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 with a nominal value of SAR 10 per share (31 December 2019: SAR 12,305,911,460 divided into 1,230,591,146 with a nominal value of SAR 10 per share) (Note 32).

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.

In response to the spread of the Covid-19 pandemic in the GCC and other territories where the Group operates and its consequential disruption to the social and economic activities in those markets, Ma'aden's management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures, including activation of the crisis management committee and associated processes to:

- ensure the health and safety of its employees and contractors as well as the wider community where it is operating
- minimizing the impact of the pandemic on its operations and product supply to the market

Notwithstanding these challenges, and aside from the global commodity price deterioration, Ma'aden was successful in maintaining stable operations while maneuvering limited demand interruptions via successfully switching to different production grades and / or different customers to maintain product flow to the market. Ma'aden's management believes that the Covid-19 pandemic, by itself, has had limited direct material effects on Ma'aden's reported results for the year ended 31 December 2020. Ma'aden's management continues to monitor the situation closely.

(All amounts in Saudi Riyals unless otherwise stated)

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 2020**	**31 December 2019**
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%	100%
Ma'aden Marketing and Distribution Company ("MMDC")	Limited liability company	100%	100%
Ma'aden Rolling Company ("MRC")	Limited liability company	100%	100%
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%
Subsidiaries incorporated outside the Kingdom of Saudi Arabia			
Incorporated in Mauritius:			
Meridian Consolidated Investments Limited ("MCIL") – Incorporated in Mauritius	Limited liability company	85%	85%

(All amounts in Saudi Riyals unless otherwise stated)

Continued

MCIL has the following subsidiaries in which Ma'aden has an indirect ownership:

Agroserve S.A.	Limited liability company	85%	85%
MCFI (Africa) Ltd	Limited liability company	85%	85%
Meridian Commodities Limited	Limited liability company	85%	85%
Meridian Group Services Limited	Limited liability company	85%	85%
V & M Grain Mauritius Limited	Limited liability company	85%	85%
Incorporated in Malawi:			
Farmers World Holdings Limited	Limited liability company	85%	85%
Agora Limited	Limited liability company	85%	85%
Farmers World Limited	Limited liability company	85%	85%
Grain Securities Limited	Limited liability company	85%	85%
Liwonde Property Investment Limited	Limited liability company	42.5%	42.5%
Malawi Fertilizer Company Limited	Limited liability company	85%	85%
Optichem (2000) Limited	Limited liability company	85%	85%
Incorporated in Mozambique:			
Mozambique Fertilizer Company Limited	Limited liability company	85%	85%
Transalt Limitada	Limited liability company	85%	85%
Transcargo Limitada	Limited liability company	85%	85%
MozGrain Limitada	Limited liability company	85%	85%
Incorporated in Seychelles:			
African Investment Group Limited	Limited liability company	85%	85%

(All amounts in Saudi Riyals unless otherwise stated)

Incorporated in South Africa:			
MG Administration Services Proprietary Limited	Limited liability company	85%	85%
Incorporated in Zambia:			
Fert, Seed and Grain Limited	Limited liability company	85%	85%
Incorporated in Zimbabwe:			
Ferts, Seed and Grain (Private) Limited	Limited liability company	85%	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 more than half a million tonnes of fertilizer 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 38).

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 - 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.

2.12 - 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.

Ma'aden Phosphate Complex - Wa'ad Al Shamal Minerals Industrial City

3. Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("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.

The financial statements of a Group's subsidiary, Ferts, Seed and Grain (Private) Limited ("FSG Zimbabwe") have been prepared under the hyper-inflation convention and are adjusted for the measuring unit current at the end of the reporting date.

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

Certain new accounting standards, amendments to standards and interpretations have been published by the IASB that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

New and amended IFRS standards adopted by the Group

There are no new standards applicable to the Group, however, the Group has applied the following amendments to the standards for the first time for their reporting periods commencing on or after 1 January 2020:

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).

Other amendments to standards

Certain other amendments to standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments to standards.

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.

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 nvestee 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.

Intra-group 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.

Continued

Business combinations

The Group accounts for 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 and contingent liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately directly in retained earnings in the consolidated statement of changes in equity.

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 the consolidated statement of profit or loss and other comprehensive income. 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.

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 any 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.

The financial statements of the Group's subsidiary functioning in a hyperinflationary economy are restated in terms of the measuring unit current at the end of the reporting period. The restatements are based on a conversion factor derived from the general price index issued by the regulatory authorities of the country in which such subsidiary is functioning.

As the presentation currency of the Group is that of a non-hyperinflationary economy, therefore, the adjustments resulting from restating non-monetary items of the subsidiary operating in hyperinflationary environment and then by translating those balances using the general price index as at the end of the current reporting period, is recognised in the other comprehensive income as a foreign currency translation adjustment of the current period.

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 Group 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

Continued

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.

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 from 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 and in the carrying amount of the outstanding trade receivable.

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 sells 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 a range of possible consideration amounts.

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 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.

Continued

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-mine ("LOM"), in which case the straight line method is applied.

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 method over their economic useful lives or the 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 – 40
Office equipment	4 – 10
Furniture and fittings	4 – 10
Motor vehicles	4

Continued

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 period in which it is incurred.

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

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

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

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

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 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.

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 liabilities

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.

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.

Continued

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.

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.

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 cost 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

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.

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.

Goodwill

Goodwill arising on 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

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.

Continued

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 for the period divided by the saleable unit output for the period.

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, plant and equipment and right-of-use assets 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 right-of-use assets 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 method. 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 method.

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

Ma'aden Phosphate Plant - Al Jalameed

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 expected credit loss ("ECL") 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.

Ma'aden Phosphate Train Loading Station - Al Jalameed

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 into 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 31.

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.

Continued

Derivative financial instruments

The Group utilizes derivative financial 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.

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 currency 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 7.3) 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 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:

- joint ventures (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.

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 initially 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.

Continued

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 lifetime 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 liabilities (Accounting policy 4.8),
- derivative financial instruments,
- projects, trade and other payables – excluding zakat / income tax liabilities and employees' end of service termination benefits obligations - (Accounting policy 4.21) and
- accrued expenses (Accounting policy 4.21)

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

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.

Continued

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. In case of any modification to the financial liability, management considers both quantitative and qualitative factors in determination of modification or extinguishment of such financial liability. 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.

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 future 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.

Continued

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 | 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.

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.

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.

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.

4.21 | Projects, other payables and accrued expenses

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

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

4.22 | Zakat, income tax, withholding tax and deferred tax

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.

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.

(All amounts in Saudi Riyals unless otherwise stated)

Continued

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.

4.23 | Severance fees

Effective from year 2005 onwards, as per Article No. 71 of the Saudi Mining Investment Code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to 4 October 2004), the Group is required to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is the lower. The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated statement of profit or loss (Notes 9 and 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 /t
Kaolin	Actual metric tonnes sold	SAR 2.25 /t
Magnesia / Dead burned magnesia / Monolithic	Actual metric tonnes sold	SAR 4.50 /t

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%.

5. Business combination

On 8 August 2019, the Group, through its wholly owned 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), a leading fertilizer distribution network 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 port facilities, warehouses and fertilizer granulation and blending plants across Mozambique, Malawi, Zimbabwe and Zambia.

The consolidated financial statements for the year ended 31 December 2019 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 the 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 PPA exercise of Meridian Group was finalised during December 2019 and fair values of the assets and liabilities were adjusted in the consolidated financial statements of the Group for the year ended 31 December 2019. IFRS 3 "Business Combinations", requires fair value adjustments to be recorded with effect from the date of acquisition and consequently resulted in the revision of previously reported provisional amounts.

(All amounts in Saudi Riyals unless otherwise stated)

Continued

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

	Notes	Fair values of net identifiable assets acquired as at the acquisition date	Fair value adjustments arising on completion of purchase price allocation exercise	Carrying values (used as provisional amounts for net identifiable assets acquired as at the acquisition date)
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
		278,695,907	**85,875,000**	**192,820,907**
Current assets				
Advances and prepayments	27	13,959,829	-	13,959,829
Inventories	28	498,306,942	42,000,000	456,306,942
Trade and other receivables	29	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**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

Liabilities				
Non-current liabilities				
Non-current portion of long-term borrowings	38.7	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	38.7	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)

5.1 | Goodwill recognized as at the acquisition date

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

5.2 | Acquisition cost net of cash and cash equivalents acquired

	Notes	Total
Cash paid to the shareholders of Meridian Group	5	436,856,535
Less: Cash and cash equivalents 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 at fair value	5	328,662,007
Non-controlling interest		(2,320,016)
Sub-total		**326,341,991**
Non-controlling interest share of the fair value of net assets of SAR 326,341,991 at 15% shareholding	5	48,951,299
Add: Non-controlling interest of Meridian Group		2,320,016
Non-controlling interest at fair value	**36.3**	**51,271,315**

6. Critical accounting judgments, estimates and assumptions

Ma'aden Gold Mine - Balgha

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 reporting 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.

However, as explained in Note 1, Management, through the crisis management committee, has proactively assessed the potential of the Covid-19 pandemic for any further regulatory and government restrictions both locally and in the market in which the Group operates that could adversely affect our supply chain and our production capabilities, demand of our products, as well as our sales distribution network that could cause a negative impact on our financial performance. Management has concluded that our critical accounting judgements, estimates and assumptions remain appropriate under the current circumstances.

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.

Continued

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.

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 and external users.

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 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 to be derived 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.

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,
- non-controlling interest put options and
- 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

Continued

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.

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 2020 allowance for obsolete slow-moving items amounted to SAR 97,371,125 (31 December 2019: SAR 93,103,074). 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 28.1).

Non-controlling interest put options

The fair value of non-controlling interest 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 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 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.

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.

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- **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.

