MA'ADEN

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Joint Stock Company)

Unaudited Interim consolidated Financial Statements and Independent Auditors' Review Report for the Three-Month and Six-Month Periods Ended June 30, 2010

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REVIEW REPORT (Unaudited)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2010

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INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

July 19, 2010

To the Shareholders of Saudi Arabian Mining Company (Ma'aden):

We have reviewed the accompanying interim consolidated balance sheet of Saudi Arabian Mining Company (a Saudi Joint Stock Company) ("Ma'aden" or the "Company") as of June 30, 2010 and the related interim consolidated statement of income for the three-month and six-month periods then ended, and the interim consolidated statements of cash flows and changes in shareholders' equity for the six-month period ended June 30, 2010 and the related notes which form an integral part of these interim consolidated financial statements. These interim consolidated financial statements are the responsibility of the Company's management.

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

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

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By: _____
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SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Joint Stock Company)
Interim consolidated balance sheet as at June 30, 2010 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	As at June 30 2010	2009
Assets			
Current assets			
Cash and cash equivalents	5	1,543,271,211	3,597,173,615
Short-term investments	6	10,440,840,713	10,898,981,806
Accrued investments income		83,481,912	124,508,485
Trade and other receivables	7	212,503,841	34,641,948
Inventories	8	211,123,881	178,471,601
Advances and prepaid expenses	9	382,025,328	382,549,398
Other receivables	10	61,045,987	61,045,987
Total current assets		12,934,292,873	15,277,372,840
Non-current assets:			
Advances and prepaid expenses	9	18,037,333	27,296,310
Property, plant and equipment	11	15,711,184,020	11,065,326,563
Pre-operating expenses and deferred charges	12	3,502,355,521	2,335,303,466
Total non-current assets		19,231,576,874	13,427,926,339
Total assets		32,165,869,747	28,705,299,179
Liabilities and equity			
Current liabilities:			
Projects and other current payables	13	597,955,118	487,176,378
Accrued expenses	14	708,467,243	1,030,534,884
Zakat payable	15	66,137,281	232,646,178
Severance fees payable	16	69,388,703	56,781,851
Total current liabilities		1,441,948,345	1,807,139,291
Non-current liabilities:			
Provision for mine closure and reclamation	17	91,293,571	66,145,395
End-of-service indemnities	18	92,768,613	76,937,315
Long-term borrowings	19	12,125,529,156	8,770,457,895
Total non-current liabilities		12,309,591,340	8,913,540,605
Total liabilities		13,751,539,685	10,720,679,896
Equity			
Equity attributable to shareholders of the Company:			
Share capital		9,250,000,000	9,250,000,000
Share premium		5,250,000,000	5,250,000,000
Statutory reserve	21	248,182,988	204,707,481
Retained earnings		1,885,992,426	1,494,712,871
Total shareholders' equity		16,634,175,414	16,199,420,352
Minority interest	2	1,780,154,648	1,785,198,931
Total equity		18,414,330,062	17,984,619,283
Total liabilities and equity		32,165,869,747	28,705,299,179
Commitments and contingent liabilities	27		

The notes on pages 7 to 24 form an integral part of these interim consolidated financial statements.

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Joint Stock Company)
Interim consolidated statement of income (Unaudited)
For the three-month and six-month period ended June 30, 2010
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For Three-Month Period Ended June 30,		For Six-Month Period Ended June 30,	
		2010	2009	2010	2009
Sales	22,23	197,322,468	176,328,359	350,799,158	336,531,946
Cost of sales		(87,635,113)	(82,954,339)	(160,575,134)	(167,252,603)
Gross profit		109,687,355	93,374,020	190,224,024	169,279,343
Operating expenses					
General and administrative expenses	24	(52,216,465)	(45,859,578)	(96,197,814)	(77,737,260)
Exploration expenses		(16,308,026)	(13,786,799)	(33,118,430)	(26,992,890)
Technical services expenses		(1,935,375)	(4,690,916)	(5,162,802)	(7,990,696)
Operating profit		39,227,489	29,036,727	55,744,978	56,558,497
Severance fees	16	(17,996,869)	(14,129,043)	(24,245,788)	(25,406,388)
Other income (expense), net		(136,867)	(1,602,037)	790,979	(799,351)
Profit before income from short-term investments		21,093,753	13,305,647	32,290,169	30,352,758
Income from short-term investments		42,253,573	82,090,996	83,710,844	212,443,059
Income before zakat and minority interest		63,347,326	95,396,643	116,001,013	242,795,817
Zakat	15	(33,574,423)	(103,022,859)	(66,283,743)	(232,646,178)
Income / (loss) before minority interest		29,772,903	(7,626,216)	49,717,270	10,149,639
Minority interest		1,466,679	1,070,199	2,148,637	1,743,165
Net income / (loss) attributable to shareholders of the Company		31,239,582	(6,556,017)	51,865,907	11,892,804
Earnings per share (Saudi Riyals):	25				
Earnings per share from operating profit (includes minority interest)		0.042	0.031	0.060	0.061
Earning / (loss) per share from net income for the period (after minority interest)		0.034	(0.007)	0.056	0.013
Earning / (loss) per share from net non-operating income (includes minority interest)		(0.010)	(0.040)	(0.007)	(0.050)

The notes on pages 7 to 24 form an integral part of these interim consolidated financial statements.

