

4.14 Time deposits

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

4.15 Cash and cash equivalents

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

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

4.16 Financial instruments, financial assets and financial liabilities

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

Derivative instruments

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

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

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

Interest rate swap contracts

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

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

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

Forward exchange contracts

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

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

The Group does not use forward exchange contracts.

Commodity contracts

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

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

Provisional price contracts

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

At each reporting date, subsequent to the initial sale, the provisionally priced trade receivables are marked-to-market using the relevant forward market prices for the period stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the solely payment of principal and interest ("SPPI") test. As a result, these receivables are measured at fair value through profit or loss ("FVTPL") from the date of recognition of the corresponding sale, with subsequent marked-to market adjustments recognized in fair value gains / (losses) on provisionally priced products and the carrying amount of the outstanding trade receivable, if material. Such fair value gains (losses) on provisionally priced products are presented within revenue.

Financial assets

The Group's principal financial assets include:

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

They are derived directly from the Group's operations.

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

Initial recognition of financial assets

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

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

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

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

Classification of financial assets

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

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

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

Impairment and uncollectibility of financial assets

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

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

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

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

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

Derecognition of financial assets

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

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

Financial liabilities

The Group’s principal financial liabilities comprise of:

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

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

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

Initial recognition of financial liabilities

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

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

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

Classification of financial liabilities

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

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

Derecognition of financial liabilities

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

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

Offsetting a financial asset and a financial liability

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

4.17 Long-term borrowings

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

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

Borrowings are 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.

4.16 Long-term borrowings (continued)

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

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

4.18 Provisions

Provisions are recognised when the Group has:

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

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

4.19 Provision for decommissioning, site rehabilitation and dismantling obligations

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

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

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

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

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

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

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

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

4.20 Leases

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

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

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

4.21 Employees' benefits

Employees' savings plan program

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

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

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

Other short-term obligations

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

Employees' home ownership program

The program has three categories:

Housing project

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

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

Home loan

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

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

4.21 Employees' benefits (continued)

HOP furniture loan

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

Employees' end-of-service termination benefits obligation

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

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

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

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

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

4.22 Projects, other payables and accrued expenses

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

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

4.23 Zakat, income tax, withholding tax and deferred tax

Companies with only Saudi shareholders

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

Mix companies with foreign shareholders

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

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

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

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

(All amounts in Saudi Riyals unless otherwise stated)

4.23 Zakat, income tax, withholding tax and deferred tax (continued)

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

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

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

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

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

4.24 Severance fees

Effective from year 2005 onwards, as per Article No. 71 of the Saudi Mining Investment Code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to 4 October 2004), the Group is required to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is the lower. The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated statement of profit or loss (Notes 9 and 46).

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

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

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

In mix companies with foreign shareholders, only the Saudi shareholders are liable for paying severance fees on their share of the net profit attributable to the particular mining license. The Saudi shareholder can deduct the zakat due by them from their severance fee liability. The foreign shareholders are exempt from paying severance fees on their share of net profit attributable to the particular mining license, however, they pay income tax at a rate of 20%.

(All amounts in Saudi Riyals unless otherwise stated)

5 Business combination

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

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

These consolidated financial statements include the results of the Meridian from the date the control was transferred to the Group. Revenue generated by the Meridian business for the period from the acquisition date of 8 August 2019 to 31 December 2019 was SAR 643 million and the net profit for the same period was SAR 93 million. However, if the acquisition had occurred on 1 January 2019, management estimated that consolidated revenue of the Group would have increased by SAR 463 million and the consolidated net profit would have increased by SAR 2 million for the year ended 31 December 2019.

The acquisition has been accounted for as a business combination in accordance with IFRS 3, using the acquisition method where the acquired tangible and intangible assets and the assumed liabilities are recorded at their fair values at the date of acquisition. The Group has allocated and completed the purchase price allocation ("PPA") of the identified assets acquired and the liabilities and contingent liabilities assumed.

The fair values of the assets and liabilities as of the acquisition date are summarized below:

	Notes	Fair values on acquisition 8 August 2019	Adjustments from purchase price allocation	Carrying values on acquisition 8 August 2019
Assets				
Non-current assets				
Property, plant and equipment	19	**175,000,673**	-	175,000,673
Capital work-in-progress	21	**11,258,503**	-	11,258,503
Intangible assets	22	**86,053,224**	85,875,000	178,224
Deferred tax assets	24.2	**6,383,507**	-	6,383,507
Other non-current assets		**-**	-	-
		278,695,907	**85,875,000**	**192,820,907**
Current assets				
Advances and prepayments	28	**13,959,829**	-	13,959,829
Inventories	29	**498,306,942**	42,000,000	456,306,942
Trade and other receivables	30	**152,595,393**	-	152,595,393
Cash and cash equivalents	5.2	**105,154,606**	-	105,154,606
		770,016,770	**42,000,000**	**728,016,770**
Total assets		**1,048,712,677**	**127,875,000**	**920,837,677**
Liabilities				
Non-current liabilities				
Non-current portion of long-term borrowings	38	**97,206,550**	-	97,206,550
Deferred tax liabilities	24.3	**44,291,014**	35,250,000	9,041,014
		141,497,564	**35,250,000**	**106,247,564**
Current liabilities				
Trade and other payables	43	**247,723,304**	-	247,723,304
Accrued expenses	44	**42,666,436**	-	42,666,436
Current portion of long-term borrowings	38	**286,195,688**	-	286,195,688
Tax payable	45.5	**1,967,678**	-	1,967,678
		578,553,106	**-**	**578,553,106**
Total liabilities		**720,050,670**	**35,250,000**	**684,800,670**
Total net identifiable assets	5.1	**328,662,007**	**92,625,000**	**236,037,007**

(All amounts in Saudi Riyals unless otherwise stated)

5 Business combination (continued)

5.1 Goodwill recognized as at the acquisition date

	Notes	Total
As at the acquisition date		
Total net identifiable assets	5	328,662,007
Non-controlling interest		(2,320,016)
Sub-total		**326,341,991**
Ma'aden share of net assets at 85% shareholding	5	277,390,692
Cash paid to shareholders of Meridian Group		436,856,535
Goodwill recognized at the date of acquisition	22	**159,465,843**

5.2 Acquisition cost net of cash and cash equivalents acquired

	Note	Total
Cash paid to the shareholders of Meridian Group		436,856,535
Less: Cash and cash equivalent of Meridian acquired as at the acquisition date	5	(105,154,606)
Net cash outflow as at the acquisition date of Meridian Group		**331,701,929**

5.3 Non-controlling interest as at the acquisition date

	Notes	Total
As at the acquisition date		
Total net identifiable assets	5	328,662,007
Non-controlling interest		(2,320,016)
Sub-total		**326,341,991**
Non-controlling interest share of net assets at 15% shareholding	5	48,951,299
Add: Non-controlling interest of Meridian Group		2,320,016
Total	36.3	**51,271,315**

6 Critical accounting judgments, estimates and assumptions

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

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

6.1 Critical accounting judgements in applying accounting standards

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

- impairment testing of goodwill
- economic useful lives of mine properties, property, plant and equipment
- impairment and the reversal of impairment of tangible assets
- identification of CGUs
- right-of-use assets and lease liabilities
- zakat and income tax
- exploration and evaluation expenditure
- stripping costs
- commercial production start date

Impairment testing of goodwill

The Group's management tests, on an annual basis, whether goodwill arising on consolidation has suffered any impairment. This requires an estimation of the recoverable amounts of the CGU to which goodwill has been allocated. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used in computation of terminal value. The key assumptions used in determining the recoverable amounts are set out in Note 22.

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

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

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

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

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

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

6.1 Critical accounting judgements in applying accounting standards (continued)

Impairment and the reversal of impairment of tangible assets

The Group reviews the carrying amounts of its tangible assets i.e. mine properties, property, plant and equipment, right-of-use assets, capital work-in-progress 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.

Identification of CGUs

The classification of assets into CGUs requires significant judgement and interpretations with respect to the integration between assets, generation of independent cash flows by the assets, the existence of active markets, external users, and the way in which management monitors the CGU's operations.

Right-of-use assets and lease liabilities

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

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

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

Zakat and income tax

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

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

Exploration and evaluation expenditure

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

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

Stripping costs

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

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

6.1 Critical accounting judgements in applying accounting standards (continued)

Stripping costs (continued)

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

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

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

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

6.2 Key sources of estimation uncertainty

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

- mineral resource and ore reserve estimates,
- mine decommissioning obligation,
- allowances for obsolete and slow moving spare parts and
- Non-controlling interest call and put options
- contingencies.

Mineral resource and ore reserve estimates

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

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

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

6.2 Key sources of estimation uncertainty (continued)

Mine decommissioning obligation

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

Allowances for obsolete and slow moving spare parts

The Group also creates an allowance for obsolete and slow-moving spare parts. At 31 December 2019, the allowance for obsolete slow-moving items amounted to SAR 93,103,074 (31 December 2018: SAR 92,692,378). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year (Note 29.1).

Non-controlling interest put options

The fair value of non-controlling interest call and put options are recognized at the present value of redemption amount based on the discounted cash flow analysis. The Group estimates the non-controlling interest call and put options price at each reporting period in accordance with the formula defined in the shareholders agreement between Ma'aden and Meridian. Further details are explained in Note 43.3 of these consolidated financial statements.

Contingencies

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

7 Segmental information

Segment reporting

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

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

7.1 Business segment

A business segment is a component of the Group:

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

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

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

7.1 Business segment (continued)

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, Multiple Hearth Furnace (MHF) processing plant and a Vertical Shaft Kiln (VSK) processing plant at Al-Madinah Al Munawarah.
  - ***MWSPC*** – the development of a mine to exploit the Al-Khabra phosphate deposit. The company declared commercial production on 2 December 2018, except for the ammonia plant for which commercial production was declared on 1 January 2017.
  - ***MMDC*** – a vehicle for Ma'aden to build a fertilizer distribution business in the most important global fertilizer markets.
  - ***Phosphate and Industrial Minerals division under Corporate*** – related cost and exploration expenses in Ma'aden Corporate has been allocated to this segment.
  - ***MIC*** – is responsible for the development, construction and delivery of services to Ma'aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a 33% proportionate share of MIC's revenues, costs and assets have been allocated to this segment.

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

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

- **Corporate**
  - Is responsible for effective management and governance including funding of subsidiaries and joint ventures that carry out various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by-products. The presentation of Corporate information does not represent an operating segment.

(All amounts in Saudi Riyals unless otherwise stated)

7.2 Business segment financial information

	Notes	Phosphate	Aluminum	Precious and base metals	Corporate	Total
31 December 2019						
Sales of goods and services to external customers	7.3,8	**8,250,311,335**	**7,399,762,355**	**2,086,204,896**	**-**	**17,736,278,586**
Gross profit		**757,821,970**	**841,764,092**	**704,132,524**	**-**	**2,303,718,586**
Net (loss) / profit before zakat and income tax		**(973,439,404)**	**(496,664,178)**	**592,628,523**	**(233,377,933)**	**(1,110,852,992)**
Less: Income from time deposits	14	**(40,942,146)**	**(23,953,695)**	**-**	**(140,507,659)**	**(205,403,500)**
Add: Finance cost	15	**1,174,201,067**	**1,102,326,490**	**43,315,988**	**81,520,369**	**2,401,363,914**
Net profit / (loss) before net finance income / (cost), zakat and income tax		**159,819,517**	**581,708,617**	**635,944,511**	**(292,365,223)**	**1,085,107,422**
Operating special items and re-measurements:						
Add: Impairment of non-current assets, net	13	**-**	**-**	**35,245,038**	**-**	**35,245,038**
Add: Non-operating other (income) / expenses, net	16	**(16,841,408)**	**(59,062,468)**	**(11,341,637)**	**(144,737)**	**(87,390,250)**
Less: Share in net loss / (profit) of joint ventures	23.1.3, 23.2.3	**-**	**77,177,820**	**(189,255,551)**	**-**	**(112,077,731)**
Underlying EBIT		**142,978,109**	**599,823,969**	**470,592,361**	**(292,509,960)**	**920,884,479**
Add: Depreciation and amortization		**2,389,717,798**	**1,670,493,292**	**505,514,305**	**70,740,350**	**4,636,465,745**
Underlying EBITDA		**2,532,695,907**	**2,270,317,261**	**976,106,666**	**(221,769,610)**	**5,557,350,224**
Net (loss) / profit attributable to ordinary shareholders of the parent company		**(508,617,112)**	**(490,682,219)**	**581,697,221**	**(321,861,828)**	**(739,463,938)**
Mine properties	18	**5,875,299,566**	**1,409,389,363**	**2,760,640,902**	**-**	**10,045,329,831**
Property, plant and equipment	19	**33,435,100,376**	**30,939,408,549**	**2,867,279**	**119,062,452**	**64,496,438,656**
Right-of-use assets	20	**252,605,378**	**1,136,370,715**	**24,122,709**	**3,641,052**	**1,416,739,854**
Capital work-in-progress	21	**1,079,730,014**	**1,655,192,054**	**370,500**	**12,282,782**	**2,747,575,350**
Intangible assets	22	**248,137,485**	**52,796,645**	**7,128,537**	**48,034,865**	**356,097,532**
Investment in joint ventures	23	**-**	**190,008,000**	**926,708,693**	**-**	**1,116,716,693**
Total assets		**48,238,876,523**	**40,370,153,946**	**4,370,102,108**	**4,678,464,471**	**97,657,597,048**
Long-term borrowings	38	**28,037,439,188**	**20,726,122,968**	**829,930,447**	**-**	**49,593,492,603**
Lease liability	40	**196,094,050**	**1,042,155,639**	**24,667,434**	**3,683,187**	**1,266,600,310**
Total liabilities		**32,285,237,755**	**24,479,614,121**	**1,619,015,365**	**880,797,042**	**59,264,664,283**

(All amounts in Saudi Riyals unless otherwise stated)

7.2 Business segment financial information (continued)

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

(All amounts in Saudi Riyals unless otherwise stated)

7.3 Geographical segment

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

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

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2019						
International						
Indian subcontinent and Asia-pacific		**4,696,572,388**	**906,668,770**	**-**	**-**	**5,603,241,158**
Brazil, Singapore, GCC MENA, Africa, Europe, Latin America and North America		**2,195,660,321**	**4,142,722,119**	**3,372,485**	**-**	**6,341,754,925**
Switzerland and others		**1,289,339,757**	**1,096,695,005**	**2,082,832,411**	**-**	**4,468,867,173**
Sub-total		**8,181,572,466**	**6,146,085,894**	**2,086,204,896**	**-**	**16,413,863,256**
Domestic		**68,738,869**	**1,253,676,461**	**-**	**-**	**1,322,415,330**
Total	7.2,8	**8,250,311,335**	**7,399,762,355**	**2,086,204,896**	**-**	**17,736,278,586**
31 December 2018						
International						
Indian subcontinent and Asia-pacific		4,608,663,724	1,319,894,504	-	-	5,928,558,228
Brazil, Singapore, GCC MENA, Africa, Europe, Latin America and North America		879,535,863	2,834,019,786	7,742,530	-	3,721,298,179
Switzerland and others		994,632,486	749,495,298	1,968,594,948	-	3,712,722,732
Sub-total		6,482,832,073	4,903,409,588	1,976,337,478	-	13,362,579,139
Domestic		43,339,081	764,841,700	-	-	808,180,781
Total	7.2,8	6,526,171,154	5,668,251,288	1,976,337,478	-	14,170,759,920

(All amounts in Saudi Riyals unless otherwise stated)

7.3 Geographical segment (continued)

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

	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2019					
Customer No. 1 – Switzerland	**-**	**-**	**2,007,245,243**	**-**	**2,007,245,243**
Customer No. 2 – Indian subcontinent	**1,195,608,750**	**-**	**-**	**-**	**1,195,608,750**
Customer No. 3 – Spain	**-**	**957,813,474**	**-**	**-**	**957,813,474**
31 December 2018					
Customer No. 1 – Switzerland	-	-	1,845,612,416	-	1,845,612,416
Customer No. 2 – Spain	-	1,165,530,810	-	-	1,165,530,810
Customer No. 3 – Indian subcontinent	916,534,000	-	-	-	916,534,000

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

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2019						
Ammonia phosphate fertilizer and ammonia		**8,031,129,007**	**-**	**-**	**-**	**8,031,129,007**
Low grade bauxite, caustic calcined magnesia, dead burned magnesia and monolithic		**134,710,836**	**-**	**-**	**-**	**134,710,836**
Primary aluminium		**-**	**4,007,376,078**	**-**	**-**	**4,007,376,078**
Alumina		**-**	**453,664,914**	**-**	**-**	**453,664,914**
Flat rolled products		**-**	**2,938,214,780**	**-**	**-**	**2,938,214,780**
Gold		**-**	**-**	**2,086,204,896**	**-**	**2,086,204,896**
Infrastructure (rendering of services)		**249,511**	**506,583**	**-**	**-**	**756,094**
Others		**84,221,981**	**-**	**-**	**-**	**84,221,981**
Total	7.2,8	**8,250,311,335**	**7,399,762,355**	**2,086,204,896**	**-**	**17,736,278,586**

(All amounts in Saudi Riyals unless otherwise stated)

7.3 Geographical segment (continued)

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

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2018						
Ammonia phosphate fertilizer and ammonia		6,379,472,645	-	-	-	6,379,472,645
Low grade bauxite, caustic calcined magnesia, dead burned magnesia and monolithic		146,207,308	-	-	-	146,207,308
Primary aluminium		-	4,952,634,955	-	-	4,952,634,955
Alumina		-	536,654,160	-	-	536,654,160
Flat rolled products		-	177,964,887	-	-	177,964,887
Gold		-	-	1,976,337,478	-	1,976,337,478
Infrastructure (rendering of services)		491,201	997,286	-	-	1,488,487
Total	7.2, 8	6,526,171,154	5,668,251,288	1,976,337,478	-	14,170,759,920

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

(All amounts in Saudi Riyals unless otherwise stated)