- **SAMAPCO –** a joint venture that produces and supply concentrated caustic soda (CCS) feedstock to the alumina refinery at MBAC and ethylene dichloride (EDC) in the wholesale and retail market.

- **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.

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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
Year ended 31 December 2020		
Sales of goods and services to external customers	7.3,8	8,663,177,522
Gross profit		573,804,588
Net (loss) / profit before zakat and income tax		**(1,089,309,988)**
Less: Income from time deposits	14	(2,114,540)
Add: Finance cost	15	822,166,746
Net (loss) / profit before net finance income / (cost), zakat and income tax		**(269,257,782)**
Operating special items and re-measurements:		
Add: Non-operating other expenses / (income), net	16	97,697,533
Less: Share in net loss / (profit) of joint ventures	23.1.3, 23.2.3	-
Underlying EBIT		**(171,560,249)**
Add: Depreciation and amortization		2,439,018,819
Underlying EBITDA		**2,267,458,570**
Net (loss) / profit attributable to ordinary shareholders of the parent company		(590,767,188)
Mine properties	18	5,707,553,641
Property, plant and equipment	19	31,759,117,700
Right-of-use assets	20	267,259,432
Capital work-in-progress	21	4,030,406,969
Intangible assets and goodwill	22	234,906,023
Investment in joint ventures	23	-
Total assets		49,106,794,510
Long-term borrowings	38	27,147,665,006
Lease liabilities	40	209,221,885
Total liabilities		32,174,145,289

Aluminium	Precious and base metals	Corporate	Total
7,181,582,602	2,735,063,137	-	18,579,823,261
936,508,396	1,056,681,773	-	2,566,994,757
(353,168,462)	**1,038,328,091**	**(290,734,895)**	**(694,885,254)**
(18,048,066)	-	(52,277,112)	(72,439,718)
777,703,321	19,281,820	43,093,763	1,662,245,650
406,486,793	**1,057,609,911**	**(299,918,244)**	**894,920,678**
18,467,344	3,196,510	(6,276,612)	113,084,775
99,850,000	(297,260,762)	-	(197,410,762)
524,804,137	**763,545,659**	**(306,194,856)**	**810,594,691**
1,703,325,392	574,202,803	105,099,551	4,821,646,565
2,228,129,529	**1,337,748,462**	**(201,095,305)**	**5,632,241,256**
(329,740,257)	1,019,010,035	(307,483,464)	(208,980,874)
1,351,117,869	3,613,483,637	-	10,672,155,147
30,014,253,152	444,978	110,668,209	61,884,484,039
1,087,397,030	106,039,745	3,078,475	1,463,774,682
579,629,086	8,563,228	48,276,255	4,666,875,538
41,445,329	4,819,839	37,104,546	318,275,737
90,158,000	936,472,926	-	1,026,630,926
38,710,652,892	5,388,668,448	3,530,990,527	96,737,106,377
20,382,653,550	643,154,553	-	48,173,473,109
1,008,379,807	108,050,729	11,517,215	1,337,169,636
24,372,701,503	1,898,493,263	991,996,582	59,437,336,637

(All amounts in Saudi Riyals unless otherwise stated)

Continued

Year ended 31 December 2020	Notes	Phosphate
Sales of goods and services to external customers	7.3,8	8,250,311,335
Gross profit		983,303,909
Net (loss) / profit before zakat and income tax		**(973,439,404)**
Less: Income from time deposits	14	(40,942,146)
Add: Finance cost	15	1,174,201,067
Net (loss) / profit before net finance income / (cost), zakat and income tax		**159,819,517**
Operating special items and re-measurements:		
Add: Impairment of non-current assets, net	13	-
Add: Non-operating other expenses / (income), net	16	(16,841,408)
Less: Share in net loss / (profit) of joint ventures	23.1.3, 23.2.3	-
Underlying EBIT		**142,978,109**
Add: Depreciation and amortization		2,389,717,798
Underlying EBITDA		**2,532,695,907**
Net (loss) / profit attributable to ordinary shareholders of the parent company		(508,617,112)
Mine properties	18	5,875,299,566
Property, plant and equipment	19	33,435,100,376
Right-of-use assets	20	252,605,378
Capital work-in-progress	21	2,020,351,231
Intangible assets and goodwill	22	248,137,485
Investment in joint ventures	23	-
Total assets		48,238,876,523
Long-term borrowings	38	28,037,439,188
Lease liabilities	40	196,094,050
Total liabilities		32,285,237,755

Aluminium	Precious and base metals	Corporate	Total
7,399,762,355	2,086,204,896	-	17,736,278,586
984,427,918	704,132,524	-	2,671,864,351
(496,664,178)	**592,628,523**	**(233,377,933)**	**(1,110,852,992)**
(23,953,695)	-	(140,507,659)	(205,403,500)
1,102,326,490	43,315,988	81,520,369	2,401,363,914
581,708,617	**635,944,511**	**(292,365,223)**	**1,085,107,422**
-	35,245,038	-	35,245,038
(59,062,468)	(11,341,637)	(144,737)	(87,390,250)
77,177,820	(189,255,551)	-	(112,077,731)
599,823,969	**470,592,361**	**(292,509,960)**	**920,884,479**
1,670,493,292	505,514,305	70,740,350	4,636,465,745
2,270,317,261	**976,106,666**	**(221,769,610)**	**5,557,350,224**
(490,682,219)	581,697,221	(321,861,828)	(739,463,938)
1,409,389,363	2,760,640,902	-	10,045,329,831
30,939,408,549	2,867,279	119,062,452	64,496,438,656
1,136,370,715	24,122,709	3,641,052	1,416,739,854
714,570,837	370,500	12,282,782	2,747,575,350
52,796,645	7,128,537	48,034,865	356,097,532
190,008,000	926,708,693	-	1,116,716,693
40,370,153,946	4,370,102,108	4,678,464,471	97,657,597,048
20,726,122,968	829,930,447	-	49,593,492,603
1,042,155,639	24,667,434	3,683,187	1,266,600,310
24,479,614,121	1,619,015,365	880,797,042	59,264,664,283

(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
31 December 2020		
International		
Indian subcontinent and Asia-pacific		4,367,691,319
Brazil, Singapore, GCC MENA, Africa, Europe, United Kingdom, Australia, Latin America and North America		2,545,002,300
Switzerland and others		1,580,190,454
Sub-total		**8,492,884,073**
Domestic		**170,293,449**
Total	**7.2,8**	**8,663,177,522**
31 December 2019		
International		
Indian subcontinent and Asia-pacific		4,696,572,388
Brazil, Singapore, GCC MENA, Africa, Europe, United Kingdom, Latin America and North America		2,195,660,321
Switzerland and others		1,289,339,757
Sub-total		8,181,572,466
Domestic		68,738,869
Total	7.2,8	8,250,311,335

	Aluminium	Precious and base metals	Corporate	Total
	884,541,999	-	-	5,252,233,318
	4,235,001,515	2,735,063,137	-	9,515,066,952
	661,353,521	-	-	2,241,543,975
	5,780,897,035	**2,735,063,137**	**-**	**17,008,844,245**
	1,400,685,567	**-**	**-**	**1,570,979,016**
	7,181,582,602	**2,735,063,137**	**-**	**18,579,823,261**
	906,668,770	-	-	5,603,241,158
	4,142,722,119	3,372,485	-	6,341,754,925
	1,096,695,005	2,082,832,411	-	4,468,867,173
	6,146,085,894	2,086,204,896	-	16,413,863,256
	1,253,676,461	-	-	1,322,415,330
	7,399,762,355	2,086,204,896	-	17,736,278,586

(All amounts in Saudi Riyals unless otherwise stated)

Continued

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

	Notes	Phosphate
31 December 2020		
Customer No. 1 – Europe		**-**
Customer No. 2 – Spain		**-**
Customer No. 3 – Indian subcontinent		**885,495,000**
31 December 2019		
Customer No. 1 – Europe		-
Customer No. 2 – Indian subcontinent		1,195,608,750
Customer No. 3 – Spain		-

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

	Notes	Phosphate
31 December 2020		
Ammonia phosphate fertilizer and ammonia		8,268,031,054
Low grade bauxite, caustic calcined magnesia, dead burned magnesia and monolithic		126,973,505
Primary aluminium		-
Alumina		-
Flat rolled products		-
Gold		-
Infrastructure (rendering of services)		16,088
Others		268,156,875
Total	**7.2,8**	**8,663,177,522**

Aluminium	Precious and base metals	Corporate	Total
-	**1,477,984,320**	**-**	**1,477,984,320**
943,449,656	**-**	**-**	**943,449,656**
-	**-**	**-**	**885,495,000**
-	2,007,245,243	-	2,007,245,243
-	-	-	1,195,608,750
957,813,474	-	-	957,813,474

Aluminium	Precious and base metals	Corporate	Total
-	-	-	8,268,031,054
-	-	-	126,973,505
3,946,780,616	-	-	3,946,780,616
259,975,312	-	-	259,975,312
2,974,794,012	-	-	2,974,794,012
-	2,735,063,137	-	2,735,063,137
32,662	-	-	48,750
-	-	-	268,156,875
7,181,582,602	**2,735,063,137**	**-**	**18,579,823,261**

Continued

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

	Notes	Phosphate
31 December 2019		
Ammonia phosphate fertilizer and ammonia		8,031,129,007
Low grade bauxite, caustic calcined magnesia, dead burned magnesia and monolithic		134,710,836
Primary aluminium		-
Alumina		-
Flat rolled products		-
Gold		-
Infrastructure (rendering of services)		249,511
Others		84,221,981
Total	**7.2,8**	**8,250,311,335**