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Joint Stock Company)
Interim consolidated statement of cash flows (Unaudited)
For the six-month period ended June 30, 2010
(All amounts in Saudi Riyals unless otherwise stated)

	Period Ended June 30,	
	2010	**2009**
Cash flow from operating activities:		
Income before zakat and minority interest	116,001,013	242,795,817
Adjustments for non cash items:		
Depreciation	45,396,534	40,326,429
Amortization of pre-operating expenses and deferred charges	9,295,895	9,041,637
End-of-service indemnities	10,856,085	6,972,977
Severance fees	24,245,788	25,406,388
Income from short term investments	(83,710,844)	(212,443,059)
Changes in working capital:		
Trade and other receivables	(53,443,104)	(13,586,404)
Inventories	(5,365,031)	(11,756,421)
Advances and prepaid expenses	(89,382,548)	409,166,212
Projects and other current payables	(25,505,383)	(793,859,499)
Accrued expenses	(260,173,113)	(52,079,265)
Severance fee paid	-	(30,352,907)
End-of-service indemnities paid	(3,075,295)	(2,486,417)
Zakat paid	(268,706,962)	-
Net cash used in operating activities	(583,566,965)	(382,854,512)
Cash flow from investing activities:		
Short-term investments – net	(2,292,495,203)	(3,708,990,998)
Income from short-term investments received	21,957,282	180,943,763
Additions to property, plant and equipment	(1,625,766,083)	(4,043,455,894)
Additions to pre-operating expenses and deferred charges	(690,526,741)	(543,776,572)
Net cash used in investing activities	(4,586,830,745)	(8,115,279,701)
Cash flow from financing activities:		
Proceeds from long-term borrowings	3,342,530,984	7,950,457,639
Net cash generated from financing activities	3,342,530,984	7,950,457,639
Net decrease in cash and cash equivalents	(1,827,866,726)	(547,676,574)
Cash and cash equivalents at beginning of period	3,371,137,937	4,144,850,189
Cash and cash equivalents at end of period	1,543,271,211	3,597,173,615

(Continued)

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Joint Stock Company)
Interim consolidated statement of cash flows (Unaudited)
For the six-month period ended June 30, 2010
(All amounts in Saudi Riyals unless otherwise stated)

	Period Ended June 30,	
	2010	2009
Non-cash transactions:		
Receivable from Alcoa Inc. related to costs agreed for Aluminum project – See Note 1 and 7	127,500,000	-
Transfer of due to SABIC to minority interest. See Note 20	-	1,147,500,000
Pre-operating expenses and deferred charges transferred to property, plant and equipment	-	9,421,793

The notes on pages 7 to 24 form an integral part of these interim consolidated financial statements.

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Joint Stock Company)
Interim consolidated statement of changes in shareholders' equity as at June 30, 2010 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Share premium	Statutory reserve	Retained earnings	Total
January 1, 2010		9,250,000,000	5,250,000,000	242,996,397	1,839,313,110	16,582,309,507
Net income		-	-	-	51,865,907	51,865,907
Net income transferred to statutory reserve	21	-	-	5,186,591	(5,186,591)	-
June 30, 2010		**9,250,000,000**	**5,250,000,000**	**248,182,988**	**1,885,992,426**	**16,634,175,414**
January 1, 2009		9,250,000,000	5,250,000,000	203,518,201	1,484,009,347	16,187,527,548
Net income		-	-	-	11,892,804	11,892,804
Net income transferred to statutory reserve	21	-	-	1,189,280	(1,189,280)	-
June 30, 2009		**9,250,000,000**	**5,250,000,000**	**204,707,481**	**1,494,712,871**	**16,199,420,352**

The notes on pages 7 to 24 form an integral part of these interim consolidated financial statements.

1. GENERAL INFORMATION

Saudi Arabian Mining Company (the "Company" or "Group") was formed as a Saudi joint stock company pursuant to Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to March 23, 1997) and Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to March 17, 1997), with Commercial Registration No. 1010164391 dated 10 Zul Qaida 1421H (corresponding to February 4, 2001) and with a share capital of SR 4,000,000,000 (Four billion Saudi Riyals), comprising 40,000,000 shares at a nominal value of SR 100 each.

The Company through March 2, 2008 was wholly owned by the Saudi Arabian Government (the "Government") represented by the Public Investment Fund ("PIF"). The Council of Ministers issued it's resolution No. 49, dated 25 Safar 1429H (corresponding to March 3, 2008) whereby the authorized share capital of the Company was increased from SR 4,000,000,000 (Four billion Saudi Riyals) to SR 9,250,000,000 (Nine billion and two hundred fifty million Saudi Riyals) divided into 925,000,000 shares (SR 10 par value) and to offer 50% of the newly authorized share capital in the Saudi capital market through an Initial Public Offering ("IPO"). Consequently, the Government's interest in the Company was diluted to 50%.

As a result of the increase in the Company's share capital, the PIF's interest in the Company was increased to SR 4,625,000,000 (Four billion six hundred and twenty five million Saudi Riyals) divided into 462,500,000 shares through an injection of SR 1,250 million which was paid by the PIF during the year 2008, in which SR 625 million was recorded as an increase in share capital and the remaining SR 625 million as share premium.