8 Sales

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Phosphate segment			
Ammonia phosphate fertilizer and ammonia			
• Sale of goods		**7,813,932,810**	6,191,310,622
Movement in provisional product prices during the year		**(90,903,314)**	5,652,984
		7,723,029,496	6,196,963,606
• Rendering of transportation services		**308,099,511**	182,509,039
		8,031,129,007	6,379,472,645
Industrial minerals			
• Sale of goods		**133,044,244**	143,392,988
• Rendering of transportation services		**1,666,592**	2,814,320
		134,710,836	146,207,308
Sub-total		**8,165,839,843**	6,525,679,953
Aluminium segment			
Primary aluminium			
• Sale of goods		**4,006,585,801**	4,948,409,844
Movement in provisional product prices during the year		**(14,754,991)**	(18,705,563)
		3,991,830,810	4,929,704,281
• Rendering of transportation services		**15,545,268**	22,930,674
		4,007,376,078	4,952,634,955
Alumina			
• Sale of goods		**453,664,914**	536,654,160
Flat rolled products			
• Sale of goods		**2,919,270,973**	177,964,887
• Rendering of transportation services		**18,943,807**	-
Sub-total		**7,399,255,772**	5,667,254,002
Precious and base metals segment			
Gold			
• Sale of goods		**2,086,204,896**	1,976,337,478
Infrastructure			
Rendering of services		**756,094**	1,488,487
Others		**84,221,981**	-
Total	7.2,7.3, 8.1	**17,736,278,586**	14,170,759,920

8.1 Timing of revenue recognition

	Notes	2019	2018
At a point in time			
- sale of goods		**17,391,267,314**	13,961,017,400
- rendering of services		**756,094**	1,488,487
Sub-total		**17,392,023,408**	13,962,505,887
Over a period of time			
- rendering of transportation services		**344,255,178**	208,254,033
Total	8	**17,736,278,586**	14,170,759,920

(All amounts in Saudi Riyals unless otherwise stated)

8 Sales (continued)

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Gold sales analysis			
Quantity of gold ounces (Oz) sold		**394,117**	417,335
Average realized price per ounce (Oz) in:			
US$		**1,411**	1,263
Saudi Riyals (equivalent)		**5,293**	4,736

9 Cost of sales

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Salaries and staff related benefits		**1,614,967,835**	1,117,358,371
Contracted services		**1,263,868,747**	759,646,056
Repairs and maintenance		**294,577,302**	128,800,581
Consumables		**179,196,792**	191,770,765
Overheads		**811,424,253**	716,846,464
Raw material and utilities consumed		**6,876,692,286**	3,644,476,588
Sale of by-products	9.1	**(51,126,597)**	(73,197,088)
Obsolete and slow moving spare parts and consumable materials written-off	29	**-**	1,386,960
Allowance for inventory obsolescence, net	29.1	**410,696**	46,012,092
Severance fees	46	**122,384,655**	123,792,353
Total cash operating costs		**11,112,395,969**	6,656,893,142
Depreciation of mine properties	18.1	**812,077,882**	625,842,414
Depreciation of property, plant and equipment	19.1	**3,544,287,396**	2,491,025,761
Depreciation of right-of-use assets	20.1	**203,242,835**	-
Amortisation of intangible assets	22.1	**27,424,061**	24,906,059
Total operating costs		**15,699,428,143**	9,798,667,376
Increase in inventory	26,29	**(597,563,605)**	(723,141,555)
Total cost of goods sold		**15,101,864,538**	9,075,525,821
Cost of rendering transportation services		**330,695,462**	208,254,033
Total		**15,432,560,000**	9,283,779,854

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

Zinc		**29,160,243**	36,994,356
Copper		**16,252,701**	28,749,317
Silver		**5,713,653**	7,453,415
Total	9	**51,126,597**	73,197,088

(All amounts in Saudi Riyals unless otherwise stated)

10 Selling, marketing and logistic expenses

	Year ended 31 December 2019	Year ended 31 December 2018
Salaries and staff related benefits	**50,045,493**	49,198,699
Contracted services	**7,832,315**	10,377,094
Freight and overheads	**260,439,856**	143,244,905
Warehouse and storage	**91,677,451**	29,376,197
Consumables	**1,452,507**	359,171
Marketing fees and deductibles	**197,572,831**	90,145,681
Other selling expenses	**32,060,250**	28,204,336
Total	**641,080,703**	350,906,083

11 General and administrative expenses

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Salaries and staff related benefits		**289,559,379**	268,535,969
Contracted services		**146,587,079**	96,847,935
Overheads and other		**73,708,229**	43,162,002
Consumables		**2,633,690**	1,690,510
Repair parts		**2,669,022**	5,077,582
Depreciation of mine properties	18.1	**-**	392,830
Depreciation of property, plant and equipment	19.1	**30,728,241**	34,339,593
Depreciation of right-of-use assets	20.1	**886,157**	-
Amortisation of intangible assets	22.1	**15,071,885**	12,164,081
ECL allowance on time deposits	31.1	**-**	1,259,666
Total		**561,843,682**	463,470,168

12 Exploration and technical services expenses

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Salaries and staff related benefits		**31,992,670**	37,350,461
Contracted services		**136,865,985**	44,073,956
Overheads and other		**4,925,923**	6,165,878
Consumables		**3,039,134**	2,911,346
Repair parts		**338,722**	375,611
Depreciation of mine properties	18.1	**-**	146,585
Depreciation of property, plant and equipment	19.1	**2,747,288**	3,984,491
Amortisation of intangible assets	22.1	**-**	429,622
Total		**179,909,722**	95,437,950

(All amounts in Saudi Riyals unless otherwise stated)

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

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Impairment of mining capital work-in-progress	18	**(33,445,660)**	(18,579,156)
Impairment of capital work-in-progress	21	**(1,799,378)**	(280,875,000)
Reversal of impairment of investment in a joint venture	23.2.3	**-**	345,934,239
Total	7.2	**(35,245,038)**	46,480,083

14 Income from time deposits

	Note	Year ended 31 December 2019	Year ended 31 December 2018
Income from time deposits – measured at amortised cost	7.2	**205,403,500**	123,942,122

15 Finance cost

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Public Investment Fund		**645,963,969**	460,295,707
Saudi Riyal procurement		**144,347,338**	99,696,350
Commercial		**269,968,755**	101,423,551
US Dollar procurement		**12,246,707**	19,205,809
Wakala		**66,638,477**	31,466,030
Saudi Industrial Development Fund		**86,533,011**	20,433,468
Riyal Murabaha facility		**683,177,413**	565,951,911
Sukuk facility		**147,701,093**	113,989,474
Revolving credit facility		**32,062,500**	20,756,250
Others		**54,317,289**	32,768,962
Sub-total		**2,142,956,552**	1,465,987,512
Amortization of revolving loan transaction cost	26	**14,250,000**	14,250,000
Amortization of transaction cost on long-term borrowings	38.11	**109,104,930**	192,978,189
Accretion of provision for mine decommissioning obligations	39.1,39.2, 39.3,39.4	**22,481,429**	23,545,681
Accretion of future finance cost under lease liability	40.2	**53,004,942**	2,599,659
Net settlement of accrued derivative interest	41	**23,991,691**	1,948,045
Finance cost on employees' end of service termination benefits obligation	42.1	**24,522,340**	20,817,693
Unwinding of discount of long-term retention payable	43.1	**11,052,030**	31,276,841
Total	7.2,15.1	**2,401,363,914**	1,753,403,620

(All amounts in Saudi Riyals unless otherwise stated)

15.1 Summary of finance cost

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Expensed during the year	15	**2,401,363,914**	1,753,403,620
Borrowing cost capitalised as part of qualifying assets in capital work-in-progress during the year	21	**21,178,231**	549,836,633
Amortization of transaction cost capitalized as part of qualifying assets in capital work-in-progress during the year	21,38.11	**2,094,184**	29,464,834
Total		**2,424,636,329**	2,332,705,087

16 Other (income) / expenses, net

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Adjustment to mine closure provision	39.1	**(10,179,743)**	-
Increase / (decrease) in provision for research and development fund	43.2	**-**	4,524,918
Increase / (decrease) in provision for community development fund	43.2	**-**	4,524,918
(Gain) / loss on exchange difference	49.1.1	**(6,501,013)**	(3,027,391)
Legal settlement claim (receivable) / payable in a legal case to a contractor		**(46,875,000)**	9,402,909
Purchase order price adjustment		**-**	1,967,810
Gain from supply of power to Saudi Ports Authority and RCJY		**(1,465,663)**	(8,479,684)
Others, net		**(22,368,831)**	(5,587,870)
Total	7.2	**(87,390,250)**	3,325,610

17 (Loss) / earnings per ordinary share

	Note	Year ended 31 December 2019	Year ended 31 December 2018
(Loss) / profit attributable to ordinary shareholders of the parent company		**(739,463,938)**	1,847,917,080
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	33	**1,178,348,253**	1,168,478,261
Basic and diluted (loss) / earnings per ordinary share from continuing operations		**(0.62)**	1.58

Basic and diluted (loss) / earnings per ordinary share is calculated by dividing the (loss) / profit attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares in issue during the year (Note 33).

(All amounts in Saudi Riyals unless otherwise stated)

18 Mine properties

				----- Operating mines -----								
	Notes	**Exploration and evaluation assets**	**Mines under construction**	**Fixed plant and heap leaching***	**Mine infrastructure / buildings**	**Civil works**	**Heavy equipment***	**Others***	**Mine closure and rehabilitation provision**	**Stripping activity asset**	**Mining capital work-in-progress**	**Total**
Cost												
1 January 2018		306,876,091	2,331,941,861	4,719,583,669	1,938,154,752	501,075,249	372,620,079	408,959,664	211,400,956	192,444,131	481,008,287	11,464,064,739
Additions during the year		26,649,682	13,099,807	6,714,030	-	-	-	-	-	60,628,036	168,054,274	275,145,829
Transfers within mine properties		-	(2,345,041,668)	1,287,793,755	98,354,677	976,121,133	19,288,360	44,156,112	-	-	(80,672,369)	-
Impairment during the year	13	-	-	-	-	-	-	-	-	-	(18,579,156)	(18,579,156)
Transfers (to) / from property, plant and equipment	19	-	-	(2,621,893)	2,307,927	(47,989,564)	5,761,720	19,004,176	-	-	-	(23,537,634)
Transfer (to) / from capital work-in-progress	21	(3,032,320)	-	500,983,074	213,581,168	367,054,305	3,365,636	6,126,466	-	85,373,648	85,067,479	1,258,519,456
Increase in mine closure and rehabilitation provision	39.2, 39.3	-	-	-	-	-	-	-	73,406,497	-	-	73,406,497
31 December 2018		330,493,453	-	6,512,452,635	2,252,398,524	1,796,261,123	401,035,795	478,246,418	284,807,453	338,445,815	634,878,515	13,029,019,731
1 January 2019 – IFRS 16 adjustment:												
Reclassification to right-of-use assets	20	-	-	(77,386,506)	-	-	(37,992,320)	(14,495,210)	-	-	-	(129,874,036)
Sub-total		330,493,453	-	6,435,066,129	2,252,398,524	1,796,261,123	363,043,475	463,751,208	284,807,453	338,445,815	634,878,515	12,899,145,695
Additions during the year		79,758,895	-	13,833,009	-	-	-		-	131,774,613	594,165,505	819,532,022
Transfers within mine properties		(173,264,980)	-	339,162,232	158,725,606	23,301,585	17,501,402	13,734,911	-		(379,160,756)	-
Impairment during the year	13	(12,604,828)	-	-	-	-	-	-	-	-	(20,840,832)	(33,445,660)
Increase in mine closure and rehabilitation provision	39.2, 39.4	-	-	-	-	-	-	-	53,168,500	-	-	53,168,500
Adjustments		-	-	-	-	-	-	(1,099,097)	-	-	-	(1,099,097)
31 December 2019		**224,382,540**	**-**	**6,788,061,370**	**2,411,124,130**	**1,819,562,708**	**380,544,877**	**476,387,022**	**337,975,953**	**470,220,428**	**829,042,432**	**13,737,301,460**

(All amounts in Saudi Riyals unless otherwise stated)

18 Mine properties (continued)

				Operating mines								
	Notes	**Exploration and evaluation assets**	**Mines under construction**	**Fixed plant and heap leaching***	**Mine infrastructure / buildings**	**Civil works**	**Heavy equipment***	**Others***	**Mine closure and rehabilitation provision**	**Stripping activity asset**	**Mining capital work-in-progress**	**Total**
Accumulated depreciation												
1 January 2018		-	-	1,381,226,272	549,823,244	40,622,194	129,122,687	180,055,018	53,683,471	31,498,406	-	2,366,031,292
Charge for the year	18.1	-	-	312,636,742	145,117,114	17,957,782	48,725,055	51,016,220	9,275,153	41,653,763	-	626,381,829
Transfers (to) / from property, plant and equipment	19	-	-	(4,915,001)	2,513,637	(17,818,262)	6,571,574	5,211,808	-	-	-	(8,436,244)
31 December 2018		-	-	1,688,948,013	697,453,995	40,761,714	184,419,316	236,283,046	62,958,624	73,152,169	-	2,983,976,877
1 January 2019 – IFRS 16 adjustment:												
Reclassification to right-of-use assets	20	-	-	(68,794,630)	-	-	(24,587,984)	(9,601,419)	-	-	-	(102,984,033)
Sub-total		-	-	1,620,153,383	697,453,995	40,761,714	159,831,332	226,681,627	62,958,624	73,152,169	-	2,880,992,844
Charge for the year	18.1	-	-	397,784,146	155,738,106	72,609,019	42,849,472	45,184,342	10,474,949	87,437,848	-	812,077,882
Adjustments		-	-	-	-	-	-	(1,099,097)	-	-	-	(1,099,097)
31 December 2019		**-**	**-**	**2,017,937,529**	**853,192,101**	**113,370,733**	**202,680,804**	**270,766,872**	**73,433,573**	**160,590,017**	**-**	**3,691,971,629**
Net book value as at												
31 December 2018	7.2	330,493,453	-	4,823,504,622	1,554,944,529	1,755,499,409	216,616,479	241,963,372	221,848,829	265,293,646	634,878,515	10,045,042,854
31 December 2019	7.2	**224,382,540**	**-**	**4,770,123,841**	**1,557,932,029**	**1,706,191,975**	**177,864,073**	**205,620,150**	**264,542,380**	**309,630,411**	**829,042,432**	**10,045,329,831**

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

18 Mine properties (continued)

Initial recognition at cost

Exploration and evaluation asset

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

Mines under construction

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

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

Mine closure and rehabilitation provision

Mine closure and rehabilitation provision includes the following restoration activities:

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

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

Operating mines

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

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 the life-of-mine using a UOP method. The capitalization of developing stripping costs ceases when the mine / component is commissioned and ready for use as intended by management.

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

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

(All amounts in Saudi Riyals unless otherwise stated)

18 Mine properties (continued)

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

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

Mining capital work-in-progress

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

Depreciation and impairment

Exploration and evaluation assets

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

Mines under construction

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

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

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

Mining capital work-in-progress

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

18.1 Allocation of depreciation charge for the year to:

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Expensed through profit or loss			
Cost of sales	9	**812,077,882**	625,842,414
General and administrative expenses	11	**-**	392,830
Exploration and technical services expenses	12	**-**	146,585
Total	18	**812,077,882**	626,381,829

18.2 Mining properties pledged as security

Mine properties with a net book value at 31 December 2019 of SAR 4,951,673,769 (31 December 2018: SAR 5,243,258,431) are pledged as security to lenders under the Common Term Agreements (Note 38.12).

(All amounts in Saudi Riyals unless otherwise stated)

19 Property, plant and equipment

		Non – mining assets									
	Notes	**Land**	**Civil works**	**Buildings**	**Heavy equipment**	**Other equipment**	**Fixed plant**	**Office equipment**	**Furniture and fittings**	**Motor vehicles**	**Total**
Cost											
1 January 2018		61,550,000	5,286,439,144	12,525,822,658	161,088,179	2,487,967,675	33,439,747,762	83,127,920	67,042,866	44,800,694	54,157,586,898
Addition during the year		-	-	-	-	-	278,774,359	-	-	-	278,774,359
Transfer from / (to) mine properties	18	-	23,264,377	391,115	(1,736,129)	(12,913,358)	14,559,076	330,075	422,505	(780,027)	23,537,634
Transfer from capital work-in-progress during the year	21	-	6,535,014,073	3,859,774,386	930,986,433	542,526,334	12,418,827,045	3,147,108	19,809,956	140,660	24,310,225,995
Written-off during the year		-	-	-	-	(185,344,468)	-	-	-	-	(185,344,468)
Adjustments		-	-	(5,625,000)	-	-	-	-	(850,000)	-	(6,475,000)
31 December 2018		61,550,000	11,844,717,594	16,380,363,159	1,090,338,483	2,832,236,183	46,151,908,242	86,605,103	86,425,327	44,161,327	78,578,305,418
Additions through business combination	5	-	-	149,743,864	-	573,615	17,732,587	2,580,960	915,968	3,453,679	175,000,673
Addition during the year		-	-	29,856,285	-	950,408	141,195,368	633,641	590,494	1,247,224	174,473,420
Transfer from capital work-in-progress during the year	21	-	172,890,746	49,500,822	-	234,905,242	770,316,938	12,265,605	2,494,991	-	1,242,374,344
Written-off during the year		-	-	-	-	(229,178,223)	-	-	-	-	(229,178,223)
Adjustments		-	-	-	-	-	-	(267,905)	-	-	(267,905)
31 December 2019		**61,550,000**	**12,017,608,340**	**16,609,464,130**	**1,090,338,483**	**2,839,487,225**	**47,081,153,135**	**101,817,404**	**90,426,780**	**48,862,230**	**79,940,707,727**

(All amounts in Saudi Riyals unless otherwise stated)

19 Property, plant and equipment (continued)

		Non – mining assets									
	Notes	**Land**	**Civil works**	**Buildings**	**Heavy equipment**	**Other equipment**	**Fixed plant**	**Office equipment**	**Furniture and fittings**	**Motor vehicles**	**Total**
Accumulated depreciation											
1 January 2018		-	636,945,861	1,079,223,971	60,325,466	859,548,782	6,926,391,220	49,266,062	58,170,211	36,782,537	9,706,654,110
Transfer from / (to) mine properties	18	-	11,518,329	(154,714)	(1,736,129)	(11,647,753)	10,354,415	294,149	422,505	(614,558)	8,436,244
Charge for the year	19.1	-	189,294,279	373,884,461	13,898,070	310,888,354	1,663,716,634	8,564,379	2,275,588	6,457,198	2,568,978,963
Written-off during the year		-	-	-	-	(185,344,468)	-	-	-	-	(185,344,468)
Adjustment		-	-	(1,922,575)	-	-	-	-	(850,000)	-	(2,772,575)
31 December 2018		-	837,758,469	1,451,031,143	72,487,407	973,444,915	8,600,462,269	58,124,590	60,018,304	42,625,177	12,095,952,274
Charge for the year	19.1	-	375,551,218	468,676,551	78,314,189	335,916,993	2,303,002,912	8,700,899	6,223,242	1,376,921	3,577,762,925
Written-off during the year		-	-	-	-	(229,178,223)	-	-	-	-	(229,178,223)
Adjustment		-	-	-	-	-	-	(267,905)	-	-	(267,905)
31 December 2019		**-**	**1,213,309,687**	**1,919,707,694**	**150,801,596**	**1,080,183,685**	**10,903,465,181**	**66,557,584**	**66,241,546**	**44,002,098**	**15,444,269,071**
Net book value											
31 December 2018	7.2	61,550,000	11,006,959,125	14,929,332,016	1,017,851,076	1,858,791,268	37,551,445,973	28,480,513	26,407,023	1,536,150	66,482,353,144
31 December 2019	7.2	**61,550,000**	**10,804,298,653**	**14,689,756,436**	**939,536,887**	**1,759,303,540**	**36,177,687,954**	**35,259,820**	**24,185,234**	**4,860,132**	**64,496,438,656**

(All amounts in Saudi Riyals unless otherwise stated)

19 Property, plant and equipment (continued)

19.1 Allocation of depreciation charge for year to:

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Expensed through profit or loss			
Cost of sales	9	**3,544,287,396**	2,491,025,761
General and administrative expenses	11	**30,728,241**	34,339,593
Exploration and technical services expenses	12	**2,747,288**	3,984,491
Sub-total		**3,577,762,925**	2,529,349,845
Capital work-in-progress	21	**-**	39,629,118
Total	19	**3,577,762,925**	2,568,978,963

19.2 Property, plant and equipment pledged as security

Property, plant and equipment with a net book value at 31 December 2019 of SAR 27,277,743,656 (31 December 2018: SAR 27,704,144,742) are pledged as security to lenders under the Common Term Agreement (Note 38.12).