Aluminium	Precious and base metals	Corporate	Total
-	-	-	8,031,129,007
-	-	-	134,710,836
4,007,376,078	-	-	4,007,376,078
453,664,914	-	-	453,664,914
2,938,214,780	-	-	2,938,214,780
-	2,086,204,896	-	2,086,204,896
506,583	-	-	756,094
-	-	-	84,221,981
7,399,762,355	**2,086,204,896**	**-**	**17,736,278,586**

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 2020	Year ended 31 December 2019
Phosphate segment			
Ammonia phosphate fertilizer and ammonia			
Sale of goods		8,016,898,805	7,844,041,442
Movement in provisional product prices during year		(89,564,807)	(121,011,946)
		7,927,333,998	7,723,029,496
Rendering of transportation services		340,697,056	308,099,511
		8,268,031,054	8,031,129,007
Industrial minerals			
Sale of goods		124,819,487	133,044,244
Rendering of transportation services		2,154,018	1,666,592
		126,973,505	134,710,836
Sub-total		**8,395,004,559**	**8,165,839,843**
Aluminium segment			
Primary aluminium			
Sale of goods		3,934,592,058	4,006,585,801
Movement in provisional product prices during year		799,439	(14,754,991)
		3,935,391,497	3,991,830,810
Rendering of transportation services		11,389,119	15,545,268
		3,946,780,616	4,007,376,078
Alumina			
Sale of goods		259,975,312	453,664,914
Flat rolled products			
Sale of goods		2,960,258,244	2,919,270,973
Rendering of transportation services		14,535,768	18,943,807
		2,974,794,012	2,938,214,780
Sub-total		**7,181,549,940**	**7,399,255,772**
Precious and base metals segment			
Gold			
Sale of goods		2,735,063,137	2,086,204,896
Infrastructure			
Rendering of services		48,750	756,094
Others		**268,156,875**	**84,221,981**
Total	**7.2,7.3, 7.4,8.1**	**18,579,823,261**	**17,736,278,586**

(All amounts in Saudi Riyals unless otherwise stated)

8.1 | Timing of revenue recognition

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
At a point in time			
sale of goods		18,210,998,550	17,391,267,314
rendering of services		48,750	756,094
Sub-total		**18,211,047,300**	**17,392,023,408**
Over a period of time			
rendering of transportation services		368,775,961	344,255,178
Total	8	**18,579,823,261**	**17,736,278,586**
Gold sales analysis			
Quantity of gold ounces (Oz) sold		412,768	394,117
Average realized price per ounce (Oz) in:			
US$		1,767	1,411
Saudi Riyals (equivalent)		6,626	5,293

Ma'aden Gold Plant - Mahd Al Dahab

(All amounts in Saudi Riyals unless otherwise stated)

9. Cost of sales

	Notes	**Year ended** 31 December 2020	**Year ended** 31 December 2019
Salaries and staff related benefits		1,470,484,046	1,588,281,999
Contracted services		1,317,877,436	1,176,699,771
Repairs and maintenance		390,598,283	285,354,639
Consumables		245,204,497	168,911,718
Overheads		673,293,819	609,915,428
Raw material and utilities consumed		6,263,812,354	6,829,858,179
Sale of by-products	9.1	(84,295,807)	(51,126,597)
Obsolete spare parts written-off	28	4,073,406	-
Allowance for inventory obsolescence, net	28.1	4,268,051	410,696
Severance fees	46	207,197,069	122,384,655
Total cash operating costs		**10,492,513,154**	**10,730,690,488**
Depreciation of mine properties	18.1	883,432,499	812,077,882
Depreciation of property, plant and equipment	19.1	3,614,294,332	3,544,287,396
Depreciation of right-of-use assets	20.1	239,045,431	203,242,835
Amortisation of intangible assets	22.1	26,051,833	27,424,061
Total operating costs		**15,255,337,249**	**15,317,722,662**
Decrease / (increase) in inventory	26,28	388,715,294	(597,563,605)
Total cost of goods sold		**15,644,052,543**	**14,720,159,057**
Cost of rendering transportation services		368,775,961	344,255,178
Total		**16,012,828,504**	**15,064,414,235**

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

Zinc		42,102,976	29,160,243
Copper		27,327,696	16,252,701
Silver		14,865,135	5,713,653
Total	9	**84,295,807**	**51,126,597**

*Certain expenses that were presented as cost of sales in prior year were reclassified to general and administrative expenses based on the more representative function of such expenses (Note 54).

(All amounts in Saudi Riyals unless otherwise stated)

10. Selling, marketing and logistic expenses

	Notes	**Year ended** 31 December 2020	**Year ended** 31 December 2019
Salaries and staff related benefits		40,170,751	50,045,493
Contracted services		6,205,161	7,832,315
Freight and overheads		164,594,280	260,439,856
Warehouse and storage		98,474,309	91,677,451
Consumables		821,177	1,452,507
Marketing fees and deductibles		172,901,393	197,572,831
Other selling expenses		27,183,449	32,060,250
Total		**510,350,520**	**641,080,703**

11. General and administrative expenses

	Notes	**Year ended** 31 December 2020	**Year ended** 31 December 2019
Salaries and staff related benefits		371,308,694	342,108,912
Contracted services		332,746,609	314,100,153
Overheads and other		247,300,806	204,784,430
Consumables		11,284,588	10,417,984
Repair parts		13,612,556	11,891,685
Depreciation of property, plant and equipment	19.1	37,713,117	30,728,241
Depreciation of right-of-use assets	20.1	832,429	886,157
Amortisation of intangible assets	22.1	18,059,258	15,071,885
Total		**1,032,858,057**	**929,989,447**

*Certain expenses that were presented as cost of sales in prior year were reclassified to general and administrative expenses based on the more representative function of such expenses (Note 54).

(All amounts in Saudi Riyals unless otherwise stated)

12. Exploration and technical services expenses

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Salaries and staff related benefits		26,532,571	31,992,670
Contracted services		175,603,696	136,865,985
Overheads and other		4,168,125	4,925,923
Consumables		4,117,391	3,039,134
Repair parts		552,040	338,722
Depreciation of property, plant and equipment	19.1	2,099,902	2,747,288
Amortisation of intangible assets	22.1	117,764	-
Total		**213,191,489**	**179,909,722**

13. Impairment of non-current assets

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Impairment of mining capital work-in-progress	18	-	(33,445,660)
Impairment of capital work-in-progress	21	-	(1,799,378)
Total	**7.2**	**-**	**(35,245,038)**

14. Income from time deposits

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Income from time deposits – measured at amortised cost	7.2	72,439,718	205,403,500

(All amounts in Saudi Riyals unless otherwise stated)

15. Finance cost

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Public Investment Fund		319,861,330	695,330,194
Saudi Riyal procurement		38,812,868	144,347,338
Commercial		105,353,311	279,609,123
US Dollar procurement		5,033,856	12,246,707
Wakala		50,874,184	66,638,477
Saudi Industrial Development Fund		101,884,331	89,398,680
Public Pension Agency		62,789,632	-
Riyal Murabaha facility		553,090,943	683,177,413
Sukuk facility		111,237,347	147,701,093
Revolving credit facility		18,739,583	17,812,500
Others		35,591,726	27,873,258
Sub-total		**1,403,269,111**	**2,164,134,783**
Amortization of revolving loan transaction cost	26	14,250,000	14,250,000
Amortization of transaction cost on long-term borrowings	38.11	161,141,438	111,199,114
Accretion of provision for mine decommissioning obligations	39.1,39.2, 39.3,39.4	20,404,118	22,481,429
Accretion of finance cost under lease liabilities	40.2	55,451,071	53,004,942
Accrual of derivative interest	41	93,187,934	23,991,691
Finance cost on employees' end of service termination benefits obligation	42.1	25,022,136	24,522,340
Unwinding of discount of long-term retention payable	43.1	-	11,052,030
Sub-total	**7.2,15.1**	**1,772,725,808**	**2,424,636,329**
Less: Borrowing cost capitalised as part of qualifying assets in capital work-in-progress during the year	15.1	(110,480,158)	(23,272,415)
Total		**1,662,245,650**	**2,401,363,914**

(All amounts in Saudi Riyals unless otherwise stated)

15.1 | Summary of finance cost

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Expensed during the year	15	1,662,245,650	2,401,363,914
Borrowing cost capitalised as part of qualifying assets in capital work-in-progress during the year	15,21	99,256,052	21,178,231
Amortization of transaction cost capitalized as part of qualifying assets in capital work-in-progress during the year	21,38.11	11,224,106	2,094,184
Total		**1,772,725,808**	**2,424,636,329**

16. Other expenses / (income), net

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Loss on derecognition of property, plant and equipment	19	12,632,519	-
Adjustment to mine closure provision	39.1	(797,101)	(10,179,743)
Loss / (gain) on exchange difference	49.1.1	122,763,792	(6,501,013)
Legal claim settlement received from a contractor		-	(46,875,000)
Gain from supply of power to Saudi Ports Authority and RCJY		(1,823,170)	(1,465,663)
Others, net		(19,691,265)	(22,368,831)
Total	**7.2**	**113,084,775**	**(87,390,250)**

(All amounts in Saudi Riyals unless otherwise stated)

17. Loss per ordinary share

	Notes	**Year ended** 31 December 2020	**Year ended** 31 December 2019
Loss attributable to ordinary shareholders of the parent company		(208,980,874)	(739,463,938)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	32	1,230,591,146	1,178,348,253
Basic and diluted loss per ordinary share from continuing operations		(0.17)	(0.62)

Basic and diluted earnings / (loss) per ordinary share is calculated by dividing the profit / (loss) attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares in issue during the year (Note 32).