The remaining 50% shares were offered to the Public on 2 Rajab 1429H (corresponding to July 5, 2008) through an Initial Public Offering ("IPO") to the Public Pension Agency ("PPA"), General Organization for Social Insurance ("GOSI"), Saudi citizens and certain authorized persons participating in this IPO.

The objectives of the Company and its subsidiaries are to engage 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 therefrom; 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 Company's major projects are Phosphate, Aluminum, and Infrastructure and these are in the development stage.

The objective of the Phosphate project is to exploit the Al Jalamid phosphate deposits in the Kingdom of Saudi Arabia and to manufacture DAP, MAP and ammonia fertilizer products. The capital cost of the project is estimated to be SR 21 billion. Production is expected to start during the last quarter of the year ending 2010.

The objective of the Aluminum project is to develop an aluminum mine, refinery, smelter and rolling mill for the production of aluminum and related products in Saudi Arabia. During December 2009, the Company entered into an agreement with Alcoa Inc. for the development of the Aluminum project. The Company has a 74.9 % interest in the Aluminum project and the remaining 25.1 % represents Aloca's interest. The total cost of the Aluminum project is estimated to be SR 40.5 billion. Alcoa Inc. also agreed to reimburse the Company for 25.1 % of the Aluminum project's costs incurred by the Company before Alcoa's participation, see Note 7.

The Infrastructure project relates to the development, construction and delivery of services in the Raz Az Zwar Area, and other mining and industrial locations of the Company as required. Also, see Note 11.

The Company's principal mining activities are at the Mahd Ad' Dahab, Al-Hajjar, Bulghah, Al-Amar and Kaolin mines. Currently the Company mainly mines gold and low-grade bauxite.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

The Company's interim consolidated financial statements are prepared in compliance with the accounting standards promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA").

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

The results of the operation for the interim period may not represent a proper indication of annual results of operations.

The interim consolidated financial statements, expressed in Saudi Arabian Riyals are prepared under the historical cost convention.

2.2 Principle of consolidation

The consolidated financial statements include the accounts of the Company and the following subsidiaries:

Subsidiary	Type of Company	Country of incorporation	Effective ownership at June 30,	
			2010	2009
Ma'aden Gold and Base Metals Company ("MGC")	Limited liability company	Saudi Arabia	100%	100%
Ma'aden Phosphate Company ("MPC")	Limited liability company	Saudi Arabia	70%	70%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	Saudi Arabia	100%	100%
Ma'aden Industrial Minerals Company ("MIMC")	Limited liability company	Saudi Arabia	100%	100%

MGC was incorporated on August 9, 1989, and its activities are mainly related to production and exploration of gold and associated minerals existing within the lease area by way of drilling, mining, concentrating, smelting and refining; to extract, refine, export and sell such minerals in their original or refined form.

MPC was incorporated on January 1, 2008 and is currently in the development stage. Saudi Basic Industries Corporation ("SABIC") holds the remaining 30% interest in MPC, and it is accounted for as minority interest in these interim consolidated financial statements. Accordingly, minority interest in the interim consolidated balance sheet, and loss attributable to the minority interest in the interim consolidated statement of income, represent SABIC's share in the net assets and loss of MPC.

MIC was incorporated on August 17, 2008 and will manage the infrastructure project to develop, construct and operate the infrastructure and provide services to Raz Az Zwar Area, and other mining and industrial locations of the Company.

MIMC was incorporated on March 31, 2009, and will manage the industrial minerals sector of the Company. Its activities are mainly related to exploring and developing industrial minerals.

All material inter-company balances and transactions are eliminated in the accompanying interim consolidated financial statements. The Company and its subsidiaries apply a consistent accounting policy in all material respects.

2.3 Use of estimates

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

2.4 Segment reporting

(a) Business segment

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

(i) engaged in revenue producing activities;
(ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
(iii) financial information is separately available.

(b) Geographical segment

A geographical segment is 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.

2.5 Foreign currency translation

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

2.6 Cash and cash equivalents

Cash and cash equivalents balance includes cash on hand, cash in banks and time deposits with maturity of 90 days or less at placement date.

2.7 Short term investments

Cash and cash equivalents balance includes cash on hand, cash in banks and time deposits with maturity of 90 days or less at acquisition.

2.8 Trade receivables

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

2.9 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined, for finished goods, on a weighted average basis and includes cost of materials, labor and an appropriate proportion of direct overheads. All other inventories are valued on a moving average basis and a provision is established for items deemed to be slow moving or obsolete.

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

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the shorter of estimated useful lives of the applicable assets or the estimated life of the mine using the straight-line method. The estimated useful lives of the principal classes of assets are as follows:

	Number of years
• Motor vehicles	4
• Heavy equipment	5 – 13
• Fixed plant and heap leach facilities	4 – 6
• Buildings	9 – 20
• Civil works	4
• Other equipment	4
• Office equipment	4 – 10
• Furniture and fixtures	4 – 10

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

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

2.11 Capital work-in-progress

Assets in the course of construction are capitalized in the capital work-in-progress account. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment. The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Costs associated with a start up period are capitalized where the asset is available for use but incapable of operating at normal levels without a commissioning period. Capital work-in-progress is not depreciated.