19.3 Impairment of rolling mill and automotive sheet CGUs

Impairment of rolling mill CGU

As at 31 December 2019, management of the company performed an impairment assessment of the rolling mill CGU due to impairment recorded in prior years and the first year of commercial operations. The methodology used by management for the impairment assessment is the discounted cash flow analysis. Key assumptions used in this analysis include:

- a pretax discount rate of 10.3% p.a. which was calculated using a Capital Asset Pricing Model (CAPM) methodology;
- growth rate of 4.83% until the plant reaches its maximum designed capacity;
- for the calculation of the terminal value, the Gordon Growth Method was adopted which included a growth rate assumption of 4.0% which has been estimated based on third party consultant’s forecasts for the industry.

Management concluded that the recoverable amount for the capital work-in-progress, property plant and equipment and intangible assets of the rolling mill CGU is higher than the carrying value of such assets by SAR 227 million. This estimated recoverable amount was based on approved five years business plan. The calculation involved an in-depth review of each key element of rolling mill CGU 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 recoverable amount of the rolling mill CGU would equal its carrying amount if the key assumptions were to change as follows:

	From	To
Discount rate	**10.30%**	**10.59%**
Growth rate	**4.00%**	**3.53%**
Growth rate until plant reaches its maximum capacity	**4.83%**	**3.23%**

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.

Management of the company has considered and assessed reasonably possible changes for other key assumptions and has not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount.

(All amounts in Saudi Riyals unless otherwise stated)

19 Property, plant and equipment (continued)

Impairment of automotive sheet CGU

As at 31 December 2019, management of the company performed an impairment assessment of the automotive sheet CGU due to impairment recorded in prior years and the first year of commercial operations. The methodology used by management for the impairment assessment is the discounted cash flow analysis. Key assumptions used in this analysis include:

- a pretax discount rate of 10.3% p.a. which was calculated using a Capital Asset Pricing Model (CAPM) methodology;
- for the calculation of the terminal value, the Gordon Growth Method was adopted which included a growth rate assumption of 4.0% which has been estimated based on third party consultant's forecasts for the industry;

Management concluded that the recoverable amount for the capital work-in-progress, property plant and equipment and intangible assets of automotive sheet CGU is higher than the carrying value of such assets by SAR 163 million. This estimated recoverable amount was based on approved five years business plan. The calculation involved an in-depth review of each key element of automotive sheet CGU 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 automotive market.

The recoverable amount of the automotive sheet CGU would equal its carrying amount if the key assumptions were to change as follows:

	From	To
Discount rate	**10.30%**	**11.30%**
Growth rate	**4.00%**	**2.65%**

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.

Management of the company has considered and assessed reasonably possible changes for other key assumptions and has not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount.

Impairment of MWSPC CGU

As at 31 December 2019, management of the company performed an impairment assessment of the MWSPC CGU, due to the week commodity market conditions. The impairment assessment resulted in no impairment. The value-in-use of MWSPC's assets, was based on a discounted cash flow analysis which utilized the most recent five-year business plan prepared by management.

Key assumptions used in this analysis included:

- a pre-tax discount rate of 10.4% per annum 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 of 4.0% which has been estimated based on third party consultant's forecasts for the industry.

Management concluded that the recoverable amount for the capital work-in-progress, property plant and equipment and mine properties of MWSPC is higher than the carrying value of such assets by SAR 2,091 million. This estimated recoverable amount was based on approved five years business plan. The calculation involved an in-depth review of each key element of MWSPC income and costs (including sales volume and prices, operating costs and capital expenditure) and included a review of historical results.

The recoverable value of this CGU would equal it's carrying amount if the key assumptions were to change as follows:

	From	To
Discount rate	**10.40%**	**10.89%**
Growth rate	**4.00%**	**3.36%**

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.

Management of the company has considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of CGU to exceed its recoverable amount.

(All amounts in Saudi Riyals unless otherwise stated)

20 Right-of-use assets

	Notes	Heavy equipment	Fixed plant	Motor vehicles	Land	Infrastructure	Vessels	Total
Cost								
1 January 2019 – IFRS 16 adjustment:								
Reclassification from mine properties	18	37,992,320	77,386,506	14,495,210	-	-	-	129,874,036
Reclassification from intangible assets	22	-	-	-	-	297,876,390	-	297,876,390
Initial recognition of right-of-use assets	40.1,40.2	86,224,757	941,625,228	84,892,430	105,317,550	-	74,420,106	1,292,480,071
Sub-total		124,217,077	1,019,011,734	99,387,640	105,317,550	297,876,390	74,420,106	1,720,230,497
Additions during the year	40.1,40.2	-	16,505,576	30,637,605	10,804,640	1,069,854	48,422,265	107,439,940
Adjustments		(39,093,388)	10,975,914	(9,348,909)	(421,282)	-	-	(37,887,665)
31 December 2019		**85,123,689**	**1,046,493,224**	**120,676,336**	**115,700,908**	**298,946,244**	**122,842,371**	**1,789,782,772**
Accumulated depreciation								
1 January 2019 – IFRS 16 adjustment:								
Reclassification from mine properties	18	24,587,984	68,614,164	9,781,885	-	-	-	102,984,033
Reclassification from intangible assets	22	-	-	-	-	94,509,054	-	94,509,054
Sub-total		24,587,984	68,614,164	9,781,885	-	94,509,054	-	197,493,087
Charge for the year	20.1	39,411,502	61,945,967	40,918,871	5,846,201	8,297,448	47,709,003	204,128,992
Adjustments		(25,882,088)	-	(2,697,073)	-	-	-	(28,579,161)
31 December 2019		**38,117,398**	**130,560,131**	**48,003,683**	**5,846,201**	**102,806,502**	**47,709,003**	**373,042,918**
Net book value								
1 January 2019	7.2	99,629,093	950,397,570	89,605,755	105,317,550	203,367,336	74,420,106	1,522,737,410
31 December 2019	7.2	**47,006,291**	**915,933,093**	**72,672,653**	**109,854,707**	**196,139,742**	**75,133,368**	**1,416,739,854**

(All amounts in Saudi Riyals unless otherwise stated)

20 Right-of-use assets (continued)

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

20.1 Allocation of depreciation charge for the year to:

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Expensed through profit or loss			
Cost of sales	9	**203,242,835**	-
General and administrative expenses	11	**886,157**	-
Total	20	**204,128,992**	-

(All amounts in Saudi Riyals unless otherwise stated)

21 Capital work-in-progress

	Notes	Non-mining assets				
		Property, plant and equipment	**Automotive sheet**	**Ammonia project 3**	**Administrative offices and others**	**Total**
1 January 2018		25,333,029,822	1,061,596,055	-	14,844,100	26,409,469,977
Additions during the year		1,503,175,212	88,939,326	171,515,185	2,654,091	1,766,283,814
Impairment at the end of the year*		-	(375,000,000)	-	-	(375,000,000)
Transfer (to) / from mine properties	18	(1,261,551,776)	-	3,032,320	-	(1,258,519,456)
Transfer to property, plant and equipment	19	(24,310,225,995)	-	-	-	(24,310,225,995)
Transfer to intangible assets	22	(34,979,055)	-	-	-	(34,979,055)
31 December 2018	7.2	1,229,448,208	775,535,381	174,547,505	17,498,191	2,197,029,285
Additions through a business combination	5	11,258,503	-	-	-	11,258,503
Additions during the year		1,070,820,361	(19,854,354)	766,073,712	(17,498,191)	1,799,541,528
Impairment during the year	13	(1,799,378)	-	-	-	(1,799,378)
Transfer to property, plant and equipment	19	(486,693,317)	(755,681,027)	-	-	(1,242,374,344)
Transfer to intangible assets	22	(16,080,244)	-	-	-	(16,080,244)
31 December 2019	7.2	**1,806,954,133**	**-**	**940,621,217**	**-**	**2,747,575,350**

Impairment of automotive sheet project in Ma'aden Corporate

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

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

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

(All amounts in Saudi Riyals unless otherwise stated)

21 Capital work-in-progress (continued)

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

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

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

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

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Net borrowing cost attributable to qualifying assets (using a capitalization rate ranging from 1.73% to 3.92% per annum)	15.1	**21,178,231**	549,836,633
Amortization of transaction cost on long-term borrowings	15.1, 38.10	**2,094,184**	29,464,834
Depreciation of property, plant and equipment	19.1	**-**	39,629,118
Amortisation of intangible assets	22.1	**-**	3,030,044
Loss attributable to re-measurements of employees' end of service termination benefits obligation	42.1.1	**-**	2,076,230
Total		**23,272,415**	624,036,859

21.1 Capital work-in-progress pledged as security

At 31 December 2019, the net book value of SAR 887,773,606 (31 December 2018: SAR 606,061,169) are pledged as security to the lenders (Note 38.12).

(All amounts in Saudi Riyals unless otherwise stated)

22 Intangible assets and goodwill

	Notes	Goodwill (Note 5)	Infrastructure	Software and licenses	Internally developed software	Technical development	Others*	Total
Cost								
1 January 2018		-	297,876,390	207,485,175	24,369,462	17,705,112	-	547,436,139
Additions during the year		-	-	115,173	-	-	-	115,173
Transfer from capital work-in-progress during the year	21	-	-	34,979,055	-	-	-	34,979,055
31 December 2018		-	297,876,390	242,579,403	24,369,462	17,705,112	-	582,530,367
1 January 2019 – IFRS 16 adjustment:								
Reclassification to right-of-use assets	20	-	(297,876,390)	-	-	-	-	(297,876,390)
Sub-total		-	-	242,579,403	24,369,462	17,705,112	-	284,653,977
Additions during the year		-	-	173,621	-	-	-	173,621
Additions through a business combination	5	159,465,843	-	178,224	-	-	85,875,000	245,519,067
Transfer from capital work-in-progress during the year	21	-	-	16,080,244	-	-	-	16,080,244
31 December 2019		**159,465,843**	**-**	**259,011,492**	**24,369,462**	**17,705,112**	**85,875,000**	**546,426,909**
Accumulated amortisation								
1 January 2018		-	86,300,761	90,372,912	17,930,497	7,208,509	-	201,812,679
Charge for the year	22.1	-	8,208,293	27,129,780	2,788,897	2,402,836	-	40,529,806
31 December 2018 – as previously reported		-	94,509,054	117,502,692	20,719,394	9,611,345	-	242,342,485
1 January 2019 – IFRS 16 adjustment:								
Reclassification to right-of-use assets	20	-	(94,509,054)	-	-	-	-	(94,509,054)
Sub-total		-	-	117,502,692	20,719,394	9,611,345	-	147,833,431
Charge for the year	22.1	-	-	33,084,000	2,774,736	2,402,835	4,234,375	42,495,946
31 December 2019		**-**	**-**	**150,586,692**	**23,494,130**	**12,014,180**	**4,234,375**	**190,329,377**
Net book value								
31 December 2018	7.2	-	203,367,336	125,076,711	3,650,068	8,093,767	-	340,187,882
31 December 2019	7.2	**159,465,843**	**-**	**108,424,800**	**875,332**	**5,690,932**	**81,640,625**	**356,097,532**

*Others represent customer relationships and non-core contracts acquired in a business combination.

(All amounts in Saudi Riyals unless otherwise stated)

22 Intangible assets and goodwill (continued)

Intangible assets with a net book value at 31 December 2019 of SAR 11,428,944 (31 December 2018: SAR 13,878,004) are pledged as security to lenders under the Common Term Financing Agreement (Note 38.11).

Intangible assets for infrastructure comprises the infrastructure and support services assets at Ras Al-Khair that were transferred to the Royal Commission of Jubail and Yanbu ("RCJY") as stated in the Implementation Agreement signed between Ma'aden and RCJY. The cost of the intangible assets comprises of its construction cost and any other costs directly attributable to bringing such assets to working condition for their intended use. Such intangible assets are carried at historical cost less accumulated amortization. Amortization is provided over the remaining period of LUSA (Land Usage and Service Agreement) term. These assets have been recognized as right-of-use assets upon adoption of IFRS 16 on 1 January 2019 (Note 20).

22.1 Allocation of amortisation charge for the year to:

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Expensed through profit or loss			
Cost of sales	9	**27,424,061**	24,906,059
General and administrative expenses	11	**15,071,885**	12,164,081
Exploration and technical services expenses	12	**-**	429,622
Sub-total		**42,495,946**	37,499,762
Capital work-in-progress	21	**-**	3,030,044
Total	22	**42,495,946**	40,529,806

22.2 Goodwill

Goodwill is attributable to fertilizer distribution network and assembled workforce that cannot be assigned to any other determinable and separate intangible asset.

The Group tests whether goodwill has suffered any impairment on an annual basis. For the impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. For the year ended 31 December 2019, the recoverable amount of fertilizer distribution companies which was considered as single group of cash generating units was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-years period. Cash flows beyond the five-years period are extrapolated using the estimated growth rate stated below. This growth rate is consistent with forecasts included in industry reports specific to the industry in which the group of CGUs operate. Goodwill is allocated to the fertilizer distribution companies as a whole and falls under "Phosphate Strategic Business Unit Segment" in the operating segment. Management's judgment to allocate goodwill to the fertilizer business considered the broader reason for which acquisition was made, i.e. acquiring of fertilizer distribution network in East Africa. The calculation of value in use is most sensitive to the assumptions on sales growth rate, discount rate and average EBITDA margins. Key assumptions underlying the projections are:

Key assumptions	**%**
Sales growth rate	15.4
Discount rate	28
Average EBITDA margin	7.8

Sensitivity to the changes in assumptions

With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the key assumptions above would cause the carrying value of the group of CGUs including goodwill to materially exceed its recoverable amount. The implications of changes to the key assumptions are discussed below.

Sales growth rate

The sales growth in the forecast period has been estimated to be compound annual growth rate of 15.4%. If all other assumptions kept the same, a reduction of this growth rate from 15.4% to 7.7% would give a value in use equal to the current carrying amount.

(All amounts in Saudi Riyals unless otherwise stated)

22 Intangible assets and goodwill (continued)

Discount rate

The discount was an estimate of the weighted average cost of capital as of 31 December 2019 based on market rates adjusted to reflect management's estimate of the specific risks relating to operations in East Africa. If all other assumptions kept the same, an increase of this rate from 28% to 34.0% would give a value in use equal to the current carrying amount.

Average EBITDA margin

The average EBITDA margins of 7.8% was estimated in the forecast period. If all other assumptions kept the same, a reduction of this average EBITDA margin from 7.8% to 6.1% would give a value in use equal to the current carrying amount.

23 Investment in joint ventures

	Notes	31 December 2019	31 December 2018
MBCC	23.1.3	**926,708,693**	1,077,591,845
SAMAPCO	23.2.3	**190,008,000**	345,934,239
Total	7.2	**1,116,716,693**	1,423,526,084

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

Summarised financial information related to joint ventures

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

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

23.1 MBCC

23.1.1 Summarised statement of profit or loss and other comprehensive income

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Sales and other operating revenues		**1,166,149,789**	1,113,361,783
Finance cost		**(3,542,288)**	(8,685,588)
Depreciation and amortization		**(183,285,385)**	(128,516,517)
Other expenses		**(480,349,495)**	(587,597,122)
Profit before zakat, severance fees and income tax		**498,972,621**	388,562,556
Zakat and severance fees		**(50,941,611)**	(44,247,027)
Income tax		**(50,216,237)**	(44,477,385)
Profit for the year from continuing operations		**397,814,773**	299,838,144
Other comprehensive (loss) / income		**(1,142,630)**	(972,178)
Total comprehensive income		**396,672,143**	298,865,966
Group's share of profit for the year	23.1.3	**189,255,551**	143,535,306
Group share of other comprehensive loss	23.1.3	**(763,703)**	-
Group's share of total comprehensive income for the year *	7.2	**188,491,848**	143,535,306

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

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

(All amounts in Saudi Riyals unless otherwise stated)

23 Investment in joint ventures (continued)

23.1.2 Summarised statement of financial position

	Note	31 December 2019	31 December 2018
Assets			
Non-current assets		**1,751,256,843**	1,824,067,838
Current assets			
Other current assets		**233,663,929**	240,479,634
Cash and cash equivalents		**162,683,811**	481,373,958
Total assets		**2,147,604,583**	2,545,921,430
Liabilities			
Non-current liabilities			
Other non-current liabilities		**67,839,716**	67,087,145
Current liabilities			
Current portion of long-term borrowings		**-**	179,582,855
Other current liabilities		**215,601,673**	139,161,619
Total liabilities		**283,441,389**	385,831,619
Net assets		**1,864,163,194**	2,160,089,811
Group's proportionate ownership %		**50%**	50%
Group's proportionate ownership share in net assets*	23.1.3	**926,708,693**	1,077,591,845

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

23.1.3 Reconciliation to carrying amounts

The investment of 50% in the issued and paid up share capital in MBCC (Note 2.12) is as follows:

	Notes	31 December 2019	31 December 2018
Shares at cost	55	**202,482,646**	202,482,646
Other component of equity		**286,822,939**	626,197,939
Total equity contribution		**489,305,585**	828,680,585
Share of the accumulated profit	23.1.3	**437,403,108**	248,911,260
Carrying value of investment	23, 23.1.2	**926,708,693**	1,077,591,845

(All amounts in Saudi Riyals unless otherwise stated)

23 Investment in joint ventures (continued)

23.1.3 Reconciliation to carrying amounts (continued)

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

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**248,911,260**	105,375,954
Share in net profit	23.1.1	**189,255,551**	143,535,306
Current year		**198,544,700**	150,034,251
Prior year catch up adjustment*	23.1.1	**(9,289,149)**	(6,498,945)
Share in other comprehensive loss for the year	23.1.1	**(763,703)**	-
31 December	23.1.3	**437,403,108**	248,911,260

*Ma'aden's share in net income is reduced by Zakat and severance fee 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 the Company's separate financial statements. This sometimes may lead to variations which are adjusted in the next accounting period. MBCC has also transitioned from SOCPA to IFRS effective from 1 January 2018 and the impact of IFRS transition adjustments have also been taken up by the Company during the year ended 31 December 2018.