Ma'aden Phosphate Complex - Wa'ad Al Shamal Minerals Industrial City

(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
Cost					
31 December 2018		330,493,453	-	6,512,452,635	2,252,398,524
1 January 2019 – IFRS 16 adjustment:					
Reclassification to right-of-use assets	20	-	-	(77,386,506)	-
Sub-total		**330,493,453**	**-**	**6,435,066,129**	**2,252,398,524**
Additions during the year		79,758,895	-	13,833,009	-
Transfers within mine properties		(173,264,980)	-	339,162,232	158,725,606
Impairment during the year	13	(12,604,828)	-	-	-
Increase in mine closure and rehabilitation provision	39.2, 39.4	-	-	-	-
Adjustments		-	-	-	-
31 December 2019		224,382,540	-	6,788,061,370	2,411,124,130
Additions during the year		43,511,866	-	-	-
Transfers within mine properties		-	-	149,012,860	26,721,512
Transfer to property, plant and equipment	19	-	-	-	-
Transfer from capital work-in-progress	21	-	-	21,148,981	-
Transfer to intangible assets	22	-	-	-	-
Increase in mine closure and rehabilitation provision	39.2	-	-	-	-
Adjustments		-	-	-	-
31 December 2020		**267,894,406**	**-**	**6,958,223,211**	**2,437,845,642**

Civil works	Heavy equipment	Others	Mine closure and rehabilitation provision	Stripping activity asset	Mining capital work-in-progress	Total
1,796,261,123	401,035,795	478,246,418	271,935,254	338,445,815	634,878,515	13,016,147,532
-	(37,992,320)	(14,495,210)	-	-	-	(129,874,036)
1,796,261,123	**363,043,475**	**463,751,208**	**271,935,254**	**338,445,815**	**634,878,515**	**12,886,273,496**
-	-	-	-	131,774,613	594,165,505	819,532,022
23,301,585	17,501,402	13,734,911	-	-	(379,160,756)	-
-	-	-	-	-	(20,840,832)	(33,445,660)
-		53,168,500	-	-	53,168,500	
-	-	(1,099,097)	-	-	-	(1,099,097)
1,819,562,708	380,544,877	476,387,022	325,103,754	470,220,428	829,042,432	13,724,429,261
-	-	-	-	115,269,790	1,247,327,966	1,406,109,622
5,078,200	34,530,361	4,847,701	-	-	(220,190,634)	-
-	-	-	-	-	(1,079,365)	(1,079,365)
-	-	-	-	-	45,729,859	66,878,840
-	-	-	-	-	(589,195)	(589,195)
-	-	-	50,137,913	-	-	50,137,913
(11,200,000)	-	(137,000)	-	-	-	(11,337,000)
1,813,440,908	**415,075,238**	**481,097,723**	**375,241,667**	**585,490,218**	**1,900,241,063**	**15,234,550,076**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

Operating mines

	Notes	Exploration and evaluation assets	Mines under construction	Fixed plant and heap leaching	Mine infrastructure / buildings
Accumulated depreciation					
31 December 2018		-	-	1,688,948,013	697,453,995
1 January 2019 – IFRS 16 adjustment:					
Reclassification to right-of-use assets	20	-	-	(68,794,630)	-
Sub-total		**-**	**-**	**1,620,153,383**	**697,453,995**
Charge for the year	18.1	-	-	397,784,146	155,738,106
Adjustments		-	-	-	-
31 December 2019		-	-	2,017,937,529	853,192,101
Charge for the year	18.1	-	-	434,635,804	156,276,064
Adjustments		-	-	-	-
31 December 2020		**-**	**-**	**2,452,573,333**	**1,009,468,165**
Net book value as at					
31 December 2019	7.2	224,382,540	-	4,770,123,841	1,557,932,029
31 December 2020	**7.2**	**267,894,406**	**-**	**4,505,649,878**	**1,428,377,477**

Civil works	Heavy equipment	Others	Mine closure and rehabilitation provision	Stripping activity asset	Mining capital work-in-progress	Total
40,761,714	184,419,316	236,283,046	50,086,425	73,152,169	-	2,971,104,678
-	(24,587,984)	(9,601,419)	-	-	-	(102,984,033)
40,761,714	**159,831,332**	**226,681,627**	**50,086,425**	**73,152,169**	**-**	**2,868,120,645**
72,609,019	42,849,472	45,184,342	10,474,949	87,437,848	-	812,077,882
-	-	(1,099,097)	-	-	-	(1,099,097)
113,370,733	202,680,804	270,766,872	60,561,374	160,590,017	-	3,679,099,430
68,257,735	45,742,073	40,212,112	12,229,173	126,079,538	-	883,432,499
-	-	(137,000)	-	-	-	(137,000)
181,628,468	**248,422,877**	**310,841,984**	**72,790,547**	**286,669,555**	**-**	**4,562,394,929**
1,706,191,975	177,864,073	205,620,150	264,542,380	309,630,411	829,042,432	10,045,329,831
1,631,812,440	**166,652,361**	**170,255,739**	**302,451,120**	**298,820,663**	**1,900,241,063**	**10,672,155,147**

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".

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 2020	Year ended 31 December 2019
Expensed through profit or loss			
Cost of sales	9,18	883,432,499	812,077,882

18.2 | Mining properties pledged as security

Mine properties with a net book value at 31 December 2020 of SAR 4,616,711,558 (31 December 2019: SAR 4,951,673,769) are pledged as security to lenders under the Common Term Agreements (Note 38.12).

Ma'aden Gold Plant - Balgha

(All amounts in Saudi Riyals unless otherwise stated)

19. Property, plant and equipment

Non-mining assets

	Notes	Land	Civil works	Buildings	Heavy equipment
Cost					
1 January 2019		61,550,000	11,863,988,006	16,558,471,123	1,090,338,483
Addition during the year		-	-	29,856,285	-
Additions through business combination	5	-	-	149,743,864	-
Transfer from capital work-in-progress during the year	21	-	172,890,746	49,500,822	-
Written-off during the year		-	-	-	-
Adjustments		-	-	-	-
31 December 2019		61,550,000	12,036,878,752	16,787,572,094	1,090,338,483
Addition during the year		-	-	3,561,562	-
Transfer from mine properties during the year	18	-	-	-	-
Transfer from capital work-in-progress during the year	21	-	30,598,962	29,930,145	1,087,587
Written-off during the year		-	-	-	-
Foreign currency translation adjustments		-	-	(31,893,735)	-
Adjustments		-	(12,174,732)	(9,707,517)	-
31 December 2020		**61,550,000**	**12,055,302,982**	**16,779,462,549**	**1,091,426,070**

	Other equipment	Fixed plant	Office equipment	Furniture and fittings	Motor vehicles	Total
	2,866,477,366	45,926,730,520	86,605,103	86,425,327	37,719,490	78,578,305,418
	950,408	141,195,368	633641	590,494	1,247,224	174,473,420
	573,615	17,732,587	2,580,960	915,968	3,453,679	175,000,673
	234,905,242	770,316,938	12,265,605	2,494,991	-	1,242,374,344
	(229,178,223)	-	-	-	-	(229,178,223)
	-	-	(267,905)	-	-	(267,905)
	2,873,728,408	46,855,975,413	101,817,404	90,426,780	42,420,393	79,940,707,727
	3,422,131	173,773,307	1,402,024	842,524	2,271,494	185,273,042
	-	1,079,365	-	-	-	1,079,365
	197,756,011	628,729,292	11,555,541	917,043	-	900,574,581
	(194,122,316)	-	-	-	-	(194,122,316)
	(2,352)	(3,091,118)	(95,940)	(400,725)	(121,298)	(35,605,168)
	(3,574,724)	(751,373)	(356,215)	(982,145)	(228,532)	(27,775,238)
	2,877,207,158	**47,655,714,886**	**114,322,814**	**90,803,477**	**44,342,057**	**80,770,131,993**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

Non-mining assets

	Notes	Land	Civil works	Buildings	Heavy equipment
Accumulated depreciation					
1 January 2019		-	837,758,469	1,451,031,143	72,487,407
Charge for the year	19.1	-	375,551,218	468,676,551	78,314,189
Written-off during the year		-	-	-	-
Adjustment		-	-	-	-
31 December 2019		-	1,213,309,687	1,919,707,694	150,801,596
Charge for the year	19.1	-	382,497,710	481,139,687	78,670,602
Written-off during the year		-	-	-	-
Foreign currency translation adjustments		-	-	(2,514,105)	-
Adjustment		-	(5,088,952)	(3,769,316)	-
31 December 2020		**-**	**1,590,718,445**	**2,394,563,960**	**229,472,198**
Net book value					
31 December 2019	7.2	61,550,000	10,823,569,065	14,867,864,400	939,536,887
31 December 2020	7.2	**61,550,000**	**10,464,584,537**	**14,384,898,589**	**861,953,872**

	Other equipment	Fixed plant	Office equipment	Furniture and fittings	Motor vehicles	Total
	979,886,752	8,600,462,269	58,124,590	60,018,304	36,183,340	12,095,952,274
	335,916,993	2,303,002,912	8,700,899	6,223,242	1,376,921	3,577,762,925
	(229,178,223)	-	-	-	-	(229,178,223)
	-	-	(267,905)	-	-	(267,905)
	1,086,625,522	10,903,465,181	66,557,584	66,241,546	37,560,261	15,444,269,071
	338,286,091	2,352,371,197	12,138,117	6,746,230	2,257,717	3,654,107,351
	(194,122,316)	-	-	-	-	(194,122,316)
	(260,501)	(1,391,081)	(130,508)	(288,446)	(477,026)	(5,061,667)
	(3,413,924)	(320,213)	(201,610)	(619,565)	(130,905)	(13,544,485)
	1,227,114,872	**13,254,125,084**	**78,363,583**	**72,079,765**	**39,210,047**	**18,885,647,954**
	1,787,102,886	35,952,510,232	35,259,820	24,185,234	4,860,132	64,496,438,656
	1,650,092,286	**34,401,589,802**	**35,959,231**	**18,723,712**	**5,132,010**	**61,884,484,039**

(All amounts in Saudi Riyals unless otherwise stated)

19.1 | Allocation of depreciation charge for year to:

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Expensed through profit or loss			
Cost of sales	9	3,614,294,332	3,544,287,396
General and administrative expenses	11	37,713,117	30,728,241
Exploration and technical services expenses	12	2,099,902	2,747,288
Total	**19**	**3,654,107,351**	**3,577,762,925**

19.2 | Property, plant and equipment pledged as security

Property, plant and equipment with a net book value at 31 December 2020 of SAR 20,990,652,045 (31 December 2019: SAR 21,971,378,439) are pledged as security to lenders under the Common Term Agreement (Note 38.12).