2.12 Pre-operating expenses and deferred charges

Exploration, evaluation, development and pre-operating expenses are expensed in the period incurred until a prospective exploration project or mine is identified as having economical development potential. Once a prospective exploration project or mine has been determined to have economical development potential, the subsequent development and pre-operating expenses incurred on the project or mine are deferred net of proceeds from the sale of any production during the development period and then amortized over the expected life of the mine or a period of seven years whichever is lower. If a project or mine is no longer considered economical, the accumulated project costs are charged to income in the period in which the determination is made.

Deferred charges on the infrastructure projects consist of consultancy and other costs with respect to the site preparation of Phosphate and Aluminum project, and the costs will be recovered when these projects become operative (Note 12).

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

Average ratio of waste to ore mined	X	Quantity of ore mined	X	Average cost of total tons mined

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

2.13 Assets impairment

The Company assesses its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment loss, if any, is recorded in the interim consolidated statement of income of the year in which such determination is made.

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

2.14 Savings plan program

In accordance with clause (137) of the Labor Regulations, and in furtherance to clause (76) of the Company's Internal Work Regulation approved by resolution No. (424) dated 6/4/1420H issued by H.H. Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage Saudi employees of the Company to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Company.

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

2.15 Borrowings

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

2.16 Accounts payable and accruals

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

2.17 Provisions

Provisions are recognized when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

2.18 Zakat

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

2.19 Severance fees

Effective from year 2005 onwards, as per the new mining code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Company is required to pay to the Government of Saudi Arabia severance fee representing 25% of annual net income or the equivalent of the hypothetical income tax, whichever is lower. Severance fee is charged to income on monthly basis and is adjusted at the end of each month.

2.20 Mine closure and reclamation

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

Provisions for the cost of each closure and rehabilitation program are recognized at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation. The timing of the actual closure and rehabilitation expenditure is dependent upon a number of factors such as the life of the mine, the operating license conditions, the environment in which the mine operates.

Estimated rehabilitation obligations are provided for in the accounting period when the obligation arising from the related disturbance occurs and is based on the net present value of estimated future costs. The full estimated costs are deferred and then amortized to expense over the expected life of the mine on straight-line basis. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgments and estimates involved. Factors influencing those changes include:

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

2.21 End-of-service indemnities

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

2.22 Revenue recognition

Revenue is recognized when all the following conditions are met:

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

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

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

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

2.23 Expenses

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

2.24 Leasing

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Financial instruments carried on the balance sheet principally include cash and cash equivalents, short-term investments, trade receivable, other receivables, projects and other payables, accrued expenses and borrowings.

Financial asset and liability is offset and net amounts reported in the financial statements, when the Company 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.

3.1 Currency risk

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

3.2 Fair value

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

3.3 Commission rate risk

Is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company's commission rate risks arise mainly from its short-term investments and long term borrowings, which are at floating rate of commission and are subject to re-pricing on a regular basis. The Company monitors the fluctuations in commission rates and acts accordingly, also see note 12.

3.4 Commodity price risk

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

3.5 Credit risk

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

highlighted to senior management. Cash and short-term investments are substantially placed with commercial banks with sound credit ratings.

The Company currently has two major customers which account for sales of approximately SR 313 million, representing 89% of the Company's sales for the period ended June 30, 2010 (June 2009: SR 309 million representing 92% of sales from three major customers). Trade receivables are carried net of provision for doubtful debts, if needed.

3.6 Liquidity risk

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

4. SEGMENTAL INFORMATION

The Company's operations consist of the following segments:

- **The corporate segment**, includes the corporate operations, and projects under development.
- **The gold segment**, consists of operations related to the mining of gold and is carried out through the MGC. This segment currently operates Mahd. Ad Dahab, Al-Hajjar, Bulghah, Sukhaybarat and Al Amar mines which are located in different geographical areas in the Kingdom of Saudi Arabia.
- **The phosphate segment**, consist of operation related to mining of phosphate and utilization of national resources of natural gas and sulphur to manufacture DAP, MAP and ammonia fertilizer products and is carried out through MPC. This segment is currently in its development stage.
- **The aluminum segment**, consists of the operations related to the development of an aluminum mine, refinery, smelter, rolling mill and power plant for the production of aluminum and related products. This segment is currently in the development stage.
- **The infrastructure segment,** relates to the development, construction and delivery of services in the Raz Azwar Area, and other mining and industrial locations of the Company as required. This segment is currently in the development stage.

There are no significant inter-segment revenues.