23.2 SAMAPCO

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

23.2.1 Summarised statement of profit or loss

	Note	Year ended 31 December 2019	Year ended 31 December 2018
Sales and other operating revenues		**615,400,000**	715,000,000
Finance cost		**(170,500,000)**	(70,600,000)
Depreciation and amortization		**(126,200,000)**	(113,400,000)
Other expenses		**(458,600,000)**	(419,700,000)
(Loss) / profit before zakat, severance fees and income tax		**(139,900,000)**	111,300,000
Zakat and severance fees		**(2,300,000)**	-
(Loss) / profit for the year from continuing operations		**(142,200,000)**	111,300,000
Other comprehensive (loss) / income		**-**	-
Total comprehensive (loss) / income		**(142,200,000)**	111,300,000
Group's share of total comprehensive (loss) / income for the year *	23.2.3	**(77,177,820)**	55,500,000

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

(All amounts in Saudi Riyals unless otherwise stated)

23 Investment in joint ventures (continued)

23.2.2 Summarised statement of financial position

	Note	31 December 2019	31 December 2018
Assets			
Non-current assets		**2,453,000,000**	2,475,000,000
Current assets			
Other current assets		**333,000,000**	354,300,000
Cash and cash equivalents		**67,000,000**	169,700,000
Total assets		**2,853,000,000**	2,999,000,000
Liabilities			
Non-current liabilities			
Long-term borrowings		**2,154,000,000**	1,883,000,000
Other non-current liabilities		**45,000,000**	40,000,000
Current liabilities			
Current portion of long-term borrowings		**55,000,000**	111,600,000
Other current liabilities		**158,000,000**	368,400,000
Total liabilities		**2,412,000,000**	2,403,000,000
Net assets		**441,000,000**	596,000,000
Group's proportionate ownership %		**50%**	50%
Group's proportionate ownership share in net assets*	23.2.3	**190,008,000**	345,934,239

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

23.2.3 Reconciliation to carrying amounts

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

	Notes	31 December 2019	31 December 2018
Shares at cost	55	**450,000,000**	450,000,000
Other components of equity		**-**	78,748,419
Total equity contribution		**450,000,000**	528,748,419
Total share of the accumulated loss		**(259,992,000)**	(182,814,180)
Accumulated impairment		**-**	-
Carrying value of investment	13,23, 23.2.2	**190,008,000**	345,934,239

(All amounts in Saudi Riyals unless otherwise stated)

23 Investment in joint ventures (continued)

23.2.3 Reconciliation to carrying amounts (continued)

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

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**(182,814,180)**	-
Share in net loss for the year	7.2, 23.2.1	**(77,177,820)**	-
Current year		**(71,100,000)**	-
Prior year catch up adjustment*		**(6,077,820)**	-
Total share of accumulated losses absorbed as at 31 December 2018 due to reversal on impairment		**-**	(182,814,180)
31 December		**(259,992,000)**	(182,814,180)

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

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

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

At the date of transition to IFRS i.e. 1 January 2016, the Company impaired its investment of 50% in the issued and paid up share capital in SAMAPCO (Note 2.11) together with the share of SAMAPCO's accumulated loss based on the impairment test done using an equity valuation model, which included an appropriate market related discount rate. The details of the impairment of investment in SAMAPCO is as follows:

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

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

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

(All amounts in Saudi Riyals unless otherwise stated)

24 Deferred tax

24.1 Income tax

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Deferred income tax		**(155,101,603)**	(82,725,678)
Deferred tax assets credited to the consolidated statement of profit or loss	24.2	**34,522,391**	136,112,991
Deferred tax liabilities debited to the consolidated statement of profit or loss	24.3	**(189,623,994)**	(218,838,669)
Current income tax	45.5	**(13,026,770)**	10,199,311
Total income tax		**(168,128,373)**	(72,526,367)

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

24.2 Deferred tax assets

The balance comprises temporary differences attributable to:

	31 December 2019	31 December 2018
Tax losses	**616,599,871**	493,213,908
Allowance for obsolete and slow moving spare parts and consumable materials	**2,991,733**	3,119,886
Property, plant and equipment, capital work-in-progress and intangible assets	**-**	84,281,464
Provision for decommissioning, site rehabilitation and dismantling obligations	**6,329,006**	1,105,914
Employees' end of service termination benefits obligation	**11,717,182**	11,266,650
Provision for research and development	**1,105,914**	4,849,986
Total deferred tax assets	**638,743,706**	597,837,808

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

	Note	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**597,837,808**	461,724,817
Addition through a business combination	5	**6,383,507**	-
Credited to the consolidated statement of profit or loss during the year	24.1	**34,522,391**	136,112,991
31 December		**638,743,706**	597,837,808

(All amounts in Saudi Riyals unless otherwise stated)

24.3 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	31 December 2019	31 December 2018
Property, plant and equipment, capital work-in-progress and intangible assets	**841,232,652**	607,317,644

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

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**607,317,644**	388,478,975
Addition through business combination	5	**44,291,014**	-
Debited to the consolidated statement of profit or loss during the year	24.1	**189,623,994**	218,838,669
31 December		**841,232,652**	607,317,644

25 Other investments

	Notes	31 December 2019	31 December 2018
1 January		**47,850,000**	50,000,000
Settlement during the year		**(4,665,000)**	(2,150,000)
31 December	3,51	**43,185,000**	47,850,000
Less: Current portion of other investments		**(4,745,000)**	(4,665,000)
Non-current portion of other investments		**38,440,000**	43,185,000

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

(All amounts in Saudi Riyals unless otherwise stated)

26 Other non-current assets

	Notes	31 December 2019	31 December 2018
Revolving loan transaction cost		**71,250,000**	71,250,000
Amortization of revolving loan transaction cost over the term of the facility	15	**(28,500,000)**	(14,250,000)
		42,750,000	57,000,000
Less: Current portion of revolving loan transaction cost	28	**(14,250,000)**	(14,250,000)
Sub-total		**28,500,000**	42,750,000
Stockpile of mined ore		**433,906,670**	265,879,737
Less: Current portion of stockpile of mined ore	29	**(348,175,037)**	(184,613,086)
Sub-total		**85,731,633**	81,266,651
Employees' home ownership program receivables		**996,685,196**	1,052,470,456
Less: Repaid during the year		**(65,809,066)**	(55,785,260)
		930,876,130	996,685,196
Less: Current portion of employees' home ownership program receivables	30	**(60,054,797)**	(62,052,523)
Sub-total		**870,821,333**	934,632,673
Home ownership program – furniture and home loan		**13,810,179**	20,056,814
Total		**998,863,145**	1,078,706,138

27 Due from joint venture partner

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

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

28 Advances and prepayments

	Note	31 December 2019	31 December 2018
Advances to contractors		**114,346,340**	76,174,480
Advances to employees		**22,611,910**	26,887,307
Prepaid rent		**11,715,303**	2,817,365
Prepaid insurance		**62,679,259**	32,681,405
Current portion of revolving loan transaction cost	26	**14,250,000**	14,250,000
Other prepayments		**26,619,161**	38,336,160
Total		**252,221,973**	191,146,717

(All amounts in Saudi Riyals unless otherwise stated)

29 Inventories

	Notes	31 December 2019	31 December 2018
Saleable inventory			
Finished goods – ready for sale		**1,774,742,246**	965,522,780
Cost of finished goods		**1,868,613,045**	965,522,780
Less: Inventory written-off to net realizable value		**(93,870,799)**	-
Work-in-process		**956,360,410**	836,930,464
Cost of work-in-process		**982,713,551**	836,930,464
Less: Inventory written-off to net realizable value		**(26,353,141)**	-
Current portion of stockpile of mined ore	26	**348,175,037**	184,613,086
By-products		**3,084,977**	3,890,775
Sub-total	9	**3,082,362,670**	1,990,957,105
Consumable inventory			
Spare parts and consumables materials			
1 January		**1,654,281,468**	1,467,224,181
Net additions during the year		**359,916,447**	187,057,287
31 December		**2,014,197,915**	1,654,281,468
Obsolete and slow-moving spare parts and consumable materials written-off	9	**-**	(1,386,960)
Allowance for obsolete and slow-moving spare parts and consumable materials	29.1	**(93,103,074)**	(92,692,378)
		1,921,094,841	1,560,202,130
Raw materials		**755,163,464**	760,770,479
Sub-total		**2,676,258,305**	2,320,972,609
Total		**5,758,620,975**	4,311,929,714

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

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**92,692,378**	46,680,286
(Reversal) / provision for allowance for obsolescence, net	9	**410,696**	46,012,092
31 December	6.2,29	**93,103,074**	92,692,378

(All amounts in Saudi Riyals unless otherwise stated)

30 Trade and other receivables

	Notes	31 December 2019	31 December 2018
Trade receivables			
Other third party receivables		**1,891,770,972**	1,647,733,293
Due from SABIC	47.2	**265,846,332**	323,184,232
Due from The Mosaic Company	47.2	**39,322,107**	29,807,095
Due from Alcoa Inespal, S.A.	47.2	**81,997,942**	93,099,730
Due from Alcoa Warrick LLC	47.2	**136,761,207**	6,644,548
Sub-total	49.1.3, 49.2	**2,415,698,560**	2,100,468,898
Due from MBCC	47.2	**77,456**	1,107,238
Due from Saudi Mining Polytechnic (“SMP”)	47.2	**-**	5,556
Due from Saudi Ports Authority		**2,253,611**	2,363,036
Current portion of employees’ home ownership program receivables	26	**60,054,797**	62,052,523
VAT receivable from regulatory authorities		**53,533,374**	23,588,191
Due from Aramco		**326,523,838**	210,103,416
Other		**137,237,773**	36,196,726
Total	51	**2,995,379,409**	2,435,885,584

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

31 Time deposits

	Notes	31 December 2019	31 December 2018
Time deposits with original maturities of more than three months and less than a year at the date of acquisition	50	**3,159,175,000**	3,535,000,000
Less: ECL allowance	31.1	**(2,201,194)**	(2,201,194)
	49.3	**3,156,973,806**	3,532,798,806
Investment income receivable		**29,815,042**	24,111,307
Total	51	**3,186,788,848**	3,556,910,113

Time deposits yield financial income at prevailing market prices.

31.1 Movement in ECL allowance

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1 January	49.2	**2,201,194**	941,528
Increase in allowance for expected credit losses	11,49.2	**-**	1,259,666
31 December	31	**2,201,194**	2,201,194

(All amounts in Saudi Riyals unless otherwise stated)

32 Cash and cash equivalents

	Notes	31 December 2019	31 December 2018
Unrestricted			
Time deposits with original maturities equal to or less than three months at the date of acquisition		**1,140,521,258**	4,722,142,234
Cash and bank balances		**2,367,529,030**	597,973,973
Sub-total	49.3,50	**3,508,050,288**	5,320,116,207
Restricted			
Cash and bank balances	42.2	**96,845,788**	73,045,857
Total	51	**3,604,896,076**	5,393,162,064

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

33 Share capital

		Notes	31 December 2019	31 December 2018
Authorized, issued and fully paid				
1,168,478,261	Ordinary shares with a nominal value of SAR 10 per share		**11,684,782,610**	11,684,782,610
62,112,885	Ordinary shares with a nominal value of SAR 10 per share, following the conversion of long-term borrowing into equity	38.2	**621,128,850**	-
1,230,591,146	**Total**	1,17	**12,305,911,460**	11,684,782,610

On 8 Rabi Awal 1441H (corresponding to 4 November 2019) in the Extraordinary General Assembly Meeting, the shareholders of the Company approved the Board of Directors' recommendation to increase the share capital of the Company by the way of converting its long-term borrowing due to Public Investment Fund ("PIF") into equity amounting to USD 796,370,000 (SAR 2,986,387,500). This has resulted in the issuance of 62,112,885 ordinary shares to PIF at an exercise price of 48.08 per share (SAR 10 nominal value plus premium of SAR 38.08 per share) thereby increasing the share capital by SR 621,128,850 and share premium by SAR 2,365,258,650 after obtaining all the regulatory approvals during the year.

The above share issuance price was determined based on the volume-weighted average market price of the Company's shares during the last six trading months before the date of the Extraordinary General Assembly Meeting, held on 4 November 2019. The reason for the capital increase is to improve the Company's liquidity and credit position and enhance its ability to achieve its growth objectives.

34 Share premium

		Note	31 December 2019	31 December 2018
525,000,000	Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 10 per share		**5,250,000,000**	5,250,000,000
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
62,112,885	Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 38.08 per share following the conversion of long-term borrowing into equity	38.2	**2,365,258,650**	-
	Less: Transaction cost		**(17,420,308)**	-
	Net increase in share premium		**2,347,838,342**	-
830,591,146	**Total**		**10,739,190,039**	8,391,351,697

(All amounts in Saudi Riyals unless otherwise stated)

35 Transfer of net income

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

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

(All amounts in Saudi Riyals unless otherwise stated)

36 Non-controlling interest

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

36.1 Summarized statement of financial position

Non-controlling % interest in	Notes	MRC 25.1% (Note 2.6)	MAC 25.1% (Note 2.7)	MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 15% (Note 2.5)	Total
31 December 2019								
Non-current assets		5,569,322,655	17,363,802,883	12,385,401,745	14,200,734,176	26,493,219,387	327,115,820	76,339,596,666
Current assets		2,473,520,713	2,330,061,876	1,829,467,195	3,057,401,886	2,238,704,180	1,179,242,794	13,108,398,644
Total assets		**8,042,843,368**	**19,693,864,759**	**14,214,868,940**	**17,258,136,062**	**28,731,923,567**	**1,506,358,614**	**89,447,995,310**
Non-current liabilities		3,811,558,436	12,728,945,577	8,229,381,622	8,404,902,049	18,614,445,820	148,014,209	51,937,247,713
Current liabilities		1,717,109,630	1,684,733,605	855,398,243	1,749,700,550	2,497,633,304	998,954,863	9,503,530,195
Total liabilities		**5,528,668,066**	**14,413,679,182**	**9,084,779,865**	**10,154,602,599**	**21,112,079,124**	**1,146,969,072**	**61,440,777,908**
Net assets of the subsidiary company		**2,514,175,302**	**5,280,185,577**	**5,130,089,075**	**7,103,533,463**	**7,619,844,443**	**359,389,542**	**28,007,217,402**
Share of net assets		645,011,927	1,325,326,580	1,287,652,358	2,131,060,040	3,047,937,777	53,908,431	8,490,897,113
Zakat and income tax impact		949,837	(65,923,647)	(34,076,510)	-	(9,052,464)	-	(108,102,784)
Impact of payment to increase share capital		179,630,770	-	-	-	-	-	179,630,770
Impact of additional capital contribution resulting from transfer of automotive sheet project		5,812,956	-	-	-	-	-	5,812,956
Equity share transferred to Ma'aden		(831,405,490)	-	-	-	-	-	(831,405,490)
Net impact of non-controlling interest acquired through business combination		-	-	-	-	-	557,428	557,428
Net assets attributable to non-controlling interest	36.3	**-**	**1,259,402,933**	**1,253,575,848**	**2,131,060,040**	**3,038,885,313**	**54,465,859**	**7,737,389,993**

(All amounts in Saudi Riyals unless otherwise stated)

36.1 Summarized statement of financial position (continued)

Non-controlling % interest in	Notes	MRC 25.1% (Note 2.6)	MAC 25.1% (Note 2.7)	MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 15% (Note 2.5)	Total
31 December 2018								
Non-current assets		5,050,654,745	16,815,948,939	12,330,042,394	14,624,827,221	27,180,114,145	-	76,001,587,444
Current assets		1,712,503,496	2,945,216,159	1,661,835,324	2,837,269,219	3,763,581,739	-	12,920,405,937
Total assets		**6,763,158,241**	**19,761,165,098**	**13,991,877,718**	**17,462,096,440**	**30,943,695,884**	**-**	**88,921,993,381**
Non-current liabilities		3,791,236,226	11,342,733,208	7,756,912,133	8,828,323,950	19,748,855,108	-	51,468,060,625
Current liabilities		2,461,034,186	1,658,784,395	1,056,116,920	1,547,546,461	2,330,056,771	-	9,053,538,733
Total liabilities		**6,252,270,412**	**13,001,517,603**	**8,813,029,053**	**10,375,870,411**	**22,078,911,879**	**-**	**60,521,599,358**
Net assets of the subsidiary company		**510,887,829**	**6,759,647,495**	**5,178,848,665**	**7,086,226,029**	**8,864,784,005**	**-**	**28,400,394,023**
Share of net assets		128,232,845	1,696,671,521	1,299,891,015	2,125,867,810	3,545,913,602	-	8,796,576,793
Zakat and income tax impact		119,594,401	(66,642,763)	(24,655,913)	-	(26,057,773)	-	2,237,952
Impact of payment to increase share capital		(7,119,230)	-	-	-	-	-	(7,119,230)
Net assets attributable to non-controlling interest	36.3	**240,708,016**	**1,630,028,758**	**1,275,235,102**	**2,125,867,810**	**3,519,855,829**	**-**	**8,791,695,515**