19.3 | Impairment of rolling mill / automotive sheet and MWSPC CGUs

Impairment of rolling mill CGU

As at 31 December 2020, management of the company performed an impairment assessment of the rolling mill CGU due to the decrease in commodity prices. 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 9.1% (31 December 2019: 10.3%) per annum which was calculated using a Capital Asset Pricing Model (CAPM) methodology;
- growth rate 4.83% until the plant reaches its maximum design capacity;
- for the calculation of the terminal value, the Gordon Growth Method was adopted which included a growth rate assumption of 3.1% (31 December 2019: 4.0%) which has been estimated based on third party consultant's forecasts for the industry;
- The sales growth in the forecast period until the plant reaches its designed capacity has been estimated to be compound annual growth rate of 8.33%.

Management concluded that the recoverable amount for the capital work-in-progress, property plant and equipment, right-of-use assets and intangible assets of the rolling mill CGU is approximately equal to the carrying value of such assets. The 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 prices.

(All amounts in Saudi Riyals unless otherwise stated)

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

	31 December 2020		31 December 2019	
	From	To	From	To
Discount rate	9.10%	9.95%	10.30%	10.59%
Growth rate until plant reaches its maximum capacity	4.83%	4.50%	4.83%	3.23%
Terminal growth rate	3.10%	1.67%	4.00%	3.53%
Sales growth	8.33%	8.21%	-	-

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 automotive sheet CGU

As at 31 December 2020, management of the company performed an impairment assessment of the automotive sheet CGU due to weak market environment prevailing primarily in the market in which the product is supplied. 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 9.1% (31 December 2019: 10.3%) 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 assumption of 3.1% (31 December 2019: 4.0%) which has been estimated based on third party consultant's forecasts for the industry;
- The sales growth in the forecast period has been estimated to be compound annual growth rate of 11%.

(All amounts in Saudi Riyals unless otherwise stated)

Continued

Management concluded that the recoverable amount for the capital work-in-progress, property plant and equipment, right-of-use assets and intangible assets of automotive sheet CGU is approximately equal to the carrying value of such assets. The 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 following key assumptions were to change as follows:

	31 December 2020		31 December 2019	
	From	To	From	To
Discount rate	9.10%	11.88%	10.30%	11.30%
Sales growth	11.00%	6.00%	-	-

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 2020, management of the company performed an impairment assessment of the MWSPC CGU, due to the weak commodity market prices. 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 approved business plan.

Key assumptions used in this analysis included:

- a pre-tax discount rate of 8.8% (31 December 2019: 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% (31 December 2019: 4%) which has been estimated based on third party consultant's forecasts for the industry.

(All amounts in Saudi Riyals unless otherwise stated)

Management concluded that the recoverable amount for the capital work-in-progress, property plant and equipment, right-of-use assets and mine properties of MWSPC is higher than the carrying value of such assets. The 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:

	31 December 2020		31 December 2019	
	From	To	From	To
Discount rate	8.8%	11.12%	10.40%	10.89%
Terminal growth rate	4%	0.96%	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.

Ma'aden Gold Plant - Balgha

(All amounts in Saudi Riyals unless otherwise stated)

20. Right-of-use assets

	Notes	Heavy equipment	Fixed plant
Cost			
1 January 2019 – IFRS 16 adjustment:			
Reclassification from mine properties	18	37,992,320	77,386,506
Reclassification from intangible assets	22	-	-
Initial recognition of right-of-use assets	40.1,40.2	86,224,757	941,625,228
Sub-total		**124,217,077**	**1,019,011,734**
Additions during the year	40.1,40.2	-	16,505,576
Adjustments		(39,093,388)	10,975,914
31 December 2019		85,123,689	1,046,493,224
Additions during the year	40.1,40.2	126,149,757	33,882,268
Adjustments		-	-
31 December 2020		**211,273,446**	**1,080,375,492**
Accumulated depreciation			
1 January 2019 – IFRS 16 adjustment:			
Reclassification from mine properties	18	24,587,984	68,614,164
Reclassification from intangible assets	22	-	-
Sub-total		**24,587,984**	**68,614,164**
Charge for the year	20.1	39,411,502	61,945,967
Adjustments		(25,882,088)	-
31 December 2019		38,117,398	130,560,131
Charge for the year	20.1	49,369,482	55,204,352
Adjustments		-	-
31 December 2020		**87,486,880**	**185,764,483**
Net book value			
31 December 2019	7.2	47,006,291	915,933,093
31 December 2020	**7.2**	**123,786,566**	**894,611,009**

Motor vehicles	Land	Infra-structure	Vessels	Total
14,495,210	-	-	-	129,874,036
-	-	297,876,390	-	297,876,390
84,892,430	105,317,550	-	74,420,106	1,292,480,071
99,387,640	**105,317,550**	**297,876,390**	**74,420,106**	**1,720,230,497**
30,637,605	10,804,640	1,069,854	48,422,265	107,439,940
(9,348,909)	(421,282)	-	-	(37,887,665)
120,676,336	115,700,908	298,946,244	122,842,371	1,789,782,772
22,563,395	882,825	370,735	108,071,852	291,920,832
(8,334,277)	(276,095)	-	-	(8,610,372)
134,905,454	**116,307,638**	**299,316,979**	**230,914,223**	**2,073,093,232**
9,781,885	-	-	-	102,984,033
-	-	94,509,054	-	94,509,054
9,781,885	**-**	**94,509,054**	**-**	**197,493,087**
40,918,871	5,846,201	8,297,448	47,709,003	204,128,992
(2,697,073)	-	-	-	(28,579,161)
48,003,683	5,846,201	102,806,502	47,709,003	373,042,918
43,622,573	6,084,633	8,852,260	76,744,560	239,877,860
(3,535,965)	(66,263)	-	-	(3,602,228)
88,090,291	**11,864,571**	**111,658,762**	**124,453,563**	**609,318,550**
72,672,653	109,854,707	196,139,742	75,133,368	1,416,739,854
46,815,163	**104,443,067**	**187,658,217**	**106,460,660**	**1,463,774,682**

(All amounts in Saudi Riyals unless otherwise stated)

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 2020	**Year ended** 31 December 2019
Expensed through profit or loss			
Cost of sales	9	239,045,431	203,242,835
General and administrative expenses	11	832,429	886,157
Total	20	239,877,860	204,128,992

21. Capital work-in-progress

		Non-mining assets				
	Notes	Property, plant and equipment	Automotive sheet	Ammonia project 3	Administrative offices and others	Total
1 January 2019		1,229,448,208	775,535,381	174,547,505	17,498,191	2,197,029,285
Additions during the year		1,070,820,361	(19,854,354)	766,073,712	(17,498,191)	1,799,541,528
Additions through a business combination	5	11,258,503	-	-	-	11,258,503
Impairment at the end of the year	13	(1,799,378)	-	-	-	(1,799,378)

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	Non-mining assets				
		Property, plant and equipment	**Automotive sheet**	**Ammonia project 3**	**Administrative offices and others**	**Total**
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
Additions during the year		962,844,111	-	1,933,137,065	-	2,895,981,176
Transfer to mine properties	18	(66,878,840)	-	-	-	(66,878,840)
Transfer to property, plant and equipment	19	(900,574,581)	-	-	-	(900,574,581)
Transfer to intangible assets	22	(4,771,611)	-	-	-	(4,771,611)
Foreign currency translation adjustments		(4,455,956)	-	-	-	(4,455,956)
31 December 2020	**7.2**	**1,793,117,256**	**-**	**2,873,758,282**	**-**	**4,666,875,538**

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

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Net borrowing cost attributable to qualifying assets, using a capitalization rate ranging from 2.6% to 3.55% per annum (31 December 2019: 1.73% to 4.17% per annum)	15.1	99,256,052	21,178,231
Amortization of transaction cost on long-term borrowings	15.1, 38.11	11,224,106	2,094,184
Total	11	110,480,158	23,272,415

(All amounts in Saudi Riyals unless otherwise stated)

21.1 | Capital work-in-progress pledged as security

At 31 December 2020, the net book value of SAR 795,377,798 (31 December 2019: SAR 887,773,606) are pledged as security to the lenders (Note 38.12).