	Corporate	Gold	Phosphate	Aluminum	Infrastructure	Total
June 30, 2010						
Sales	13,296,978	337,502,180	-	-	-	350,799,158
Gross profit	8,160,215	182,063,809	-	-	-	190,224,024
Income from short-term investments	82,683,896	1,026,948	-	-	-	83,710,844
Net income (loss)	(57,336,666)	116,364,696	(7,162,123)	-	-	51,865,907
Property, plant and equipment	322,371,194	173,379,930	14,469,470,488	239,147,434	506,814,974	15,711,184,020
Pre-operating expenses and deferred charges	189,576,863	85,255,679	2,302,997,835	768,776,041	155,749,103	3,502,355,521
Total assets	10,524,779,214	1,015,370,413	18,898,667,450	1,007,923,475	719,129,195	32,165,869,747
June 30, 2009						
Sales	27,257,680	309,274,266	-	-	-	336,531,946
Gross profit	20,516,405	148,762,938	-	-	-	169,279,343
Income from short-term investments	211,164,842	1,134,416	143,801	-	-	212,443,059
Net income (loss)	(65,850,499)	83,553,852	(5,810,549)	-	-	11,892,804
Property, plant and equipment	196,398,812	218,659,891	10,347,893,355	172,801,846	129,572,659	11,065,326,563
Pre-operating expenses and deferred charges	126,965,517	78,747,341	1,562,809,604	396,789,177	169,991,827	2,335,303,466
Total assets	11,560,982,984	741,500,455	16,103,251,254	569,591,023	299,564,486	28,705,299,179

The Company's operation is conducted only in Saudi Arabia.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, consist of:

	2010	2009
Cash and bank balances	445,021,211	80,545,615
Term deposits with maturities equal to or less than 90 days	1,098,250,000	3,516,628,000
Total	1,543,271,211	3,597,173,615

6. SHORT TERM INVESTMENTS

Short-term investments represent term deposits, placed with commercial banks and yield financial income at prevailing market rates. Original maturities of such investments are three months or more but not more than one year from the placement date.

7. TRADE AND OTHER RECEIVABLES

Trade and other current receivables as of June 30, consist of:

	2010	2009
Trade	73,737,729	28,075,558
Other	138,766,112	6,566,390
Total	212,503,841	34,641,948

127.5 million included in other receivables is comprised of an amount due from Alcoa Inc. in respect of its agreed portion of the Aluminum project costs. The remaining Aluminum project costs to be collected from Alcoa Inc. are expected to be finalized by December 31, 2010. Also, see note 1.

8. INVENTORIES

Inventories as of June 30, consist of:

	2010	2009
Finished goods - ready for sale	86,757,502	61,174,572
Inventory in process	43,949,907	37,269,821
	130,707,409	98,444,393
Spare parts and consumables	95,013,620	94,953,564
Provision for slow-moving spare parts and consumables	(14,597,148)	(14,926,356)
Spare parts and consumables, net	80,416,472	80,027,208
Total	211,123,881	178,471,601

The spare parts inventory primarily relates to plant and machinery and, accordingly, this inventory is expected to be utilized over a period exceeding one year.

9. ADVANCES AND PREPAID EXPENSES

Advances and prepaid expenses as of June 30, consist of:

	2010	2009
Current portion:		
Advances to vendors	331,183,220	355,324,467
Advances to employees	18,376,101	13,940,514
Other prepayments	32,466,007	13,284,417
Total	382,025,328	382,549,398
Non -current portion:		
Advances to vendors	-	26,406,473
Other prepayments	18,037,333	889,837
Total	18,037,333	27,296,310

Advances and prepaid expenses mainly represent advances paid by MPC in relation to the development of its site, out of which SR Nil (June 2009: SR 26,406,473) has been classified as non-current.

10. OTHER RECEIVABLE

The balance represents cost incurred to finance the required studies for the Railway Line Project linking the Northern Area (Al Jalamid) with the fertilizer plant at Ras Az Zawr. See note 20.

During 2006 and pursuant to the Council of Ministers resolution Number 72 dated 2 Rabi Al Thani 1427H, the amount incurred is to be returned to the Company.

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net consist of:

	Land	Motor vehicles	Heavy equipment	Fixed plant and heap Leach facilities	Buildings	Civil works	Other equipment	Office equipment	Furniture and fixtures	Capital work-in-progress	2010 Total	2009 Total
Cost												
January 1	22,550,000	23,933,387	55,847,670	352,957,344	101,681,944	216,378,789	24,891,216	23,826,672	12,445,447	13,892,729,878	14,727,242,347	7,552,099,964
Additions	-	-	-	-	-	-	-	-	-	1,634,907,612	1,634,907,612	4,043,499,064
Transfer from pre- operating expenses and deferred charges	-	-	-	-	-	-	-	-	-	-	-	9,421,793
Transfers from Capital work- in- progress	-	262,600	7,632,348	-	3,605,872	686,215	1,963,310	2,826,098	718,091	(17,694,534)	-	-
Adjustment / disposals	-	(138,300)	(6,407,338)	-	-	-	(1,366,023)	-	(2,171,369)	(12,750,000)	(22,833,030)	(50,169)
June 30	22,550,000	24,057,687	57,072,680	352,957,344	105,287,816	217,065,004	25,488,503	26,652,770	10,992,169	15,497,192,956	16,339,316,929	11,604,970,652
Accumulated depreciation												
January 1	-	23,145,186	28,397,111	268,573,976	37,291,133	182,583,635	13,279,948	21,485,984	8,920,903	-	583,677,876	499,324,659
Additions	-	580,356	4,959,543	24,499,510	4,246,066	7,519,023	2,097,696	1,163,776	330,564	-	45,396,534	40,326,429
Disposals	-	(43,219)	(642,896)	-	-	-	(142,294)	-	(113,092)	-	(941,501)	(6,999)
June 30	-	23,682,323	32,713,758	293,073,486	41,537,199	190,102,658	15,235,350	22,649,760	9,138,375	-	628,132,909	539,644,089
Net book value												
June 30, 2010	22,550,000	375,364	24,358,922	59,883,858	63,750,617	26,962,346	10,253,153	4,003,010	1,853,794	15,497,192,956	15,711,184,020	
June 30, 2009	-	2,776,171	14,533,019	106,565,036	30,547,895	35,855,056	11,297,592	2,416,668	2,040,425	10,859,294,701		11,065,326,563

Capital work-in-process mainly includes items of property, plant and equipment related to Phosphate project, which are in the development stage.