(All amounts in Saudi Riyals unless otherwise stated)

36 Non-controlling interest (continued)

36.2 Summarized statement of profit or loss and other comprehensive income

Non-controlling % interest in	Notes	MRC 25.1% (Note 2.6)	MAC 25.1% (Note 2.7)	MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 15% (Note 2.5)	Total
For the year ended 31 December 2019								
Sales		3,285,736,858	6,832,524,307	2,344,817,259	4,131,422,634	3,454,284,836	643,549,845	20,692,335,739
(Loss) / profit before zakat and income tax for the year		(224,333,596)	(390,643,819)	23,095,619	24,287,821	(1,259,527,352)	65,158,512	(1,761,962,815)
Zakat and income tax for the year		(159,309,954)	(36,631,353)	(44,402,451)	(5,545,470)	14,546,754	(5,349,370)	(236,691,844)
Other comprehensive loss for the year:								
Cash flow hedge – effective portion of changes in fair value	41	-	(171,493,556)	(27,400,376)	-	-	-	(198,893,932)
Gain / (loss) attributable to the re-measurements of employees' end of service termination benefits obligation		-	556,810	(52,382)	(1,434,917)	41,036	-	(889,453)
Loss on exchange differences on translation		-	-	-	-	-	(28,877,730)	(28,877,730)
Total comprehensive (loss) / income for the year		**(383,643,550)**	**(598,211,918)**	**(48,759,590)**	**17,307,434**	**(1,244,939,562)**	**30,931,412**	**(2,227,315,774)**
Total comprehensive (loss) / income attributable to non-controlling interest:								
Share of (loss) / profit before zakat and income tax for the year		(42,353,806)	(98,051,599)	5,797,000	7,286,346	(503,810,941)	9,773,777	(621,359,223)
Share of zakat and income tax for the year		(158,631,363)	(8,475,353)	(20,565,612)	(1,663,641)	22,824,011	(802,405)	(167,314,363)
Share of (loss) / profit for the year	36.3	(200,985,169)	(106,526,952)	(14,768,612)	5,622,705	(480,986,930)	8,971,372	(788,673,586)
Share of other comprehensive loss for the year:								
Cash flow hedge – effective portion of changes in fair value	36.3, 41	-	(43,044,882)	(6,877,494)	-	-	-	(49,922,376)
Gain / (loss) attributable to the re-measurements of employees' end of service termination benefits obligation	36.3, 42.1.1	-	139,759	(13,148)	(430,475)	16,414	-	(287,450)
Loss on exchange differences on translation		-	-	-	-	-	(4,331,659)	(4,331,659)
Total		**(200,985,169)**	**(149,432,075)**	**(21,659,254)**	**5,192,230**	**(480,970,516)**	**4,639,713**	**(843,215,071)**

(All amounts in Saudi Riyals unless otherwise stated)

36 Non-controlling interest (continued)

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

Non-controlling % interest in	Notes	MRC 25.1% (Note 2.6)	MAC 25.1% (Note 2.7)	MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 15% (Note 2.5)	Total
For the year ended 31 December 2018								
Sales		299,487,696	7,671,002,281	3,116,668,621	5,215,647,728	1,163,824,917	-	17,466,631,243
Profit / (loss) before zakat and income tax for the year		(305,062,110)	98,436,855	522,494,744	725,465,557	454,725,119	-	1,496,060,165
Zakat and income tax for the year		24,567,607	(47,082,780)	(60,070,721)	(20,383,520)	(38,909,515)	-	(141,878,929)
Other comprehensive loss for the year:								
Cash flow hedge – effective portion of changes in fair value	41	-	(26,940,863)	-	-	-	-	(26,940,863)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation		(188,748)	(2,139,918)	(2,064,994)	(3,215,778)	(2,121,693)	-	(9,731,131)
Sub-total		(188,748)	(29,080,781)	(2,064,994)	(3,215,778)	(2,121,693)	-	(36,671,994)
Total comprehensive (loss) / income for the year		**(280,683,251)**	**22,273,294**	**460,359,029**	**701,866,259**	**413,693,911**	**-**	**1,317,509,242**
Total comprehensive (loss) / income attributable to non-controlling interest:								
Share of (loss) / profit before zakat and income tax for the year		(76,570,589)	24,707,651	131,146,181	217,639,667	181,890,048	-	478,812,958
Share of zakat and income tax for the year		27,673,227	(29,529,196)	(44,026,840)	(6,115,056)	(29,096,749)	-	(81,094,614)
Share of (loss) / profit for the year	36.3	(48,897,362)	(4,821,545)	87,119,341	211,524,611	152,793,299	-	397,718,344
Share of other comprehensive loss for the year:								
Cash flow hedge – effective portion of changes in fair value	36.3, 41	-	(6,762,157)	-	-	-	-	(6,762,157)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	36.3, 42.1.1	(47,376)	(537,119)	(518,313)	(964,733)	(848,677)	-	(2,916,218)
Sub-total		(47,376)	(7,299,276)	(518,313)	(964,733)	(848,677)	**-**	(9,678,375)
Total		**(48,944,738)**	**(12,120,821)**	**86,601,028**	**210,559,878**	**151,944,622**	**-**	**388,039,969**

(All amounts in Saudi Riyals unless otherwise stated)

36 Non-controlling interest (continued)

36.3 Movement of non-controlling interest

Non-controlling % interest in	Notes	MRC 25.1% (Note 2.6)	MAC 25.1% (Note 2.7)	MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 15% (Note 2.5)	Total
1 January 2018		289,652,754	1,642,149,579	1,188,634,074	1,944,114,969	3,367,911,207	-	8,432,462,583
Share of net (loss) / profit for the year	36.2	(48,897,362)	(4,821,545)	87,119,341	211,524,611	152,793,299	-	397,718,344
Dividend paid during the year	30	-	-	-	(28,807,037)	-	-	(28,807,037)
Share of other comprehensive loss for the year:								
Cash flow hedge – effective portion of changes in fair value	36.2, 41	-	(6,762,157)	-	-	-	-	(6,762,157)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	36.2, 42.1.1	(47,376)	(537,119)	(518,313)	(964,733)	(848,677)	-	(2,916,218)
Sub-total		(47,376)	(7,299,276)	(518,313)	(964,733)	(848,677)	-	(9,678,375)
31 December 2018	36.1	240,708,016	1,630,028,758	1,275,235,102	2,125,867,810	3,519,855,829	-	8,791,695,515
Increase in non-controlling interest resulting through business combination	5	-	-	-	-	-	51,271,315	51,271,315
Share of net (loss) / profit for the year	36.2	(200,985,169)	(106,526,952)	(14,768,612)	5,622,705	(480,986,930)	8,971,372	(788,673,586)
Share of other comprehensive loss for the year:								
Cash flow hedge – effective portion of changes in fair value	36.2, 41	-	(43,044,882)	(6,877,494)	-	-	-	(49,922,376)
Gain / (loss) attributable to the re-measurements of employees' end of service termination benefits obligation	36.2, 42.1.1	-	139,759	(13,148)	(430,475)	16,414	-	(287,450)
Loss on exchange differences on translation		-	-	-	-	-	(4,331,659)	(4,331,659)
Share of other non-distributable reserves		-	-	-	-	-	(1,445,169)	(1,445,169)
Additional capital contribution resulting from transfer of automotive sheet project during the year	37	195,488,894	-	-	-	-	-	195,488,894
Payment to increase share capital during the year		375,000,000	-	-	-	-	-	375,000,000
Trade payable / receivable written-off during the year		221,193,750	(221,193,750)	-	-	-	-	-
Equity share transferred to Ma'aden during the year *		(831,405,491)	-	-	-	-	-	(831,405,491)
31 December 2019	36.1	**-**	**1,259,402,933**	**1,253,575,848**	**2,131,060,040**	**3,038,885,313**	**54,465,859**	**7,737,389,993**

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

(All amounts in Saudi Riyals unless otherwise stated)

37 Due to joint venture partner

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

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

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

38 Long-term borrowings

	Notes	31 December 2019	31 December 2018
Total borrowings	7.2,38.8	**49,593,492,603**	54,566,488,328
Accrued finance cost		**251,591,654**	272,817,941
Sub-total	49.3,51	**49,845,084,257**	54,839,306,269
Less: Current portion of borrowings shown under current liabilities	38.8	**(2,436,219,781)**	(3,162,757,425)
Less: Accrued finance cost		**(251,591,654)**	(272,817,941)
Sub-total - current portion of borrowings shown under current liabilities		**(2,687,811,435)**	(3,435,575,366)
Non-current portion of long-term borrowings	38.8	**47,157,272,822**	51,403,730,903

(All amounts in Saudi Riyals unless otherwise stated)

38.1 Facilities approved

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

The facilities granted to the Group comprise of the following as at 31 December 2019:

	MAC agreement signed on 30 Nov. 2010 and restructured on 14 Dec. 2017	MRC agreement signed on 30 Nov. 2010 and restructured on 19 Dec. 2019	MBAC agreement signed on 27 Nov. 2011 and restructured on 16 Jul. 2018	MWSPC agreement signed on 30 Jun. 2014	Ma'aden agreement signed on 18 Dec. 2012 and renewed on 18 Dec. 2017	MGBM agreements signed on 24 Mar. 2015 and 26 Apr. 2015	MIC agreement signed on 30 Dec. 2015	MPC agreements signed on 25 Feb. 2016 and 20 Feb. 2018	Total
Public Investment Fund ("PIF")	4,275,375,000	-	3,506,250,000	7,500,000,000	-	-	-	-	15,281,625,000
Islamic and commercial banks									
Procurement*	-	-	-	4,299,854,655	-	-	-	-	4,299,854,655
Commercial*	1,503,750,000	-	-	5,450,145,345	-	-	-	-	6,953,895,345
Murabaha	-	1,312,500,000	4,025,000,000	-	-	-	-	-	5,337,500,000
Wakala	-	-	220,000,000	1,650,000,000	-	-	-	-	1,870,000,000
Sub-total	**1,503,750,000**	**1,312,500,000**	**4,245,000,000**	**11,400,000,000**	**-**	**-**	**-**	**-**	**18,461,250,000**
Saudi Industrial Development Fund ("SIDF")	-	600,000,000	-	4,000,000,000	-	1,379,000,000	-	-	5,979,000,000
Riyal Murabaha facility	5,178,750,000	-	-	-	-	-	1,000,000,000	11,493,750,000	17,672,500,000
Riyal Murabaha facility (a working capital facility)	-	-	750,000,000	-	-	-	-	-	750,000,000
Sub-total	**10,957,875,000**	**1,912,500,000**	**8,501,250,000**	**22,900,000,000**	**-**	**1,379,000,000**	**1,000,000,000**	**11,493,750,000**	**58,144,375,000**
Syndicated Revolving Credit Facility Agreement	-	-	-	-	7,500,000,000	-	-	-	7,500,000,000
HSBC Saudi Arabia – as agent for sukuk facility participants	-	-	-	-	-	-	-	3,500,000,000	3,500,000,000
Total facilities granted	**10,957,875,000**	**1,912,500,000**	**8,501,250,000**	**22,900,000,000**	**7,500,000,000**	**1,379,000,000**	**1,000,000,000**	**14,993,750,000**	**69,144,375,000**

38.1 Facilities approved (continued)

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

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

The MFAs imposed certain conditions and special covenants which include:

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

The SFA imposed certain conditions and special covenants which include:

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

MAC facility

*Facility agents:

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

MRC facility

*Facility agents:

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

In pursuant to "Transfer and Termination Agreement" signed on 26 June 2019, Ma'aden replaced PIF as provider of loan to MRC. At the same time on 26 June 2019, another "Loan Agreement" was signed between Ma'aden and PIF where it was resolved that SAR 2,986,387,500 is deemed to have been advanced to Ma'aden by PIF and is payable on demand which was subsequently converted to equity after obtaining all the regulatory approvals during the year (Note 33). This also resulted in the recognition of a charge amounting to SAR 46,594,914 in the consolidated retained earnings attributable to the ordinary shareholders of the parent company (Note 38.2).

(All amounts in Saudi Riyals unless otherwise stated)

38.1 Facilities approved (continued)

MRC facility (continued)

On 19 December 2019, the Company entered into a CTA agreement with commercial banks in respect of new Riyal Murabaha facility amounting SAR 1,312,500,000 to replace the balance of the existing Riyal procurement of SAR 1,009,770,000 and Riyal Murabaha facility of SAR 375,000,000.

MBAC facility

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

	Facility approved
PIF – Amendment to the existing agreement	3,506,250,000
Islamic and commercial banks	
Riyal Murabaha Tranche A	2,370,000,000
Riyal Murabaha Tranche B	1,655,000,000
Riyal Wakala	220,000,000
Sub-total	4,245,000,000
Riyal Murabaha facility (a working capital facility)	750,000,000
Total facilities approved	**8,501,250,000**

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

Facility agents:

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

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

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

MWSPC facility

*Facility agents:

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

38.1 Facilities approved (continued)

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

Syndicated revolving credit facility

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

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

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

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

PIF facility

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

In addition to the above, on 26 June 2019 a "Debt Conversion Agreement" has been signed between Ma'aden and PIF whereby Ma'aden wishes to increase its capital through the issuance of new shares for the purpose of settling the above mentioned loan. Subsequently this loan was converted into equity after obtaining all the regulatory approvals during the year (Note 33).

(All amounts in Saudi Riyals unless otherwise stated)

38.1 Facilities approved (continued)

MGBM facility

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

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

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

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

MIC facility

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

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

The facility was drawn down on 17 February 2016.

MPC facility

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

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

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

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

(All amounts in Saudi Riyals unless otherwise stated)

38.2 Facilities utilized under the different CTAs

MAC facility – restructured on 14 December 2017

	31 December 2019	31 December 2018
Public Investment Fund (Note 47.2)	**4,275,375,000**	4,275,375,000
Less: Transaction cost balance at the year end	**(38,830,699)**	(42,931,900)
Sub-total	**4,236,544,301**	4,232,443,100

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

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

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

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 4,101,201 (31 December 2018: SAR 4,097,225) (Note 38.11).

	31 December 2019	31 December 2018
Islamic and commercial banks		
Riyal Murabaha	**5,178,750,000**	5,178,750,000
Commercial – USD conventional	**1,503,750,000**	1,503,750,000
Less: Transaction cost balance at the year end	**(53,618,436)**	(63,570,555)
Sub-total	**6,628,881,564**	6,618,929,445

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

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

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

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

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 9,952,119 (31 December 2018: SAR 9,936,945) (Note 38.11).

Total MAC borrowings (Note 38.8)	**10,865,425,865**	10,851,372,545

(All amounts in Saudi Riyals unless otherwise stated)

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

MRC facility

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

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

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

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

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

Islamic and commercial banks		
Riyal procurement	**1,009,770,000**	1,009,770,000
Less: Repaid during the year	**(1,009,770,000)**	-
Sub-total	**-**	1,009,770,000
Less: Transaction cost balance at the year end	**-**	(13,057,394)
Sub-total	**-**	996,712,606

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

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

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

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

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 13,057,394 (31 December 2018: SAR 3,075,608) (Note 38.11).

Sub-total carried forward	**-**	3,930,980,626

(All amounts in Saudi Riyals unless otherwise stated)

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

MRC facility (continued)

	31 December 2019	31 December 2018
Balance brought forward	**-**	3,930,980,626
Saudi Industrial Development Fund	**425,000,000**	475,000,000
Less: Repaid during the year	**(150,000,000)**	(50,000,000)
Sub-total	**275,000,000**	425,000,000
Less: Transaction cost balance at the year end	**(8,122,382)**	(13,126,746)
Sub-total	**266,877,618**	411,873,254

Repayment of the SIDF facility started from 25 January 2016, starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on 19 July 2021 (Note 38.9).

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

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 5,004,364 (31 December 2018: SAR 6,914,466) (Note 38.11).

	31 December 2019	31 December 2018
Riyal Murabaha facility (a working capital facility)	**375,000,000**	375,000,000
Less: Repaid during the year	**(375,000,000)**	-
Sub-total	**-**	375,000,000

During the quarter ended 30 September 2018, the rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is revised to SIBOR plus 1.20%.

During the quarter ended 30 June 2019, the rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is revised to SIBOR plus 1.20% and the revised repayment of the Murabaha facility is due on 31 December 2019 (Note 38.9).

	31 December 2019	31 December 2018
Islamic and commercial banks ***- restructured on 19 December 2019***		
Riyal procurement	**1,312,500,000**	-
Less: Transaction cost balance at the year end	**(11,156,250)**	-
Sub-total	**1,301,343,750**	-

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 of 0.95%.

The repayment of the loan will start from June 2021, starting at SAR 39 million and increasing over the term of the loan with the final repayment of SAR 263 million on June 2032 (Note 38.9).

The transaction incurred on obtaining the loan amounted to SAR 11,156,250 has been netted-off with the loan balance and is amortized over the term of the loan.

	31 December 2019	31 December 2018
Total MRC borrowings (Note 38.8)	**1,568,221,368**	4,717,853,880

(All amounts in Saudi Riyals unless otherwise stated)

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

MBAC facility

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

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

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

The repayment of the principal amount of PIF facility will be in 21 installments on a six monthly basis starting from 30 June 2017. The repayments are starting at SAR 75 million and increasing over the term of the loan with the final repayment of SAR 435 million on 30 June 2027 (Note 38.9).

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

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

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

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

The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.45% to 2.4% per annum.

The repayment of the principal amounts of Islamic and commercial total approved facilities started from 30 June 2017. The repayments are starting at SAR 74 million and increasing over the term of the loan with the final repayment of SAR 431 million on 30 June 2027 (Note 38.9).

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

Sub-total carried forward	-	-

(All amounts in Saudi Riyals unless otherwise stated)

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

MBAC facility (continued)

	31 December 2019	31 December 2018
Balance brought forward	**-**	-
Saudi Industrial Development Fund	**-**	860,000,000
Less: Repaid during the year	**-**	(860,000,000)
Sub-total	**-**	-
Less: Transaction cost balance at the year end	**-**	-
Sub-total	**-**	-

Repayment of the SIDF facility started from July 2017. The repayments started at SAR 40 million and increasing over the term of the loan with the final repayment of SAR 80 million in April 2024 (Note 38.9).