22. Intangible assets and goodwill

	Notes	Infrastructure	Internally developed software
Cost			
31 December 2018		297,876,390	24,369,462
1 January 2019 – IFRS 16 adjustment:			
Reclassification to right-of-use assets	20	(297,876,390)	-
Sub-total		**-**	**24,369,462**
Additions during the year		-	-
Additions through a business combination	5	-	-
Transfer from capital work-in-progress during the year	21	-	-
31 December 2019		-	24,369,462
Additions during the year		-	-
Transfer from mine properties during the year	18	-	-
Transfer from capital work-in-progress during the year	21	-	-
31 December 2020		**-**	**24,369,462**

Technical development	Software and licenses	Goodwill (Note 5)	Customer relationships (Note 5)	Non-core contracts (Note 5)	Total
17,705,112	242,579,403	-	-	-	582,530,367
-	-	-	-	-	(297,876,390)
17,705,112	**242,579,403**	**-**	**-**	**-**	**284,653,977**
-	173,621	-	-	-	173,621
-	178,224	159,465,843	75,375,000	10,500,000	245,519,067
-	16,080,244	-	-	-	16,080,244
17,705,112	259,011,492	159,465,843	75,375,000	10,500,000	546,426,909
-	1,046,254	-	-	-	1,046,254
-	589,195	-	-	-	589,195
-	4,771,611	-	-	-	4,771,611
17,705,112	**265,418,552**	**159,465,843**	**75,375,000**	**10,500,000**	**552,833,969**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	Infrastructure	Internally developed software
Accumulated amortisation			
31 December 2018		94,509,054	20,719,394
1 January 2019 – IFRS 16 adjustment:			
Reclassification to right-of-use assets		(94,509,054)	-
Sub-total		-	20,719,394
Charge for the year		-	1,889,476
31 December 2019		-	22,608,870
Charge for the year		-	1,686,038
31 December 2020		**-**	**24,294,908**
Net book value			
31 December 2019		-	1,760,592
31 December 2020		**-**	**74,554**

	Technical development	Software and licenses	Goodwill (Note 5)	Customer relationships (Note 5)	Non-core contracts (Note 5)	Total
	9,611,345	117,502,692	-	-	-	242,342,485
	-	-	-	-	-	(94,509,054)
	9,611,345	117,502,692	-	-	-	147,833,431
	3,288,095	33,084,000	-	3,140,625	1,093,750	42,495,946
	12,899,440	150,586,692	-	3,140,625	1,093,750	190,329,377
	2,402,835	29,977,482	-	7,537,500	2,625,000	44,228,855
	15,302,275	**180,564,174**	**-**	**10,678,125**	**3,718,750**	**234,558,232**
	4,805,672	108,424,800	159,465,843	72,234,375	9,406,250	356,097,532
	2,402,837	**84,854,378**	**159,465,843**	**64,696,875**	**6,781,250**	**318,275,737**

*Customer relationships and non-core contracts were acquired in a business combination.

(All amounts in Saudi Riyals unless otherwise stated)

Continued

Intangible assets with a net book value at 31 December 2020 of Nil (31 December 2019: SAR 11,428,944) are pledged as security to lenders under the Common Term Financing Agreement (Note 38.12).

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 2020	Year ended 31 December 2019
Expensed through profit or loss			
Cost of sales	9	26,051,833	27,424,061
General and administrative expenses	11	18,059,258	15,071,885
Exploration and technical services expenses	12	117,764	-
Total	22	44,228,855	42,495,946

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. At 31 December 2019 and 31 December 2020, 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:

(All amounts in Saudi Riyals unless otherwise stated)

Key assumptions	%
Sales growth rate	15.38
Discount rate	29.73
Average EBITDA margin	9.80

Sales growth rate

The sales growth in the forecast period has been estimated to be compound annual growth rate of 15.38%.

Discount rate

The discount rate was an estimate of the weighted average cost of capital as of 31 December 2019 and 31 December 2020 based on market rates adjusted to reflect management's estimate of the specific risks relating to operations in East Africa.

Average EBITDA margin

The average EBITDA margins of 9.80% was estimated in the forecast period.

Sensitivity analysis

The recoverable amount would equal the carrying value of the group of CGUs including goodwill if **the key assumptions were to change as follows:**

	31 December 2020		31 December 2019	
	From	To	From	To
Sales growth rate	15.38%	7.18%	15.38%	7.68%
Discount rate	29.73%	33.43%	28.0%	34.0%
Average EBITDA margin	9.80%	8.44%	7.84%	6.10%

(All amounts in Saudi Riyals unless otherwise stated)

Continued

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 value of the group of CGUs including goodwill to exceed its recoverable amount.

23. Investment in joint ventures

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
MBCC	23.1.3	936,472,926	926,708,693
SAMAPCO	23.2.3	90,158,000	190,008,000
Total	7.2	1,026,630,926	1,116,716,693

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:**

(All amounts in Saudi Riyals unless otherwise stated)

23.1 | MBCC

23.1.1 | Summarised statement of profit or loss and other comprehensive income

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Sales and other operating revenues		1,448,539,137	1,166,149,789
Finance cost		(1,100,429)	(3,542,288)
Depreciation and amortization		(170,946,903)	(183,285,385)
Other expenses		(526,032,571)	(480,349,495)
Profit before zakat, severance fees and income tax		**750,459,234**	**498,972,621**
Zakat and severance fees		(72,821,090)	(50,941,611)
Income tax		(82,549,610)	(50,216,237)
Profit for the year from continuing operations		**595,088,534**	**397,814,773**
Other comprehensive loss		(1,212,462)	(1,142,630)
Total comprehensive income		**593,876,072**	**396,672,143**
Group's share of profit for the year	23.1.3	297,488,430	198,544,700
Group share of other comprehensive loss	23.1.3	(673,590)	(763,703)
Group's share of total comprehensive income for the year *		**296,814,840**	**197,780,997**

*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 accounting period (Note 23.1.3).

(All amounts in Saudi Riyals unless otherwise stated)

23.1.2 | Summarised statement of financial position

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Assets			
Non-current assets		**1,691,614,374**	**1,751,256,843**
Current assets			
Other current assets		245,939,322	233,663,929
Cash and cash equivalents		267,661,929	162,683,811
Total assets		**2,205,215,625**	**2,147,604,583**
Liabilities			
Non-current liabilities		**126,316,544**	**67,839,716**
Current liabilities		**194,505,690**	**215,601,673**
Total liabilities		**320,822,234**	**283,441,389**
Net assets		**1,884,393,391**	**1,864,163,194**
Group's proportionate ownership %		**50%**	**50%**
Group's proportionate ownership share in net assets*	**23.1.3**	**936,472,926**	**926,708,693**

*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 2.11) is as follows:

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Shares at cost	55	202,482,646	202,482,646
Other component of equity		-	286,822,939
Total equity contribution		**202,482,646**	**489,305,585**
Share of the accumulated profit	23.1.3	733,990,280	437,403,108
Carrying value of investment	**23, 23.1.2**	**936,472,926**	**926,708,693**

(All amounts in Saudi Riyals unless otherwise stated)

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

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		437,403,108	248,911,260
Share in net profit	7.2	297,260,762	189,255,551
Current year	23.1.1	297,488,430	198,544,700
Prior year catch up adjustment		(227,668)	(9,289,149)
Share in other comprehensive loss for the year	23.1.1	(673,590)	(763,703)
31 December		**733,990,280**	**437,403,108**

23.2 | SAMAPCO

23.2.1 | Summarised statement of profit or loss and other comprehensive loss

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Sales and other operating revenues		496,766,000	615,400,000
Finance cost		(76,203,000)	(170,500,000)
Depreciation and amortization		(121,315,000)	(126,200,000)
Other expenses		(466,352,000)	(458,600,000)
Loss before zakat and severance fees		**(167,104,000)**	**(139,900,000)**
Zakat and severance fees		-	(2,300,000)
Loss for the year from continuing operations		**(167,104,000)**	**(142,200,000)**
Other comprehensive loss		-	-
Total comprehensive loss		**(167,104,000)**	**(142,200,000)**
Group's share of total comprehensive loss for the year *	**23.2.3**	**(83,552,000)**	**(71,100,000)**

*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 Ma'aden consolidated financial statements. This sometimes may lead to minor variation which is adjusted in the next accounting period.

(All amounts in Saudi Riyals unless otherwise stated)

23.2.2 | Summarised statement of financial position

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Assets			
Non-current assets		**2,334,972,000**	**2,453,000,000**
Current assets			
Other current assets		322,098,000	333,000,000
Cash and cash equivalents		56,713,000	67,000,000
Total assets		**2,713,783,000**	**2,853,000,000**
Liabilities			
Non-current liabilities			
Long-term borrowings		2,083,718,000	2,154,000,000
Other non-current liabilities		53,467,000	45,000,000
Current liabilities			
Current portion of long-term borrowings		74,156,000	55,000,000
Other current liabilities		261,062,000	158,000,000
Total liabilities		**2,472,403,000**	**2,412,000,000**
Net assets		**241,380,000**	**441,000,000**
Group's proportionate ownership %		**50%**	**50%**
Group's proportionate ownership share in net assets*	**23.2.3**	**90,158,000**	**190,008,000**

23.2.3 | Reconciliation to carrying amounts

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

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Shares at cost	55	450,000,000	450,000,000
Total share of the accumulated loss		(359,842,000)	(259,992,000)
Carrying value of investment	**13,23, 23.2.2**	**90,158,000**	**190,008,000**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

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

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		(259,992,000)	(182,814,180)
Share in net loss for the year	7.2	(99,850,000)	(77,177,820)
Current year	23.2.1	(83,552,000)	(71,100,000)
Prior year catch up adjustment		(16,298,000)	(6,077,820)
31 December		**(359,842,000)**	**(259,992,000)**

24. Deferred tax

24.1 | Income tax

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Deferred income tax		9,274,118	(155,101,603)
Deferred tax assets credited to the consolidated statement of profit or loss	24.2	166,159,066	34,522,391
Deferred tax liabilities debited to the consolidated statement of profit or loss	24.3	(156,884,948)	(189,623,994)
Current income tax	45.5	(466,409)	(13,026,770)
Total income tax		**8,807,709**	**(168,128,373)**

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

(All amounts in Saudi Riyals unless otherwise stated)

24.2 | Deferred tax assets

The balance comprises temporary differences attributable to:

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Tax losses		779,822,917	613,850,548
Allowance for obsolete and slow moving spare parts and consumable materials		3,055,252	2,991,733
Property, plant and equipment, capital work-in-progress and intangible assets		10,920	73,316
Provision for decommissioning, site rehabilitation and dismantling obligations		5,332,143	6,329,006
Employees' end of service termination benefits obligation		14,504,975	11,717,182
Provision for research and development and others		1,499,514	2,137,340
Foreign currency translation movement		677,051	1,644,581
Total deferred tax assets		**804,902,772**	**638,743,706**