During the year 2008, Company received contribution from the Government amounting to SR 200 million for the purpose of the construction of Ras Az Zawr grid connection for 380 KV transmission line and sub-station, with the understanding that the Saudi Electricity Company will own this transmission line and sub-station, also see Note 1. Total expenditure incurred by the Company on the transmission line and sub-station as at June 30, 2010 is SR 607 million (June 2009: SR 459 million) and it is charged in the cost of Aluminium Project, MPC and MIC. Total commitment for this transmission line and sub-station is SR 628 million.

12. PRE-OPERATING EXPENSES AND DEFERRED CHARGES

Pre-operating expenses and deferred charges, net consist of:

	Phosphate	Al Khabra	Bulghah/ Sukhaybarat	Al Hajjar	Al Amar	Al Mahd	Aluminum	Dhargat	Infrastructure	Kaolin	Khlor Alkali	Others	2010 Total	2009 Total
Cost														
January 1	1,903,226,141	43,581,953	38,334,978	35,191,273	88,204,829	13,305,845	620,045,426	75,652,177	165,642,698	7,660,178	23,287,672	27,898,607	3,042,031,777	1,892,923,812
Additions	406,464,084	7,578,295	1,329,068	-	-	2,287,608	263,480,615	14,407,086	28,366,435	-	3,478,548	8,817,922	736,209,661	543,776,572
Transfer to property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,421,793)
Adjustments	(6,692,390)	-	-	-	-	-	(114,750,000)	-	(38,260,030)	(730,500)	-	-	(160,432,920)	-
June 30	2,302,997,835	51,160,248	39,664,046	35,191,273	88,204,829	15,593,453	768,776,041	90,059,263	155,749,103	6,929,678	26,766,220	36,716,529	3,617,808,518	2,427,278,591
Amortization														
January 1	-	-	26,050,390	33,282,215	22,560,896	4,072,368	-	-	-	929,920	-	19,261,313	106,157,102	82,933,488
Additions	-	-	1,331,878	991,968	4,584,845	523,362	-	-	-	265,691	-	1,598,151	9,295,895	9,041,637
June 30	-	-	27,382,268	34,274,183	27,145,741	4,595,730	-	-	-	1,195,611	-	20,859,464	115,452,997	91,975,125
Net book value														
June 30, 2010	2,302,997,835	51,160,248	12,281,778	917,090	61,059,088	10,997,723	768,776,041	90,059,263	155,749,103	5,734,067	26,766,220	15,857,065	3,502,355,521	
June 30, 2009	1,562,809,604	27,638,846	2,948,844	935,877	69,800,742	5,061,878	396,789,177	65,361,608	169,991,827	3,055,450	21,781,183	9,128,430		2,335,303,466

During the period ended June 30, 2010, MPC capitalized an additional SR 98 million (June 2009: 144 million) of finance costs and SR 1 million (June 2009: 1.2 million) of finance facility related to legal and advisory costs.

13. PROJECTS AND OTHER CURRENT PAYABLES

Projects and other current payables as of June 30, consist of:

	2010	2009
Projects	379,762,673	423,778,806
Trade	143,074,695	56,757,897
Employees	7,057,204	554,300
Saving plan	2,995,236	1,532,406
Due to a related party - SABIC (Note 20)	2,369,407	2,369,407
Other	62,695,903	2,183,562
Total	597,955,118	487,176,378

Projects payable as of June 30, 2010 and 2009 mainly represents the liability in respect of contract costs related to the Phosphate and other capital projects.

Other payables as of June 30, 2010 principally comprise of an advance received from Alcoa Inc. in respect of the development of the Aluminum project, amounting to SR 59.5 million. Also, see note 1.

14. ACCRUED EXPENSES

Accrued expenses as of June 30, consist of:

	2010	2009
Projects	620,081,180	972,142,292
Trade	54,041,250	35,496,455
Employees	34,344,813	22,896,137
Total	708,467,243	1,030,534,884

Accrual against the projects as of June 30, 2010 mainly represents the contracts cost accrual in respect of the Phosphate project amounting to SR 525 million (June 2009: SR 954 million).

15. ZAKAT PAYABLE

15.1Components of zakat base

The Company and its subsidiaries are filing zakat and income tax declarations on a consolidated basis, however the zakat return of MPC is filed separately since it is not fully owned by the Company. The significant components of the zakat base of each company is comprised of shareholders' equity, provisions at the beginning of year, long term borrowings and adjusted net income, less deductions for the net book value of property, plant and equipment, pre-operating expenses and deferred charges, and certain other items.