SIDF has withheld loan processing and evaluation fee of SAR 75 million and will be amortized over the term of the loan.

The upfront transaction cost incurred, is amortized over the term of the loan amounted to Nil (31 December 2018: SAR 48,680,596) (Note 38.11).

Riyal Murabaha facility (a working capital facility)	**-**	-

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

The repayment of Murabaha facility was due on 24 January 2019 (Note 38.9).

Total MBAC borrowings (Note 38.8)	**-**	-

MBAC facility – restructured on 16 July 2018

Public Investment Fund (Note 47.2)	**3,506,250,000**	3,506,250,000
Less: Repaid during the year	**(74,332,500)**	-
Sub-total	**3,431,917,500**	3,506,250,000
Less: Transaction cost balance at the year end	**(107,636,682)**	(116,927,162)
Sub-total	**3,324,280,818**	3,389,322,838

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

After the restructuring on 16 July 2018, the repayment of the loan started on 30 June 2019, on a six monthly basis, starting at SAR 74.3 million and increasing over the term of the loan with the final repayment of SAR 392.7 million on 31 July 2031 (Note 38.9).

The upfront transaction cost incurred on the restructuring amounting to SAR 42,562,500 has been added to the unamortized upfront transaction cost balance before restructuring amounting to SAR 69,746,252. Further, non-cash transaction cost amounting to SAR 9,163,384 was also added as the difference between the carrying value of the borrowing before restructuring and present value of the cash flows after restructuring, discounted using the effective interest rate of the borrowings before restructuring. The total amount is netted-off against the loan balance as on 16 July 2018 and is amortized over the term of the loan amounted to SAR 9,290,480 (31 December 2018: SAR 4,544,974) (Note 38.11).

Sub-total carried forward	**3,324,280,818**	3,389,322,838

(All amounts in Saudi Riyals unless otherwise stated)

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

MBAC facility (continued)

	31 December 2019	31 December 2018
Balance brought forward	**3,324,280,818**	3,389,322,838
Islamic and commercial banks		
Riyal Murabaha	**4,025,000,000**	4,025,000,000
Riyal Wakala	**220,000,000**	220,000,000
	4,245,000,000	4,245,000,000
Less: Repaid during the year	**(71,170,500)**	-
Sub-total	**4,173,829,500**	4,245,000,000
Less: Transaction cost balance at the year end	**(32,905,612)**	(37,802,897)
Sub-total	**4,140,923,888**	4,207,197,103

The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is SIBOR plus a margin (mark-up in case of Wakala facilities) of 1.55% for Riyal Murabaha Tranche B and Riyal Wakala and 1.45% for Riyal Murabaha Tranche A.

The upfront transaction cost incurred amounting to SAR 40,250,000 is amortized over the term of the loan amounted to SAR 4,897,285 (31 December 2018: SAR 2,447,103) (Note 38.11).

Riyal Murabaha facility (a working capital facility)	**686,693,750**	340,000,000
Less: Repaid during the year	**(340,000,000)**	-
Sub-total	**346,693,750**	340,000,000
Less: Transaction cost balance at the year end	**(2,492,721)**	-
Sub-total	**344,201,029**	340,000,000

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

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

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

The upfront transaction cost incurred amounting to SAR 2,941,000 is amortized over the term of the loan amounted to SAR 448,279 (31 December 2018: Nil) (Note 38.11).

Total MBAC borrowings (Note 38.8)	**7,809,405,735**	7,936,519,941

(All amounts in Saudi Riyals unless otherwise stated)

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

MWSPC facility

	31 December 2019	**31 December 2018**
Public Investment Fund (Note 47.2)	**6,839,278,174**	6,839,278,174
Less: Repaid during the year	**(239,374,811)**	-
Sub-total	**6,599,903,363**	6,839,278,174
Less: Transaction cost balance at the year end	**(49,137,337)**	(55,803,888)
Sub-total	**6,550,766,026**	6,783,474,286

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

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

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 6,666,551(31 December 2018: SAR 1,674,254) (Note 38.11).

Islamic and commercial banks		
Dollar procurement	**304,392,518**	304,392,518
Saudi Riyal procurement	**2,620,254,420**	2,620,254,420
Commercial	**5,182,626,350**	5,182,626,350
Wakala	**1,488,141,198**	1,488,141,198
Sub-total	**9,595,414,486**	9,595,414,486
Less: Repaid during the year	**(886,918,187)**	-
Sub-total	**8,708,496,299**	9,595,414,486
Less: Transaction cost balance at the year end	**(14,230,753)**	(16,721,061)
Sub-total	**8,694,265,546**	9,578,693,425

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

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

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 2,490,308 (31 December 2018: SAR 29,982,875) (Note 38.11).

Sub-total carried forward	**15,245,031,572**	16,362,167,711

(All amounts in Saudi Riyals unless otherwise stated)

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

MWSPC facility

	31 December 2019	31 December 2018
Balance brought forward	**15,245,031,572**	16,362,167,711
Saudi Industrial Development Fund	**3,940,000,000**	3,905,000,000
Less: Repaid during the year	**(145,000,000)**	(60,000,000)
Sub-total	**3,795,000,000**	3,845,000,000
Less: Transaction cost balance at the year end	**(276,443,286)**	(297,501,808)
Sub-total	**3,518,556,714**	3,547,498,192

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

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

The upfront transaction cost incurred is amortized over the term of the loan amounted to SAR 21,058,522 (31 December 2018: SAR 1,658,192) (Note 38.11).

	31 December 2019	31 December 2018
Total MWSPC borrowings (Note 38.8)	**18,763,588,286**	19,909,665,903

Ma'aden facility (Loan agreement with PIF)

	31 December 2019	31 December 2018
Public Investment Fund	**2,986,387,500**	-
Less: Conversion of loan to share capital i.e. 62,112,885 ordinary shares with a nominal value of SAR 10 per share (Note 33)	**(621,128,850)**	-
Less: Conversion of loan to share premium i.e. 62,112,885 ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 38.08 per share (Note 34)	**(2,365,258,650)**	-
Total	**-**	-

38.3 Syndicated revolving credit facility

Ma'aden facility

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

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

(All amounts in Saudi Riyals unless otherwise stated)

38.4 Facility utilized under the different CTA's

MGBM facility

	31 December 2019	31 December 2018
As Suq mine		
Saudi Industrial Development Fund	**121,000,000**	143,000,000
Less: Repaid during the year	**(25,000,000)**	(22,000,000)
Sub-total	**96,000,000**	121,000,000
Less: Transaction cost balance at the year end	**(2,718,798)**	(4,555,155)
Sub-total	**93,281,202**	116,444,845

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

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 1,836,357 (31 December 2018: SAR 2,199,862) (Note 38.11).

	31 December 2019	31 December 2018
Ad-Duwayhi mine and water pipeline		
Saudi Industrial Development Fund	**920,000,000**	1,070,000,000
Less: Repaid during the year	**(160,000,000)**	(150,000,000)
Sub-total	**760,000,000**	920,000,000
Less: Transaction cost balance at the year end	**(23,350,755)**	(35,353,979)
Sub-total	**736,649,245**	884,646,021

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

The upfront transaction cost incurred, is amortized over the term of the loan amounted to SAR 12,003,224 (31 December 2018: SAR 14,118,092) (Note 38.11).

Total MGBM borrowings (Note 38.8)	**829,930,447**	1,001,090,866

(All amounts in Saudi Riyals unless otherwise stated)

38.5 Facilities utilized under the different MFAs

MIC facility

	31 December 2019	31 December 2018
HSBC Saudi Arabia Limited – as agent for the Murabaha facility participants	**805,000,000**	883,000,000
Less: Repaid during the year	**(78,000,000)**	(78,000,000)
Sub-total	**727,000,000**	805,000,000
Less: Transaction cost balance at the year end	**(6,000,000)**	(7,000,000)
	721,000,000	798,000,000

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

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

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

Total MIC borrowings (Note 38.8)	**721,000,000**	798,000,000

MPC facility

	31 December 2019	31 December 2018
Riyad Bank – as agent for the Murabaha facility participants	**5,900,882,353**	10,344,375,000
Less: Repaid during the year	**(737,610,296)**	(4,443,492,647)
Sub-total	**5,163,272,057**	5,900,882,353
Less: Transaction cost balance at the year end	**(31,347,790)**	(44,679,272)
	5,131,924,267	5,856,203,081

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

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

The upfront transaction cost balance is amortized over the term of the loan amounted to SAR 13,331,482 (31 December 2018: SAR 38,216,227) (Note 38.11).

Total MPC borrowings (Note 38.8)	**5,131,924,267**	5,856,203,081

(All amounts in Saudi Riyals unless otherwise stated)

38.6 Facility utilized under SFA

MPC facility

	31 December 2019	31 December 2018
HSBC Saudi Arabia – as agent for the sukuk facility	**3,500,000,000**	3,500,000,000
Less: Transaction cost balance at the year end	**(3,592,958)**	(4,217,888)
	3,496,407,042	3,495,782,112
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of SIBOR plus 1.35% per annum		
The one-time repayment of this loan will be on 20 February 2025 (Note 38.9).		
The upfront transaction cost balance is amortized over the term of the loan amounted to SAR 624,930 (31 December 2018: SAR 507,112) (Note 38.11).		
Total MPC borrowings (Note 38.8)	**3,496,407,042**	3,495,782,112

38.7 Meridian

	31 December 2019	31 December 2018
Commercial banks		
African Development Bank Limited	**59,839,309**	-
The above loan is secured against inventory, bears interest rate at 22% per annum and has no specified repayment terms		
Eco Bank Limited	**24,298,826**	-
The above loan is secured by a cross company guarantee, bears interest rate at 19% per annum. The loan is to be repaid over 36 months period with the final installment payable on 31 May 2022		
First Merchant Bank Malawi Limited	**16,516,286**	
The above loan is secured by a mortgage bond over silos in Kanaego, Lilongwe Malawi, bears interest rate at 9% per annum		
Bank overdraft and other facilities	**306,935,172**	-
Total Borrowings (Note 38.8)	**407,589,593**	-

(All amounts in Saudi Riyals unless otherwise stated)

38.8 Total borrowings

	Notes	31 December 2019	31 December 2018
Facilities utilized under:			
CTAs:			
MAC – restructured on 14 December 2017	38.2	**10,957,875,000**	10,957,875,000
MRC – restructured on 19 December 2019	38.2	**1,587,500,000**	4,796,157,500
MBAC – restructured on 16 July 2018	38.2	**7,952,440,750**	8,091,250,000
MWSPC	38.2	**19,103,399,662**	20,279,692,660
Syndicated Revolving Credit Facility:			
Ma'aden	38.3	**-**	-
MGBM facility	38.4	**856,000,000**	1,041,000,000
MFAs:			
MIC	38.5	**727,000,000**	805,000,000
MPC	38.5	**5,163,272,057**	5,900,882,353
SFA:			
MPC	38.6	**3,500,000,000**	3,500,000,000
Meridian	38.7	**407,589,593**	-
Sub-total	50	**50,255,077,062**	55,371,857,513
Less: Transaction cost balance at the year end		**(661,584,459)**	(805,369,185)
Sub-total	38	**49,593,492,603**	54,566,488,328
Less: Current portion of borrowings shown under current liabilities			
MRC		**50,000,000**	960,572,745
MBAC		**275,639,625**	485,503,000
MWSPC		**784,010,773**	716,071,386
MGBM		**198,000,000**	185,000,000
MIC		**78,000,000**	78,000,000
MPC		**737,610,294**	737,610,294
Ma'aden		**-**	-
Meridian		**312,959,089**	-
Sub-total	38,50	**2,436,219,781**	3,162,757,425
Long-term portion of borrowings	38,50	**47,157,272,822**	51,403,730,903

38.9 Maturity profile of long-term borrowings

	Note	31 December 2019	31 December 2018
2019		**-**	3,162,757,425
2020		**2,436,219,781**	2,438,872,312
2021		**3,814,100,886**	4,098,343,546
2022		**4,546,568,895**	4,862,984,944
2023		**5,483,265,997**	5,938,367,968
2024		**4,043,276,958**	4,155,259,835
2025		**2,490,663,543**	4,155,259,835
2026 through 2030		**27,440,981,001**	26,560,011,648
Total	49.3	**50,255,077,061**	55,371,857,513

38.10 Facilities' currency denomination

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

	31 December 2019 (US$)	31 December 2018 (US$)
Public Investment Fund (US$)	**3,851,728,380**	4,695,277,513
Islamic and commercial banks		
Procurement (US$)	**79,953,768**	81,171,338
Procurement (SAR)	**592,586,426**	968,006,512
Commercial (US$)	**1,789,054,405**	1,783,033,693
Wakala (SAR)	**394,356,423**	455,504,320
Murabaha (SAR)	**2,436,216,933**	2,454,333,333
Sub-total	**5,292,167,955**	5,742,049,196
Saudi Industrial Development Fund (SAR)	**1,310,933,333**	1,416,266,666
Murabaha facility (SAR)	**1,325,739,216**	1,108,235,294
Murabaha facility (USD)	**595,000,000**	680,000,000
Sukuk facility (SAR)	**933,333,333**	933,333,333
Riyal Murabaha facility (a working capital facility) (SAR)	**92,451,667**	190,666,667
Total	**13,401,353,884**	14,765,828,669

(All amounts in Saudi Riyals unless otherwise stated)

38.11 Amortization of transaction cost

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
CTAs:			
MAC – restructured on 14 December 2017	38.2	**14,053,320**	14,034,170
MRC – restructured on 19 December 2019	38.2	**23,498,376**	21,173,903
MBAC	38.2	**14,636,044**	97,878,336
Facility signed on 27 November 2011		**-**	100,049,643
Facility restructured on 16 July 2018		**14,636,044**	6,992,077
Non-cash transaction cost		**-**	(9,163,384)
MWSPC	38.2	**30,215,381**	33,315,321
MGBM facility	38.4	**13,839,581**	16,317,954
MFAs:			
MIC	38.5	**1,000,000**	1,000,000
MPC	38.5	**13,331,482**	38,216,227
SFA:			
MPC	38.6	**624,930**	507,112
Sub-total		**111,199,114**	222,443,023
Less: Capitalised as part of capital work-in-progress			
MWSPC		**-**	29,464,834
MGBM		**2,094,184**	-
Sub-total	15.1,21	**2,094,184**	29,464,834
Total charged to finance cost	15	**109,104,930**	192,978,189

38.12 Security

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

	Notes	31 December 2019	31 December 2018
Mine properties	18.2	**4,951,673,769**	5,243,258,431
Property, plant and equipment	19.2	**27,277,743,656**	27,704,144,742
Capital work-in-progress	21.1	**887,773,606**	606,061,169
Intangible assets	22	**11,428,944**	13,878,004
Total		**33,128,619,975**	33,567,342,346

(All amounts in Saudi Riyals unless otherwise stated)

39 Provision for decommissioning, site rehabilitation and dismantling obligations

	Notes	31 December 2019	31 December 2018
Gold mines	39.1	**120,554,820**	106,543,501
Bauxite mine	39.2	**122,222,998**	108,214,608
Phosphate mines	39.3	**203,662,693**	164,888,037
Low grade bauxite, kaolin and magnesite mines	39.4	**4,655,004**	5,979,183
Total		**451,095,515**	385,625,329

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

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

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

(All amounts in Saudi Riyals unless otherwise stated)

39.1 Gold mines

	Notes	As Suq mine	Mahad mine	Ad Duwayhi mine	Al-Amar mine	Sukhaybarat mine	Bulghah mine	Total
1 January 2018		15,310,498	22,337,682	12,551,782	8,437,893	13,860,371	24,750,589	97,248,815
Increase arising from passage of time during the year	15	1,364,181	2,261,007	1,361,096	841,265	1,308,540	2,158,597	9,294,686
31 December 2018	39	16,674,679	24,598,689	13,912,878	9,279,158	15,168,911	26,909,186	106,543,501
Increase arising from passage of time during the year	15	1,488,364	2,466,829	1,497,206	925,392	1,439,394	2,355,097	10,172,282
Adjustment during the year credited to other income	16	(1,868,094)	-	-	-	-	(8,311,649)	(10,179,743)
Adjustment in provision during the year	18	(1,452,722)	-	7,189,293	3,698,898	4,583,311	-	14,018,780
31 December 2019	39	**14,842,227**	**27,065,518**	**22,599,377**	**13,903,448**	**21,191,616**	**20,952,634**	**120,554,820**
Commenced commercial production in		2014	1988	2016	2008	1991	2001	
Expected closure date in		2023	2023	2027	2029	2034	2034	

(All amounts in Saudi Riyals unless otherwise stated)

39.2 Bauxite mine

	Notes	Al-Ba'itha mine
1 January 2018		35,000,134
Increase arising from passage of time during the year	15	1,711,467
Increase in provision during the year	18	71,503,007
31 December 2018	39	108,214,608
Increase arising from passage of time during the year	15	4,057,228
Adjustment in provision during the year	18	9,951,162
31 December 2019	39	**122,222,998**
Commenced commercial production in		2014
Expected closure date in		2059

39.3 Phosphate mines

	Notes	Al-Jalamid mine	Al-Khabra mine	Total
1 January 2018		60,319,270	90,485,083	150,804,353
Increase arising from passage of time during the year	15	7,569,044	4,611,150	12,180,194
Increase in provision during the year	18	-	1,903,490	1,903,490
31 December 2018	39	67,888,314	96,999,723	164,888,037
Increase arising from passage of time during the year	15	3,033,433	5,041,760	8,075,193
Adjustment in provision during the year	18	6,160,829	24,538,634	30,699,463
31 December 2019	39	**77,082,576**	**126,580,117**	**203,662,693**
Commenced commercial production in		2008	2017	
Expected closure date in		2042	2045	

39.4 Low grade bauxite, kaolin and magnesite mines

	Notes	Az-Zabirah mine	Al-Ghazallah mine	Madinah plants	Total
1 January 2018		2,223,298	230,306	3,166,245	5,619,849
Increase arising from passage of time during the year	15	203,333	20,417	135,584	359,334
31 December 2018	39	2,426,631	250,723	3,301,829	5,979,183
Increase arising from passage of time during the year	15	75,636	3,773	97,317	176,726
Adjustment during the year	18	(482,269)	(161,957)	(856,679)	(1,500,905)
31 December 2019	39	**2,019,998**	**92,539**	**2,542,467**	**4,655,004**
Commenced commercial production in		2008	2011	2011	
Expected closure date in		2036	2057	2041	

(All amounts in Saudi Riyals unless otherwise stated)

40 Lease liability

	Notes	31 December 2019	31 December 2018
Future minimum lease payments	40.1	**2,092,572,575**	28,117,012
Less: Future finance cost not yet due	40.2	**(825,972,265)**	(933,232)
Net present value of minimum lease payments	7.2,49.3	**1,266,600,310**	27,183,780
Less: Current portion of lease liability shown under current liabilities		**(139,480,855)**	(21,462,970)
Long-term portion of lease liability		**1,127,119,455**	5,720,810

Maturity profile

Minimum lease payments falling due during the following years:

2019	**-**	22,315,272
2020	**208,480,827**	5,801,740
2021	**127,793,761**	-
2022	**74,723,615**	-
2023	**69,896,936**	-
2024	**65,482,259**	
2025 thereafter	**1,546,195,177**	-
Total	**2,092,572,575**	28,117,012

40.1 Movement in future minimum lease payments:

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**28,117,012**	65,380,978
IFRS 16 adjustments:			
Initial recognition of lease liability	20	**2,162,854,688**	-
Sub-total		**2,190,971,700**	65,380,978
Additions during the year	20	**115,823,252**	-
Payments during the year		**(204,199,919)**	(37,263,966)
Adjustment		**(10,022,458)**	-
31 December	40	**2,092,572,575**	28,117,012

40.2 Movement in future finance cost:

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**(933,232)**	(3,532,891)
IFRS 16 adjustments:			
Initial recognition of lease liability	20	**(870,374,617)**	-
Sub-total		**(871,307,849)**	(3,532,891)
Accretion of future finance cost during the year	15	**53,004,942**	2,599,659
Additions during the year	20	**(8,383,312)**	-
Adjustment		**713,954**	-
31 December	40	**(825,972,265)**	(933,232)

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

(All amounts in Saudi Riyals unless otherwise stated)

41 Derivative financial instruments

	Note	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**28,888,908**	-
Net settlement of accrued derivative interest		**8,940,943**	1,948,045
Accrual during the year	15	**23,991,691**	1,948,045
Paid during the year		**(15,050,748)**	-
Loss in fair value of hedge instrument charged to other comprehensive income	36.2	**198,893,932**	26,940,863
31 December	49.3	**236,723,783**	28,888,908

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

	Note	Year ended 31 December 2019	Year ended 31 December 2018
Ordinary shareholders of the parent company		**148,971,556**	20,178,706
Non-controlling interest	36.3	**49,922,376**	6,762,157
Total	36.3	**198,893,932**	26,940,863

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

The arrangement has been designated as hedging arrangement since its inception and subject to prospective testing of hedge effectiveness at each reporting date. As on 31 December 2019, the hedge effectiveness was evaluated to be 100% as all critical terms matched throughout the year.