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

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		638,743,706	597,837,808
Addition through a business combination	5	-	6,383,507
Credited to the consolidated statement of profit or loss during the year	24.1	166,159,066	34,522,391
31 December		**804,902,772**	**638,743,706**

24.3 | Deferred tax liabilities

The balance comprises temporary differences attributable to:

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Property, plant and equipment, capital work-in-progress and intangible assets		971,455,742	841,232,652

(All amounts in Saudi Riyals unless otherwise stated)

Continued

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

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		841,232,652	607,317,644
Addition through business combination	5	-	44,291,014
Debited to the consolidated statement of profit or loss during the year	24.1	156,884,948	189,623,994
Foreign currency translation movement credited to the consolidated statement of other comprehensive income during the year		(26,661,858)	-
31 December		**971,455,742**	**841,232,652**

25. Other investments

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		43,185,000	47,850,000
Settlement during the year		(4,795,000)	(4,665,000)
31 December	**3,51**	**38,390,000**	**43,185,000**
Less: Current portion of other investments		(4,925,000)	(4,745,000)
Non-current portion of other investments		**33,465,000**	**38,440,000**

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	Year ended 31 December 2020	Year ended 31 December 2019
Revolving loan transaction cost			
1 January		42,750,000	57,000,000
Amortization of revolving loan transaction cost during the year	15	(14,250,000)	(14,250,000)
31 December		**28,500,000**	**42,750,000**
Less: Current portion of revolving loan transaction cost	27	(14,250,000)	(14,250,000)
Sub-total		**14,250,000**	**28,500,000**
Stockpile of mined ore		440,462,782	433,906,670
Less: Current portion of stockpile of mined ore	28	(367,532,126)	(348,175,037)
Sub-total		**72,930,656**	**85,731,633**
Employees' home ownership program receivables	29	930,876,130	996,685,196
Less: Repaid during the year		(63,287,168)	(65,809,066)
		867,588,962	930,876,130
Less: Current portion of employees' home ownership program receivables		(64,767,340)	(60,054,797)
Sub-total		**802,821,622**	**870,821,333**
Home ownership program – furniture loan		7,056,629	13,810,179
Others		36,893,175	-
Total		**933,952,082**	**998,863,145**

27. Advances and prepayments

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Advances to contractors		200,639,517	114,346,340
Advances to employees		21,725,211	22,611,910
Prepaid rent		13,293,385	11,715,303
Prepaid insurance		37,781,859	62,679,259
Current portion of revolving loan transaction cost	26	14,250,000	14,250,000
Other prepayments		16,452,435	26,619,161
Total		304,142,407	252,221,973

(All amounts in Saudi Riyals unless otherwise stated)

28. Inventories

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Saleable inventory			
Finished goods – ready for sale		1,522,024,170	1,774,742,246
Cost of finished goods		1,554,340,850	1,868,613,045
Less: Inventory written-off to net realizable value		(32,316,680)	(93,870,799)
Work-in-process		814,751,755	956,360,410
Cost of work-in-process		815,052,836	982,713,551
Less: Inventory written-off to net realizable value		(301,081)	(26,353,141)
Current portion of stockpile of mined ore		367,532,126	348,175,037
By-products		2,140,302	3,084,977
Sub-total	**9**	**2,706,448,353**	**3,082,362,670**
Consumable inventory			
Spare parts and consumables materials			
1 January		2,014,197,915	1,654,281,468
Net additions during the year		416,058,358	359,916,447
31 December		**2,430,256,273**	**2,014,197,915**
Obsolete spare parts written-off	9	(4,073,406)	-
Allowance for obsolete and slow-moving spare parts and consumable materials	28.1	(97,371,125)	(93,103,074)
		2,328,811,742	1,921,094,841
Raw materials		897,124,230	755,163,464
Sub-total		**3,225,935,972**	**2,676,258,305**
Total		**5,932,384,325**	**5,758,620,975**

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

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		93,103,074	92,692,378
Provision of allowance for obsolescence, net	9	4,268,051	410,696
31 December	6.2,28	**97,371,125**	**93,103,074**

(All amounts in Saudi Riyals unless otherwise stated)

29. Trade and other receivables

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Trade receivables			
Other third party receivables		2,071,896,015	1,891,770,972
Due from SABIC	47.2	152,334,433	265,846,332
Due from The Mosaic Company	47.2	65,732,053	39,322,107
Due from Alcoa Inespal, S.A.	47.2	94,601,698	81,997,942
Due from Alcoa Warrick LLC	47.2	67,943,908	136,761,207
Sub-total	**49.1.3, 49.2**	**2,452,508,107**	**2,415,698,560**
Due from MBCC	47.2	86	77,456
Due from Aramco	47.2	225,549,220	326,523,838
Due from Saudi Ports Authority		**1,113,027**	**2,253,611**
Current portion of employees' home ownership program receivables	26	64,767,340	60,054,797
VAT receivable from regulatory authorities		**150,478,310**	**53,533,374**
Other		84,187,722	137,237,773
Total	**51**	**2,978,603,812**	**2,995,379,409**

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.

(All amounts in Saudi Riyals unless otherwise stated)

30. Time deposits

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Time deposits with original maturities of more than three months and less than a year at the date of acquisition	48.3,49	1,465,000,000	3,159,175,000
Less: ECL allowance	30.1	(2,201,194)	(2,201,194)
		1,462,798,806	3,156,973,806
Investment income receivable		3,522,586	29,815,042
Total	**51**	**1,466,321,392**	**3,186,788,848**

Time deposits yield financial income at prevailing market prices.

30.1 | Movement in ECL allowance

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January	**49.2**	**2,201,194**	**2,201,194**
Increase in allowance for expected credit losses	11,49.2	-	-
31 December	30	**2,201,194**	**2,201,194**

31. Cash and cash equivalents

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Unrestricted			
Time deposits with original maturities equal to or less than three months at the date of acquisition		2,013,825,369	1,140,521,258
Cash and bank balances		2,097,245,543	2,367,529,030
Sub-total	**49.3,50**	**4,111,070,912**	**3,508,050,288**
Restricted			
Cash and bank balances	42.2	135,142,606	96,845,788
Total	**51**	**4,246,213,518**	**3,604,896,076**

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

(All amounts in Saudi Riyals unless otherwise stated)

32. Share capital

		Notes	Year ended 31 December 2020	Year ended 31 December 2019
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	621,128,850
1,230,591,146	**Total**	**1,17**	**12,305,911,460**	**12,305,911,460**

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 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.

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 was to improve the Company's liquidity and credit position and enhance its ability to achieve its growth objectives.

33. Share premium

		Notes	Year ended 31 December 2020	Year ended 31 December 2019
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	2,365,258,650
	Less: Transaction cost		(17,420,308)	(17,420,308)
	Net increase in share premium		2,347,838,342	2,347,838,342
830,591,146	**Total**		**10,739,190,039**	**10,739,190,039**

(All amounts in Saudi Riyals unless otherwise stated)

34. Transfer of net income

	Year ended 31 December 2020	Year ended 31 December 2019
1 January	1,054,251,439	1,054,251,439
Transfer of 10% of net profit for the year	-	-
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.

35. Other reserves

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Attributable to ordinary shareholders of the parent company			
Loss on exchange differences on translation		66,970,756	1,774,742,246
Non-controlling interest put option	43.3	99,415,016	1,868,613,045
Share of other non-distributable reserves		8,189,290	(93,870,799)
Sub-total		**174,575,062**	**3,082,362,670**
Attributable to non-controlling interest			
Loss on exchange differences on translation	36.3	11,818,368	4,331,659
Share of other non-distributable reserves	36.3	1,445,169	1,445,169
Sub-total		**13,263,537**	**5,776,828**
Total		**187,838,599**	**117,412,994**

(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	Note	MRC 25.1% (Note 2.6)	MAC 25.1% (Note 2.7)
31 December 2020			
Non-current assets		-	16,695,727,091
Current assets		-	2,619,391,465
Total assets		**-**	**19,315,118,556**
Non-current liabilities		-	12,114,242,013
Current liabilities		-	2,131,342,601
Total liabilities		**-**	**14,245,584,614**
Net assets of the subsidiary company		**-**	**5,069,533,942**
Share of net assets		-	1,272,453,020
Zakat and income tax impact		-	(78,431,914)
Net impact of non-controlling interest acquired through business combination		-	-
Net assets attributable to non-controlling interest	36.3	**-**	**1,194,021,106**

MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 15% (Note 2.5)	Total
11,999,431,912	13,422,518,964	25,556,255,972	307,707,356	67,981,641,295
1,505,294,148	3,093,114,604	2,201,530,080	1,320,362,303	10,739,692,600
13,504,726,060	**16,515,633,568**	**27,757,786,052**	**1,628,069,659**	**78,721,333,895**
7,947,749,276	7,688,460,572	19,006,778,514	143,146,794	46,900,377,169
848,164,021	1,762,428,102	2,446,227,851	1,194,481,638	8,382,644,213
8,795,913,297	**9,450,888,674**	**21,453,006,365**	**1,337,628,432**	**55,283,021,382**
4,708,812,763	**7,064,744,894**	**6,304,779,687**	**290,441,227**	**23,438,312,513**
1,181,912,004	2,119,423,468	2,521,911,875	43,566,184	7,139,266,551
(27,054,825)	-	13,794,614	-	(91,692,125)
-	-	-	557,429	557,429
1,154,857,179	**2,119,423,468**	**2,535,706,489**	**44,123,613**	**7,048,131,855**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