On 15 Rabi Al Awal 1429H (corresponding to March 23, 2008) the Company obtained a clearance from the Ministry of Finance which confirmed that the Company has no zakat or tax liabilities to the Department of Zakat and Income Tax from the date of incorporation up to the IPO date of 2 Rajab 1429H (corresponding to July 5, 2008).

15.2 Zakat payable

	2010	2009
Zakat for Ma'aden	57,562,407	230,372,067
Zakat for Subsidiary	8,574,874	2,274,111
Total	66,137,281	232,646,178

15.3 Status of zakat assessments

The Company and its subsidiaries have filed their zakat returns for the years 2008 and 2009 and the assessments have not been finalized by the DZIT. However, the Company and its subsidiaries have paid the amount of zakat due as per their zakat returns for all such years.

16. SEVERANCE FEES PAYABLE

Effective from year 2005 onwards, as per the new mining code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Company is required to pay to the Government of Saudi Arabia severance fees representing 25% of annual net income, as defined, or the equivalent of the actual or hypothetical income tax, whichever is lower. The zakat due shall be deducted from this amount. As a result of the above, the income from the Gold mines is subject to the severance fees.

The movement in the provision for severance fees for the period ended June 30 is as follows:

	2010	2009
Beginning balance as at Jan 1	45,142,915	61,728,370
Provision during the period	24,245,788	25,406,388
Paid during the period	-	(30,352,907)
Ending balance as at June 30	69,388,703	56,781,851

Severance fees expense during the period consists of:

	2010	2009
Gold mines	24,028,070	25,114,236
Low grade bauxite and Kaolin	217,718	292,152
	24,245,788	25,406,388

The provision of severance fee on Gold mines is calculated as follows:

	2010	2009
Net income from operating mines before severance fee	146,884,648	118,955,591
25% of the above	36,721,162	29,738,898
Hypothetical income tax on net income	30,519,953	27,388,347
The lower of the above	30,519,953	27,388,347
Zakat	(6,491,883)	(2,274,111)
Net Severance fee	24,028,070	25,114,236

As of June 30, 2010, the final assessments from the concerned authorities have not yet been finalized for all applicable years.

17. PROVISION FOR MINE CLOSURE AND RECLAMATION

The provision for mine closure and reclamation represents the full amount of the estimated closure and reclamation costs for the various operational mining properties, based on information currently available including closure plans and applicable regulations.

Provision for mine closure and reclamation as of June 30, consist of:

	January 1	Additions in provision	June 30
Mahad mine	27,723,149	-	27,723,149
Al Hajjar mine	15,195,759	-	15,195,759
Sukhaybarat mine	20,467,221	-	20,467,221
Bulghah mine	14,658,102	-	14,658,102
Al Amar mines	13,249,340	-	13,249,340
Total 2010	91,293,571	-	91,293,571
Total 2009	66,145,395	-	66,145,395

In view of the uncertainties concerning future site restoration costs, ultimate costs could differ from the estimated amounts. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized when applicable.

MGC commenced commercial production at the Mahad mining lease area in 1988 and the mine is expected to cease its operation in 2016.

MGC commenced commercial production at Al Hajjar mining lease area in 2001 and the mine is expected to cease its operation in 2010.

MGC commenced commercial production at Sukhaybarat mining lease area on June 1, 1991. MGC's present mine at Sukhaybarat has ceased mining activities and current operations are limited to processing the ore which is transferred from Bulghah mine. Sukhaybarat mine is expected to cease its operation in 2015.

MGC commenced commercial production at Bulghah mining lease area in 2001 and the mine is expected to cease its operation in 2017.

MGC commenced commercial production at Al Amar mining lease area in 2008 and the mine is expected to cease its operation in 2018.

18. END-OF-SERVICE INDEMNITIES

The movement in provision for end-of-service indemnities from January 1 to June 30, consist of:

	2010	2009
January 1	84,987,823	72,450,755
Provision during the period	10,856,085	6,972,977
Paid during the period	(3,075,295)	(2,486,417)
June 30	92,768,613	76,937,315

19. Long-term borrowings

	2010	2009
Public Investment Fund ("PIF")	3,161,672,606	2,233,483,913
Islamic and commercial facilities	8,963,856,550	6,536,973,982
	12,125,529,156	8,770,457,895

Common Terms Financing Agreement - On June 15, 2008, MPC entered into a Common Terms Financing Agreement ("CTFA") with a consortium of financial institutions including the Public Investment Fund ("PIF") and the Saudi Industrial Development Fund ("SIDF") which, provided that certain conditions precedent are met, will provide facilities totaling SR 14.877 billion, to be used in financing the construction and operation of the Phosphate Project.

The above CTFA facilities are secured over the assets of MPC. The covenants of the above finance facilities limit the creation of any additional liens and/or financing obligations by MPC, unless specifically allowed under the CTFA.

a) Facilities approved and utilized under the CTFA is:

PIF - On July 14, 2008, MPC was granted facilities totaling SR 4 billion. Commitment fees, totaling SR 20 million, were charged in respect of this loan facility. The first withdrawal totaling SR 800 million was made on November 18, 2008. Second, totaling SR 870 million was made on January 15, 2009 and the third one totaling SR 543 million was made last April 30, 2009. On March 9, 2010 an additional withdrawal of SR 928 million was made.