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

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

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

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

	31 December 2019	31 December 2018
Carrying amount (liability)	**230,981,810**	28,888,908
Notional amount	**4,847,437,500**	1,820,250,000
Hedge ratio	**1:1**	1:1
Loss in value of hedge item used to determine hedge effectiveness	**225,834,795**	26,940,863

Accumulated loss in fair value of outstanding hedging instruments

	Year ended 31 December 2019	Year ended 31 December 2018
1 January	**26,940,863**	-
Loss for the year charged to other comprehensive loss	**198,893,932**	26,940,863
31 December	**225,834,795**	26,940,863

(All amounts in Saudi Riyals unless otherwise stated)

42 Employees' benefits

	Notes	31 December 2019	31 December 2018
Employees' end of service termination benefits obligation	42.1	**625,553,417**	545,417,883
Employees' savings plan	42.2	**96,845,788**	73,045,857
Total		**722,399,205**	618,463,740

42.1 Employees' end of service termination benefits obligation

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

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

Amounts recognized in the consolidated statement of financial position

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

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**545,417,883**	462,754,423
Total amount recognised in profit or loss		**104,894,761**	114,434,904
Current service cost		**80,372,421**	93,617,211
Finance cost	15	**24,522,340**	20,817,693
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	42.1.1	**329,869**	26,239,111
Loss from change in financial assumptions		**13,156,626**	26,239,111
Experience gains		**(12,826,757)**	-
Settlements		**(25,089,096)**	(58,010,555)
31 December	42	**625,553,417**	545,417,883

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

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Re-measurement loss debited in other comprehensive income during the year*		**329,869**	24,162,881
Re-measurement loss capitalised as part of qualifying assets in capital work-in-progress during the year	21	**-**	2,076,230
Total	42.1	**329,869**	26,239,111

(All amounts in Saudi Riyals unless otherwise stated)

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

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

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Shareholders of the parent company		**42,419**	21,246,663
Non-controlling interest	36.2,36.3	**287,450**	2,916,218
Total		**329,869**	24,162,881

Significant actuarial assumptions

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

	31 December 2019	31 December 2018
Discount rate	**4%**	4.5%
Salary increase rate	**2.5-4%**	2.5-4.5%
Mortality rate	**A80 table**	A90 table
Withdrawal rate	**6%**	5%

Sensitivity analysis

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

	Sensitivity level % increase	Impact on termination benefit obligation	Sensitivity level % decrease	Impact on termination benefit obligation
31 December 2019				
Discount rate	**1%**	**(68,370,305)**	**1%**	**89,638,987**
Salary increase rate	**1%**	**89,069,455**	**1%**	**(68,975,640)**
Mortality rate	**10%**	**(119,499)**	**10%**	**119,513**
Withdrawal rate	**10%**	**(1,760,320)**	**10%**	**1,836,375**
31 December 2018				
Discount rate	1%	(60,308,659)	1%	77,460,329
Salary increase rate	1%	77,016,977	1%	(61,098,034)
Mortality rate	10%	(106,594)	10%	106,856
Withdrawal rate	10%	(1,650,565)	10%	1,724,111

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

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

(All amounts in Saudi Riyals unless otherwise stated)

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

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

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

	31 December 2019	31 December 2018
2019	**-**	36,046,842
2020	**45,339,769**	27,135,289
2021	**32,773,551**	30,216,231
2022	**23,496,868**	20,482,643
2023	**24,544,734**	21,456,586
2024	**23,726,642**	21,456,586
2025 and thereafter	**953,684,696**	863,899,139
Total	**1,103,566,260**	1,020,693,316

42.2 Employees' savings plan

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**73,045,857**	69,872,871
Contribution for the year		**38,775,217**	41,620,333
Withdrawals during the year		**(14,975,286)**	(38,447,347)
31 December	32,42	**96,845,788**	73,045,857

43 Projects, trade and other payables

	Notes	31 December 2019	31 December 2018
Non-current portion			
Gross retention withheld from progress payments		**679,931,813**	841,759,354
Less: Current portion of retention payable (see below)		**(679,931,813)**	(640,030,514)
		-	201,728,840
Less: Unamortized discount for long-term retention payable	43.1	**-**	(11,052,030)
Present value of long-term portion of retention payable		**-**	190,676,810
Non-refundable contributions	43.2	**90,373,425**	110,887,008
Non-controlling interest put option	43.3	**78,900,805**	-
Sub-total		**169,274,230**	301,563,818
Current portion			
Current portion of retention payable (see above)		**679,931,813**	640,030,514
Projects		**511,325,834**	381,341,917
Trade		**1,762,725,865**	1,099,386,910
Advances from customers		**22,693,500**	14,761,906
Rebate payable to customers		**73,545,790**	32,602,905
Other		**118,877,401**	47,267,960
Sub-total		**3,169,100,203**	2,215,392,112
Total	49.3,51	**3,338,374,433**	2,516,955,930

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

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

(All amounts in Saudi Riyals unless otherwise stated)

43.1 Movement in unamortized discount for long-term retention payable

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**(11,052,030)**	(42,328,871)
Unwinding of discount of non-current retention payable charged to finance cost	15	**11,052,030**	31,276,841
31 December	43	**-**	(11,052,030)

43.2 Movement in non-refundable contributions

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**110,887,008**	133,582,586
1% deduction from certain contractor's progress payments		**7,644,454**	25,453,667
Provision for research and development fund	16	**-**	4,524,918
Provision for community development fund	16	**-**	4,524,918
Payments made to community support project		**(28,158,037)**	(57,199,081)
31 December	43	**90,373,425**	110,887,008

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

43.3 Non-controlling interest Put options

As also explained in Note 5, the Group, through its subsidiary MMDC, acquired 85% of issued share capital of the Meridian Consolidated Investments Limited (Meridian Group or Meridian) carrying full voting rights, a leading fertilizer distribution company operating in East Africa on 8 August 2019.

Put option

The shareholders agreement between Ma'aden and Meridian include clauses of Put options whereby the non-controlling interest equity holders in Meridian may exercise their Put options in respect of the following tranches of non-controlling interest held in Meridian at any time during the Put Option exercise period:

Relevant tranche	Percentage of non-controlling interest	Put option reference period
First tranche	25%	Financial year end of Meridian on 31 March 2020 ("FY20")
Second tranche	25%	Financial year end of Meridian on 31 March 2021 ("FY21")
Third tranche	25%	Financial year end of Meridian on 31 March 2022 ("FY22")
Fourth tranche	25%	Financial year end of Meridian on 31 March 2023 ("FY23")

The decision to exercise the Put option or otherwise to roll-over the relevant tranche to a later Put option reference date shall be made by the non-controlling equity holders in Meridian between 45 and 90 days before the Put option reference date ("Put option exercise period").

As per the terms of shareholders' agreement, Put options held by the non-controlling equity holders in Meridian are binding irrevocable options to sell the remaining 15% shareholding to MMDC in 2023 if the options are not exercised before that. The call and put option exercise price for each relevant tranche shall be calculated in accordance with the shareholders agreement i.e. by applying relevant multiplier to the audited EBITDA for the relevant tranche multiplied by non-controlling interest shares subject to the call and put option divided by the total number of shares of Meridian. The Group has estimated a gross cash outflow of range of Saudi Riyals 78.3 million to Saudi Riyals 110.6 million at the exercise of option. A pre-tax discount rate of 26% has been used for redemptions values based on the options. This is a level 3 fair valuation as per IFRS 13.

(All amounts in Saudi Riyals unless otherwise stated)

44 Accrued expenses

	Notes	31 December 2019	31 December 2018
Projects		**304,989,331**	490,588,399
Trade		**1,548,217,353**	1,164,954,284
Employees		**265,005,061**	220,005,734
Accrued expenses – Alcoa Corporation	47.1,47.2	**37,353,100**	33,767,454
Accrued expenses – The Mosaic Company	47.1,47.2	**15,713,516**	-
Total	49.3,51	**2,171,278,361**	1,909,315,871

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

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

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

45 Zakat and income tax payable

	Notes	31 December 2019	31 December 2018
Zakat payable	45.2	**256,524,753**	189,153,041
Income tax payable	45.5	**10,845,066**	1,548,530
Total		**267,369,819**	190,701,571

45.1 Components of zakat base

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

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

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

45.2 Zakat payable

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**189,153,041**	115,597,038
Provision for zakat		**249,156,159**	216,232,355
Current year	45.3	**180,206,955**	189,153,041
Prior year under provision		**68,949,204**	27,079,314
Paid during year to the authorities	45.4	**(181,784,447)**	(142,676,352)
31 December	45	**256,524,753**	189,153,041

(All amounts in Saudi Riyals unless otherwise stated)

45.3 Provision for zakat consists of:

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Saudi Arabian Mining Company		**74,474,583**	93,555,304
Ma'aden Gold and Base Metals Company	46.2	**10,931,310**	13,601,477
Industrial Minerals Company		**4,204,994**	2,430,870
Ma'aden Infrastructure Company		**3,083,235**	2,988,100
Ma'aden Phosphate Company		**13,558,012**	23,202,808
Ma'aden Wa'ad Al-Shamal Phosphate Company		**13,904,140**	16,671,397
Ma'aden Aluminium Company		**26,571,891**	17,553,584
Ma'aden Rolling Company		**11,673,632**	3,105,620
Ma'aden Bauxite and Alumina Company		**21,805,158**	16,043,881
Total	45.2	**180,206,955**	189,153,041

45.4 Status of final assessments

The Company and its three wholly owned subsidiaries have diligently filed their consolidated zakat returns for the financial years 2014 to 2018 and have received provisional zakat certificates for the same. No final assessment for the Company and its three wholly owned subsidiaries for the five years, 2014 to 2018, have been issued by GAZT. The Company, based on the results of the assessed years from 2009 to 2013, has made its best estimate for the most likely outcome over position taken on balances and transactions the result of which are uncertain for the un-assessed years from 2014 to 2018 and have recorded an additional provision in anticipation of the final assessment to be issued by GAZT.

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

45.5 Income tax payable

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**1,548,530**	26,059,632
Addition through business combination	5	**1,967,678**	-
Provision / (reversal) of income tax	24.1	**13,026,770**	(10,199,311)
Current year	45.6	**13,026,770**	1,548,530
Prior year over provision		**-**	(11,747,841)
Paid during year to the authorities		**(5,697,912)**	(14,311,791)
31 December	45	**10,845,066**	1,548,530

45.6 Provision for income tax consist of:

	Note	Year ended 31 December 2019	Year ended 31 December 2018
Ma'aden Aluminium Company		**-**	1,548,530
Meridian		**13,026,770**	-
Total	45.5	**13,026,770**	1,548,530

(All amounts in Saudi Riyals unless otherwise stated)

46 Severance fees payable

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**124,800,448**	73,079,354
Provision for severance fee made during the year	9	**122,384,655**	123,792,353
Current year charge	46.1	**124,505,948**	124,800,448
Prior year adjustment		**(2,121,293)**	(1,008,095)
Paid during year to the authorities		**(122,679,155)**	(72,071,259)
31 December		**124,505,948**	124,800,448

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

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

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

46.1 Provision for severance fees consists of:

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Gold mines	46.2	**123,090,653**	123,731,990
Low grade bauxite		**785,728**	444,828
Kaolin		**369,747**	298,600
Magnesia		**176,760**	182,930
Dead burned magnesia		**36,713**	112,625
Monolithic		**3,436**	950
Raw ore magnesia		**42,911**	28,525
Total	46	**124,505,948**	124,800,448

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

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Net income from operating mines before zakat and severance fee for the year		**536,087,852**	591,395,989
25% of the year's net income as defined		**134,021,963**	147,848,997
Hypothetical income tax based on year's taxable net income		**149,423,517**	137,333,467
Provision based on the lower of the above two computations		**134,021,963**	137,333,467
Deduct of provision for zakat	45.3	**(10,931,310)**	(13,601,477)
Net severance fee provision for the year	46.1	**123,090,653**	123,731,990

(All amounts in Saudi Riyals unless otherwise stated)

47 Related party transactions and balances

47.1 Related party transactions

Transactions with related parties carried out during the 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 2019	Year ended 31 December 2018
Sales of MAC to Alcoa Inespal, S.A., in accordance with a shareholders off-take agreement, during the year		**957,813,474**	1,165,530,810
Sales of MPC through SABIC, in accordance with a marketing agreement, during the year		**1,248,751,783**	1,647,716,745
Sales of MWSPC through SABIC, in accordance with a marketing agreement – the pre-commercial production DAP sales revenue, net of production cost for the year ended 31 December 2019 amounting to Nil (31 December 2018: SAR 130,299,157) has been credited against capital work-in-progress		**463,483,647**	258,066,238
Sales of MWSPC through The Mosaic Company, in accordance with a marketing agreement – the pre-commercial production DAP sales revenue, net of production cost for the year ended 31 December 2019 amounting to Nil (31 December 2018: SAR 287,368,760) has been credited against capital work-in-progress		**721,644,368**	569,153,142
Cost of seconded employees, technology fee and other cost paid to Alcoa Corporation during the year	44	**46,479,947**	83,440,308
Cost of seconded employees, technology fee and other cost paid to The Mosaic Company during the year	44	**86,141,068**	46,696,420

47.2 Related party balances

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

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

(All amounts in Saudi Riyals unless otherwise stated)

47.2 Related party balances (continued)

	Notes	31 December 2019	31 December 2018
Trade and other receivables due from:			
Non-controlling shareholders:			
• SABIC in MPC - trade		**201,929,255**	290,801,690
• SABIC in MWSPC - trade		**63,917,077**	32,382,542
Sub-total – trade receivables due from SABIC	30	**265,846,332**	323,184,232
• The Mosaic Company in MWSPC - trade	30	**39,322,107**	29,807,095
Sub-total – trade receivables		**305,168,439**	352,991,327
Subsidiaries of a non-controlling shareholder:			
• Alcoa Inespal, S.A. in MAC - trade	30	**81,997,942**	93,099,730
• Alcoa Warrick LLC in MAC - trade	30	**136,761,207**	6,644,548
Sub-total – due from Alcoa		**218,759,149**	99,744,278
A joint venture company:			
• MBCC - other	30	**77,456**	1,107,238
A special purpose vehicle:			
• SMP - other	30	**-**	5,556
Total		**524,005,044**	453,848,399
Due to joint venture partner			
• Due to Alcoa Corporation	37	**-**	195,267,690
***Long-term borrowings from PIF a* 67.18% shareholder in Ma'aden**			
Due to PIF for the financing of the:			
MAC facility – restructured on 14 December 2017	38.2	**4,275,375,000**	4,275,375,000
MRC facility	38.2	**-**	2,986,387,500
MBAC facility – restructured on 16 July 2018	38.2	**3,431,917,500**	3,506,250,000
MWSPC facility	38.2	**6,599,903,363**	6,839,278,174
Total		**14,307,195,863**	17,607,290,674
Payable to the parent company (ultimate shareholder) of a non-controlling shareholder:			
• Payments to increase share capital received from Alcoa Corporation in MBAC		**68,155,432**	68,155,432
• Payments to increase share capital received from Alcoa Corporation in MRC		**-**	230,387,425
• Accrued expenses due to Alcoa Corporation in MAC and MBAC	44	**37,353,100**	33,767,454
Total		**105,508,532**	332,310,311
Payable to a non-controlling shareholder			
• Accrued expenses due to The Mosaic Company in MWSPC	44	**15,713,516**	-

(All amounts in Saudi Riyals unless otherwise stated)

47.3 Key management personnel compensation

	Year ended 31 December 2019	Year ended 31 December 2018
Short-term employee benefits	**53,145,513**	22,099,530
Employees' end of service termination benefits	**3,976,553**	6,155,094
Total	**57,122,066**	28,254,624