The rate of commission on the principal amount of the loan withdrawn and outstanding for each commission period is LIBOR plus 0.5% per annum. Repayment will start on a semi-annual basis, with equal principal repayments, from June 30, 2012 through December 31, 2023, the final repayment date.

Islamic and commercial banks – As of June 30, 2010 an aggregate amount of SR 8,664 million was withdrawn from the Islamic and commercial banks as follows:

Procurement Facility	SR 3,365 million
Al-Rajhi Facility	SR 2,316 million
K-EXIM Facility	SR 1,353 million
KEIC Covered Facility	SR 750 million
Commercial Term Facility	SR 880 million
Total	SR 8,664 million

The rate of commission on the principal amount of the loan withdrawn and outstanding for each commission period is in the range of LIBOR plus 0.5% to 1.15% per annum. Repayment will start on a semi-annual basis, with equal principal repayments, from December 31, 2011 through December 31, 2023, the final repayment date.

b) Saudi Industrial Development Fund (SIDF)

On November 30, 2008, the SIDF, subject to certain conditions precedent, approved a facility totaling SR 600 million. An amount of SR 300 million was withdrawn in April 2010. This amount is gross of SR 45 million technical fee.

c) Facilities committed but not withdrawn

On June 30, 2010 a consortium of financial institutions, subject to certain conditions precedent, provided signed commitment letters to the Company, making available financing facilities totaling to SR 13,125 million for the construction of smelter and rolling mill (Phase 1) of Aluminum project of the Company.

d) Maturity profile of long-term borrowings:

	2010	2009
2011	9,369,964	9,369,964
2012	658,206,728	529,457,659
2013	754,685,830	619,904,904
2014	842,714,649	609,187,368
Thereafter	9,860,551,985	7,002,538,000
Total	12,125,529,156	8,770,457,895

20. TRANSACTIONS WITH RELATED PARTIES

Amounts due from / to related parties are from transactions carried out during the normal course of business.

Significant period-end balances arising from transactions with related parties are as follows:

	2010	2009
Receivable from related parties		
Other current receivable (Note 10)	61,045,987	61,045,987
Payable to a related party		
Due to SABIC (Note 13)	2,369,407	2,369,407
Long-term borrowings from a shareholder		
Long-term borrowings from PIF (Note 19)	3,161,672,606	2,233,483,913

Due to SABIC at June 30, 2010 and 2009 principally related to fixed assets and cash advances contributed by SABIC to the Company. During 2009 SR 1,147,500,000 of amounts due to SABIC were converted into SABIC's (Minority interest) portion of an increase in the share capital of MPC.

21. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not currently available for dividend distribution.

22. SALES

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2010	2009	2010	2009
Gold revenue	164,345,411	162,624,986	313,463,871	309,186,021
Low grade Bauxite revenue	8,938,748	13,615,129	13,296,978	27,257,681
Zinc revenue	24,038,309	88,244	24,038,309	88,244
Total	197,322,468	176,328,359	350,799,158	336,531,946

23. GOLD SALES ANALYSIS

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2010	2009	2010	2009
Value of Gold Sales	164,345,411	162,624,986	313,463,871	309,186,021
Quantity of Gold sold in ounces (Oz)	36,595	46,559	72,511	89,470
Average realized price per Oz and in US$	1,198	931	1,153	922

24. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2010	2009	2010	2009
Salaries and staff related benefits	35,990,715	35,372,876	67,711,769	58,954,432
Contracted services	9,398,759	6,174,461	15,286,358	9,131,504
Overheads and other	2,754,235	2,772,619	6,051,882	6,841,475
Consumables	718,060	570,019	1,453,359	1,120,473
Ma'aden corporate - Board of Directors' remuneration and allowances	1,524,096	349,067	2,163,096	349,067
Repair parts	58,743	30,196	104,859	51,826
Sub-total	50,444,608	45,269,238	92,771,323	76,448,777
Depreciation and amortization	1,771,857	590,340	3,426,491	1,288,483
Total	52,216,465	45,859,578	96,197,814	77,737,260

The Ma'aden corporate Board of Directors' remuneration represents an accrual based on management's estimate and will be finalized upon approval by the Company's shareholders at the general assembly.

25. EARNING PER SHARE

Earning per share for the periods ended June 30, 2010 and 2009 have been computed by dividing the operating profit, net income/ (loss) and net non-operating income / (loss) for each period by the weighted average number of shares outstanding during such periods.

26. OPERATING LEASE ARRANGEMENTS

	2010	2009
Payments under operating leases recognized as an expense during the period	1,310,280	555,000

Operating lease payments represent mainly rentals payable by the Company for office and mining lease areas. Leases are negotiated for an average term of 25 to 30 years and the rentals are fixed for an average of SR 1,110,000 annually. These operating leases are revocable.

27. COMMITMENTS AND CONTINGENT LIABILITIES

At June 30, 2010, the Company had contracted commitments related to projects and capital expenditures amounting to SR 7.039 billion (June 2009: SR 9.455 billion).

Also at June 30, 2010, the Company had LC commitments towards developing the Aluminum project, amounting to SR 1.7 billion (June 2009: SR Nil). The Company has issued two letters of Guarantee to Saudi Aramco, for future diesel and gas feedstock supplies amounting to SR 171 million (June 2009: SR Nil).