48 Commitments and contingent liabilities

48.1 Capital commitments

	31 December 2019	31 December 2018
Capital expenditure contracted for:		
Property, plant and equipment	**6,809,757,514**	4,101,443,730

48.2 Guarantees

	Notes	31 December 2019	31 December 2018
Guarantee in favor of Saudi Aramco, for future diesel and gas feedstock supplies		**111,520,244**	332,248,042
Guarantees in favor of Ministry of Energy, Industry and Mineral Resources, for future purified phosphoric acid, fuel and feed stocks supplies			-
Guarantee in favor of Saudi Aramco for future supply of molten sulfur		**234,375,000**	234,375,000
Guarantees in favor of SIDF and other financial institutions for financing facilities available to:*			
SAMAPCO	23.2.2	**-**	450,000,000
MBCC	23.2.2	**-**	375,000,000
Sub-total		**-**	825,000,000
Guarantee in favor of Saudi Ports Authority		**18,845,851**	18,879,717
Guarantee in favor of General Authority for Meteorology and Environment		**-**	1,753,297
Guarantees in favor of Jordan Phosphate Mine for future supply of concentrated ore		**29,045,418**	-
Others		**4,704,925**	22,583,714
Total		**398,491,438**	1,434,839,770

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

48.3 Letters of credit

	31 December 2019	31 December 2018
Three letters of credit sight, for the purpose of purchasing equipment and materials	**1,437,638**	11,377,635

48.4 Contingent liabilities

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

49 Financial risk management

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

- market risk
- credit risk and
- liquidity risk

49.1 Market risk

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

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

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

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

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

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

49.1.1 Foreign currency exchange risk

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

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

Foreign currency exposure

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

	31 December 2019	**31 December 2018**
Trade receivables	**-**	-
Project, trade and other payables and accrued expenses	**38,585,042**	23,331,286
Total	**38,585,042**	23,331,286

(All amounts in Saudi Riyals unless otherwise stated)

49 Financial risk management (continued)

49.1.1 Foreign currency exchange risk (continued)

Amount recognised in consolidated financial statements

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

	Note	Year ended 31 December 2019	Year ended 31 December 2018
Foreign exchange gain included in other income / expense, net	16	**6,501,013**	3,027,391

Foreign currency sensitivity analysis

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

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

	Year ended 31 December 2019	Year ended 31 December 2018
SAR/ EURO exchange rate		
- Increase by 10%	**2,592,293**	1,103,467
- decrease by 10%	**(2,592,293)**	(1,103,467)

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

49.1.2 Interest rate risk

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

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

Cash flow hedge

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

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

Other comprehensive income is sensitive to higher / lower interest expense from net settled derivative as a result of changes in interest rates. The Group's other comprehensive income is affected as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
Interest rate		
- increase by 100 basis points	**(16,849,162)**	(269,408)
- decrease by 100 basis points	**16,849,162**	269,408

(All amounts in Saudi Riyals unless otherwise stated)

49 Financial risk management (continued)

49.1.2 Interest rate risk (continued)

Interest rate exposure

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

	Note	31 December 2019	31 December 2018
Fixed interest rate borrowings		**4,926,000,000**	5,311,000,000
Variable interest rate borrowings – repricing dates 6 months or less		**45,329,077,062**	50,060,857,513
Total	38.8	**50,255,077,062**	55,371,857,513

Interest rate sensitivity analysis

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

	Year ended 31 December 2019	Year ended 31 December 2018
Interest rate		
- increase by 100 basis points	**(888,976,576)**	(904,634,124)
- decrease by 100 basis points	**888,976,576**	904,634,124

49.1.3 Commodity price risk

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

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

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

Commodity price exposure

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

	Note	31 December 2019	31 December 2018
Trade receivables pertaining to:			
Phosphate		**1,267,531,845**	1,209,106,908
Aluminium		**896,944,861**	724,846,103
Gold		**251,221,854**	166,515,887
Total	30	**2,415,698,560**	2,100,468,898

Policies and procedure to manage commodity price risk

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

(All amounts in Saudi Riyals unless otherwise stated)

49 Financial risk management (continued)

49.1.3 Commodity price risk (continued)

Commodity price sensitivity analysis

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

	31 December 2019	31 December 2018
Increase / (decrease) in phosphate prices		
Increase of 10% in USD per tonne	**75,382,588**	117,577,991
Decrease of 10% in USD per tonne	**(75,382,588)**	(117,577,991)
Increase / (decrease) in aluminium LME prices		
Increase of 10% in USD per tonne	**395,533,049**	432,255,220
Decrease of 10% in USD per tonne	**(395,533,049)**	(432,255,220)
Increase / (decrease) in gold prices		
Increase of 10% in USD per oz	**251,221,854**	197,633,747
Decrease of 10% in USD per oz	**(251,221,854)**	(197,633,747)

Physical commodity contracts

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

49.2 Credit risk

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

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

Credit risk exposure

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

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

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

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

(All amounts in Saudi Riyals unless otherwise stated)

49 Financial risk management (continued)

49.2 Credit risk (continued)

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

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

	Notes	12 month ECL	Life time ECL not credit impaired	Life time ECL credit impaired	Total
Time deposits	31	3,159,175,000	-	-	3,159,175,000
Less: Credit loss allowance	31.1	(2,201,194)	-	-	(2,201,194)
Carrying amount		**3,156,973,806**	**-**	**-**	**3,156,973,806**

Impairment losses on time deposits recognized in consolidated statement of profit or loss were as follows:

	Note	Year ended 31 December 2019	Year ended 31 December 2018
1 January		**2,201,194**	941,528
Increase in allowance during the year		**-**	1,259,666
31 December	31.1	**2,201,194**	2,201,194

Trade receivables

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

	Note	31 December 2019	31 December 2018
Neither past due nor impaired		**2,066,581,669**	2,028,134,159
Past due not impaired			
< 30 days		**158,419,703**	41,238,611
30-60 days		**15,684,487**	18,090,896
61-90 days		**6,275,344**	89,657
> 90 days, net		**168,737,357**	12,915,575
Total	30	**2,415,698,560**	2,100,468,898

(All amounts in Saudi Riyals unless otherwise stated)

49 Financial risk management (continued)

49.3 Liquidity risk

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

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

	Notes	31 December 2019	31 December 2018
Time deposits	31	**3,156,973,806**	3,532,798,806
Unrestricted cash and cash equivalents	32	**3,508,050,288**	5,320,116,207
Total		**6,665,024,094**	8,852,915,013

Liquidity risk exposure

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

	Notes	31 December 2019	31 December 2018
Floating rate			
- Expiring within 1 year			
• Syndicated Revolving Credit Facility	38.3	**-**	-
- Expiring beyond 1 year			
• Syndicated Revolving Credit Facility	38.3	**7,500,000,000**	7,500,000,000
• Other facilities (mainly for project financing)		**403,306,250**	2,465,307,340
Fixed rate			
- Expiring within 1 year		**-**	-
- Expiring beyond 1 year		**-**	95,000,000
Total		**7,903,306,250**	10,060,307,340

(All amounts in Saudi Riyals unless otherwise stated)

49 Financial risk management (continued)

49.3 Liquidity risk (continued)

Maturities of financial liabilities

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

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

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

Contractual maturities of financial liabilities	1st year	2nd years	3 - 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Non-derivatives as at:						
31 December 2019						
Long-term borrowings (Note 38)	4,584,535,212	5,722,394,724	18,961,881,755	36,344,938,301	65,613,749,992	49,845,084,257
Lease liability (Note 40)	208,480,827	127,793,761	210,102,810	1,546,195,177	2,092,572,575	1,266,600,310
Derivative financial instruments (Note 41)	230,981,810	-	-	-	230,981,810	236,723,783
Projects, trade and other payables (Note 43)	3,169,100,203	169,274,230	-	-	3,338,374,433	3,338,374,433
Accrued expenses (Note 44)	2,171,278,361	-	-	-	2,171,278,361	2,171,278,361
Total	**10,364,376,413**	**6,019,462,715**	**19,171,984,565**	**37,891,133,478**	**73,446,957,171**	**56,858,061,144**
Non-derivatives as at:						
31 December 2018						
Long-term borrowings (Note 38)	5,009,409,497	4,551,190,229	21,759,548,622	43,537,848,911	74,857,997,259	54,839,306,269
Finance lease obligation (Note 40)	22,315,272	5,801,740	-	-	28,117,012	27,183,780
Derivative financial instruments (Note 41)	28,888,908	-	-	-	28,888,908	28,888,908
Projects, trade and other payables (Note 43)	2,215,392,112	301,563,818	-	-	2,516,955,930	2,516,955,930
Accrued expenses (Note 44)	1,909,315,871	-	-	-	1,909,315,871	1,909,315,871
Total	**9,185,321,660**	**4,858,555,787**	**21,759,548,622**	**43,537,848,911**	**79,341,274,980**	**59,321,650,758**

(All amounts in Saudi Riyals unless otherwise stated)

50 Capital management

Risk management

The Group's objectives when managing capital are to

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

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

The net debts of the Group are as follows:

	Notes	31 December 2019	31 December 2018
Net debt			
Time deposits	31	**3,159,175,000**	3,535,000,000
Cash and cash equivalents	32	**3,508,050,288**	5,320,116,207
Long-term borrowings - payable within one year	38.8	**(2,436,219,781)**	(3,162,757,425)
Long-term borrowings - payable after one year	38.8	**(47,818,857,281)**	(52,209,100,088)
Lease liability - payable within one year	40.2,40.3	**(208,480,827)**	(22,315,272)
Lease liability - payable after one year	40.2,40.3	**(1,884,091,748)**	(5,801,740)
Net debt		**(45,680,424,349)**	(46,544,858,318)

(All amounts in Saudi Riyals unless otherwise stated)

50 Capital management (continued)

Net debt reconciliation

The movement in net debt is as follows:

	Notes	Other assets: Time deposits (Note 31)	Other assets: Cash and cash equivalents (Note 32)	Liabilities from financing activities: Long-term borrowings - payable within one year (Note 38.8)	Liabilities from financing activities: Long-term borrowings - payable after one year (Note 38.8)	Liabilities from financing activities: Finance lease obligation – payable within one year (Note 40.1)	Liabilities from financing activities: Finance lease obligation - payable after one year (Note 40.1)	Total
1 January 2018		2,240,000,000	4,281,744,159	(3,195,086,817)	(51,491,295,630)	(37,263,966)	(28,117,012)	(48,230,019,266)
Cash flows for the year		1,295,000,000	1,038,372,048	32,329,392	(717,804,458)	14,948,694	22,315,272	1,685,160,948
31 December 2018		3,535,000,000	5,320,116,207	(3,162,757,425)	(52,209,100,088)	(22,315,272)	(5,801,740)	(46,544,858,318)
IFRS 16 adjustments:								
Initial recognition of lease liability	40	-	-	-	-	-	(2,162,854,688)	(2,162,854,688)
Sub-total		3,535,000,000	5,320,116,207	(3,162,757,425)	(52,209,100,088)	(22,315,272)	(2,168,656,428)	(48,707,713,006)
Additions during the year	40	-	-	-	-	-	(115,823,252)	(115,823,252)
Adjustment	40	-	-	-	-	-	10,022,458	10,022,458
Addition through business combination	5	-	-	-	(383,402,238)	-	-	(383,402,238)
Conversion of long-term borrowings to equity		-	-	-	2,986,387,500	-	-	2,986,387,500
Cash flows for the year		(375,825,000)	(1,812,065,919)	726,537,644	1,787,257,545	(186,165,555)	390,365,474	530,104,189
31 December 2019		**3,159,175,000**	**3,508,050,288**	**(2,436,219,781)**	**(47,818,857,281)**	**(208,480,827)**	**(1,884,091,748)**	**(45,680,424,349)**

(All amounts in Saudi Riyals unless otherwise stated)

50 Capital management (continued)

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

"Long-term borrowings divided by total equity and long-term borrowings (as shown in the consolidated statement of financial position, including non-controlling interests)."

The gearing ratios, in accordance with the financial covenants pertaining to the long-term borrowings (Note 38.1), as at the end of the year were as follows:

	Note	31 December 2019	31 December 2018
Long term borrowings	38.8	**50,255,077,062**	55,371,857,513
Total equity		**38,392,932,765**	36,694,426,248
Total equity and net debt		**88,648,009,827**	92,066,283,761
Debt to equity ratio		**0.56**	0.60

51 Financial assets and financial liabilities

The Group holds the following classes of financial instruments:

	Notes	Amortised cost	FVTPL	Total
Financial assets				
As at 31 December 2019				
Other investments	25	**43,185,000**	-	**43,185,000**
Trade and other receivable (less VAT and employees' home ownership program receivables)	30	**1,443,525,275**	**1,438,265,963**	**2,881,791,238**
Time deposits	31	**3,186,788,848**	**-**	**3,186,788,848**
Cash and cash equivalents	32	**3,604,896,076**	**-**	**3,604,896,076**
Total		**8,278,395,199**	**1,438,265,963**	**9,716,661,162**
As at 31 December 2018				
Other investments	25	47,850,000	-	47,850,000
Due from joint venture partner	27	36,686,041	-	36,686,041
Trade and other receivable (less VAT and employees' home ownership program receivables)	30	730,552,884	1,510,704,570	2,241,257,454
Time deposits	31	3,556,910,113	-	3,556,910,113
Cash and cash equivalents	32	5,393,162,064	-	5,393,162,064
Total		9,765,161,102	1,510,704,570	11,275,865,672

(All amounts in Saudi Riyals unless otherwise stated)

51 Financial assets and financial liabilities (continued)

		31 December 2019	31 December 2018
Financial liabilities measured at amortised cost			
Long-term borrowings	38	**49,845,084,257**	54,839,306,269
Lease liability	40	**2,092,572,575**	28,117,012
Projects, trade and other payables	43	**3,338,374,433**	2,516,955,930
Accrued expenses	44	**2,171,278,361**	1,909,315,871
Total		**57,447,309,626**	59,293,695,082

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

52 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

Financial instruments are carried at fair value, using the following different levels of valuation methods:

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 - inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - inputs are unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The fair value of trade receivables carried at FVTPL are valued using valuation techniques, which employ the use of market observable inputs. The valuation techniques incorporate various inputs including the credit quality of counterparties and forward rate curves of the underlying commodity. As at 31 December 2019, the marked-to-market value of provisionally priced trade receivables is net of a credit valuation adjustment attributable to customer default risk. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value.

The table below presents the financial assets and financial liabilities at their fair values as at 31 December 2019 and 31 December 2018 based on the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
As at 31 December 2019				
Financial assets				
Trade receivables	**-**	**1,438,265,963**	**-**	**1,438,265,963**
Financial liabilities				
Derivative financial instruments	**-**	**236,723,783**	**-**	**236,723,783**
Non-controlling interest put options	**-**	**-**	**78,900,805**	**78,900,805**
Total	**-**	**236,723,783**	**78,900,805**	**315,624,588**
As at 31 December 2018				
Financial assets				
Trade receivables	-	1,510,704,570	-	1,510,704,570
Financial liabilities				
Derivative financial instruments	-	28,888,908	-	28,888,908

53 Events after the reporting date

No events have arisen subsequent to 31 December 2019 and before the date of signing the independent auditor's report, that could have a significant effect on the consolidated financial statements as at 31 December 2019.

54 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 profit of the Group for the previous year.

55 Assets held and liabilities incurred under fiduciary administration

On 6 January 2013 MIC, a wholly owned subsidiary of Ma'aden, received an amount of USD 140 million (in a fiduciary capacity) from the Ministry of Finance of the Kingdom of Saudi Arabia, in accordance with the Council of Ministers' Resolution No 87, dated 28 Rabi ul Awal 1433H (corresponding to 20 February 2012), for the purpose of establishing an industrial city in the Northern Borders Province, by the name of "Wa'ad Al-Shamal City for Mining Industries". The aggregate amount represents part payment of the following two amounts approved by the Council of Ministers:

- USD 500 million for the design and construction of the basic infrastructure and required utilities of the industrial city, and

- USD 200 million for the design and construction of the housing and required social facilities for the proposed industrial city.

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

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

As of 31 December 2019, total net assets of the project amounted to SAR 2,625,000,000 (31 December 2018: SAR 2,625,000,000).

(All amounts in Saudi Riyals unless otherwise stated)

56 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 2019**	**31 December 2018**	**31 December 2019**	**31 December 2018**	**31 December 2019**	**31 December 2018**
MGBM	Gold mining	**867,000,000**	867,000,000	**100**	100	**867,000,000**	867,000,000
MIC	Manage and develop infrastructure projects	**500,000**	500,000	**100**	100	**500,000**	500,000
IMC	Kaolin, low grade bauxite and magnesite mining	**344,855,200**	344,855,200	**100**	100	**344,855,200**	344,855,200
MFC	Phosphate mining and production of urea, phosphate and potassium fertilizer	**1,000,000**	-	**100**	-	**1,000,000**	-
MMDC	Phosphate fertilizer distribution	**1,000,000**	-	**100**	-	**1,000,000**	-
MRC	Aluminium sheets for can body and lids and automotive heat treated and non-heat treated sheet	**2,477,371,807**	2,477,371,807	**100**	74.9	**2,477,371,807**	1,855,551,483
MAC	Aluminium ingots, T-shape ingots, slabs and billets	**6,573,750,000**	6,573,750,000	**74.9**	74.9	**4,923,738,750**	4,923,738,750
MBAC	Bauxite mining and refining	**4,828,464,412**	4,828,464,412	**74.9**	74.9	**3,616,519,845**	3,616,519,845
MPC	Phosphate mining and fertilizer producer	**6,208,480,000**	6,208,480,000	**70**	70	**4,345,936,000**	4,345,936,000
MWSPC	Phosphate mining and fertilizer producer	**7,942,501,875**	7,942,501,875	**60**	60	**4,765,501,125**	4,765,501,125
Sub-total						**21,342,422,727**	20,719,602,403
Joint ventures							
SAMAPCO	Production of concentrated caustic soda and ethylene dichloride	**900,000,000**	900,000,000	**50**	50	**450,000,000**	450,000,000
MBCC	Production of copper and associated minerals	**404,965,291**	404,965,291	**50**	50	**202,482,646**	202,482,646
Sub-total						**652,482,646**	652,482,646
Total						**21,994,905,373**	21,372,085,049

All the subsidiaries and joint ventures listed above are incorporated in the Kingdom of Saudi Arabia except as mentioned in Note 2.