Non-controlling % interest in	Note	MRC 25.1% (Note 2.6)	MAC 25.1% (Note 2.7)
31 December 2019			
Non-current assets		5,569,322,655	17,363,802,883
Current assets		2,473,520,713	2,330,061,876
Total assets		**8,042,843,368**	**19,693,864,759**
Non-current liabilities		3,811,558,436	12,728,945,577
Current liabilities		1,717,109,630	1,684,733,605
Total liabilities		**5,528,668,066**	**14,413,679,182**
Net assets of the subsidiary company		**2,514,175,302**	**5,280,185,577**
Share of net assets		645,011,927	1,325,326,580
Zakat and income tax impact		949,837	(65,923,647)
Impact of payment to increase share capital		179,630,770	-
Impact of additional capital contribution resulting from transfer of automotive sheet project		5,812,956	-
Equity share transferred to Ma'aden		(831,405,490)	-
Net impact of non-controlling interest acquired through business combination		-	-
Net assets attributable to non-controlling interest	**36.3**	**-**	**1,259,402,933**

(All amounts in Saudi Riyals unless otherwise stated)

MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 15% (Note 2.5)	Total
12,385,401,745	14,200,734,176	26,493,219,387	327,115,820	76,339,596,666
1,829,467,195	3,057,401,886	2,238,704,180	1,179,242,794	13,108,398,644
14,214,868,940	**17,258,136,062**	**28,731,923,567**	**1,506,358,614**	**89,447,995,310**
8,229,381,622	8,404,902,049	18,614,445,820	148,014,209	51,937,247,713
855,398,243	1,749,700,550	2,497,633,304	998,954,863	9,503,530,195
9,084,779,865	**10,154,602,599**	**21,112,079,124**	**1,146,969,072**	**61,440,777,908**
5,130,089,075	**7,103,533,463**	**7,619,844,443**	**359,389,542**	**28,007,217,402**
1,287,652,358	2,131,060,040	3,047,937,777	53,908,431	8,490,897,113
(34,076,510)	-	(9,052,464)	-	(108,102,784)
-	-	-	-	179,630,770
-	-	-	-	5,812,956
-	-	-	-	(831,405,490)
-	-	-	557,428	557,428
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)

36.2 | Summarized statement of profit or loss and other comprehensive income

Non-controlling % interest in	Note	MRC 25.1% (Note 2.6)	MAC 25.1% (Note 2.7)
For the year ended 31 December 2020			
Sales			6,666,504,595
(Loss) / profit before zakat and income tax for the year		-	(61,062,643)
Zakat and income tax for the year		-	(39,526,349)
Other comprehensive loss for the year:			
Cash flow hedge – effective portion of changes in fair value	41	-	(107,111,854)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation		-	(2,950,789)
Loss on exchange differences on translation		-	-
Total comprehensive loss for the year		**-**	**(210,651,635)**
Total comprehensive loss attributable to non-controlling interest:			
Share of (loss) / profit before zakat and income tax for the year		-	(15,326,723)
Share of zakat and income tax for the year		-	(22,429,381)
Share of loss for the year		-	(37,756,104)
Share of other comprehensive loss for the year:			
Cash flow hedge – effective portion of changes in fair value	41	-	(26,885,075)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	42.1.1	-	(740,648)
Loss on exchange differences on translation		-	-
Total	**36.3**	**-**	**(65,381,827)**

MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 15% (Note 2.5)	Total
1,794,883,204	4,004,879,327	3,361,495,563	1,369,783,349	17,197,546,038
(351,295,407)	830,791	(1,352,133,174)	(8,068,782)	(1,771,729,215)
(13,384,144)	(38,231,957)	39,936,453	(10,968,136)	(62,174,133)
(55,398,225)	-	-	-	(162,510,079)
(1,198,536)	(1,387,403)	(2,868,035)	-	(8,404,763)
-	-	-	(49,911,394)	(49,911,394)
(421,276,312)	**(38,788,569)**	**(1,315,064,756)**	**(68,948,312)**	**(2,054,729,584)**
(88,175,147)	249,237	(540,853,270)	(1,210,317)	(645,316,220)
3,662,265	(11,469,588)	38,821,660	(1,645,220)	6,939,736
(84,512,882)	(11,220,351)	(502,031,610)	(2,855,537)	(638,376,484)
(13,904,955)	-	-	-	(40,790,030)
(300,832)	(416,221)	(1,147,214)	-	(2,604,915)
-	-	-	(7,486,709)	(7,486,709)
(98,718,669)	**(11,636,572)**	**(503,178,824)**	**(10,342,246)**	**(689,258,138)**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

Non-controlling % interest in	**Note**	**MRC 25.1% (Note 2.6)**	**MAC 25.1% (Note 2.7)**
For the year ended 31 December 2019			
Sales		3,285,736,858	6,832,524,307
(Loss) / profit before zakat and income tax for the year		(224,333,596)	(390,643,819)
Zakat and income tax for the year		(159,309,954)	(36,631,353)
Other comprehensive loss for the year:			
Cash flow hedge – effective portion of changes in fair value	41	-	(171,493,556)
Gain / (loss) attributable to the re-measurements of employees' end of service termination benefits obligation		-	556,810
Loss on exchange differences on translation		-	-
Total comprehensive (loss) / income for the year		**(383,643,550)**	**(598,211,918)**
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)
Share of zakat and income tax for the year		(158,631,363)	(8,475,353)
Share of (loss) / profit for the year		(200,985,169)	(106,526,952)
Share of other comprehensive loss for the year:			
Cash flow hedge – effective portion of changes in fair value	41	-	(43,044,882)
Gain / (loss) attributable to the re-measurements of employees' end of service termination benefits obligation	42.1.1	-	139,759
Loss on exchange differences on translation		-	-
Total	**36.3**	**(200,985,169)**	**(149,432,075)**

MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 15% (Note 2.5)	Total
2,344,817,259	4,131,422,634	3,454,284,836	643,549,845	20,692,335,739
23,095,619	24,287,821	(1,259,527,352)	65,158,512	(1,761,962,815)
(44,402,451)	(5,545,470)	14,546,754	(5,349,370)	(236,691,844)
(27,400,376)	-	-	-	(198,893,932)
(52,382)	(1,434,917)	41,036	-	(889,453)
-	-	-	(28,877,730)	(28,877,730)
(48,759,590)	**17,307,434**	**(1,244,939,562)**	**30,931,412**	**(2,227,315,774)**
5,797,000	7,286,346	(503,810,941)	9,773,777	(621,359,223)
(20,565,612)	(1,663,641)	22,824,011	(802,405)	(167,314,363)
(14,768,612)	5,622,705	(480,986,930)	8,971,372	(788,673,586)
(6,877,494)	-	-	-	(49,922,376)
(13,148)	(430,475)	16,414	-	(287,450)
-	**-**	**-**	**(4,331,659)**	**(4,331,659)**
(21,659,254)	**5,192,230**	**(480,970,516)**	**4,639,713**	**(843,215,071)**

(All amounts in Saudi Riyals unless otherwise stated)

36.3 | Movement of non-controlling interest

Non-controlling % interest in	Note	MRC 25.1% (Note 2.6)	MAC 25.1% (Note 2.7)
1 January 2019		240,708,016	1,630,028,758
Increase in non-controlling interest resulting through business combination	5	-	-
Share of other non-distributable reserves	35	-	-
Share of total comprehensive (loss) / income for the year	36.2	(200,985,169)	(149,432,075)
Additional capital contribution resulting from transfer of automotive sheet project during the year	37	195,488,894	-
Payment to increase share capital during the year		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)	-
31 December 2019	36.1	-	1,259,402,933
Share of total comprehensive (loss) / income for the year	36.2	-	(65,381,827)
31 December 2020	**36.1**	**-**	**1,194,021,106**

MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 15% (Note 2.5)	Total
1,275,235,102	2,125,867,810	3,519,855,829	-	8,791,695,515
-	-	-	51,271,315	51,271,315
-	-	-	(1,445,169)	(1,445,169)
(21,659,254)	5,192,230	(480,970,516)	4,639,713	(843,215,071)
-	-	-	-	195,488,894
-	-	-	-	375,000,000
-	-	-	-	-
-	-	-	-	(831,405,491)
1,253,575,848	2,131,060,040	3,038,885,313	54,465,859	7,737,389,993
(98,718,669)	(11,636,572)	(503,178,824)	(10,342,246)	(689,258,138)
1,154,857,179	**2,119,423,468**	**2,535,706,489**	**44,123,613**	**7,048,131,855**

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	**Year ended** 31 December 2020	**Year ended** 31 December 2019
Due to Alcoa Corporation			405,387,644
Accumulated impairment		-	(209,898,750)
Transferred to MRC during the year*	36.3	-	(195,488,894)
Due to joint venture partner, net	**47.2**	**-**	**-**

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	**Year ended** 31 December 2020	**Year ended** 31 December 2019
Total borrowings	7.2,38.8	48,173,473,109	49,593,492,603
Accrued finance cost		128,258,797	251,591,654
Sub-total	**49.3,51**	**48,301,731,906**	**49,845,084,257**
Less: Current portion of borrowings	38.8	(2,977,199,180)	(2,436,219,781)
Less: Accrued finance cost		(128,258,797)	(251,591,654)
Sub-total - current portion of borrowings shown under current liabilities		**(3,105,457,977)**	**(2,687,811,435)**
Non-current portion of long-term borrowings	**38.8**	**45,196,273,929**	**47,157,272,822**

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, MRC and MWSPC 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.

(All amounts in Saudi Riyals unless otherwise stated)

Continued

The facilities granted to the Group comprise of the following as at 31 December 2020:

	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
Public Investment Fund ("PIF")	4,275,375,000	-	3,506,250,000
Public Pension Agency ("PPA")	-	-	-
Islamic and commercial banks			
Commercial	1,503,750,000	-	-
Murabaha		1,312,500,000	4,025,000,000
Wakala	-	-	220,000,000
Sub-total	**1,503,750,000**	**1,312,500,000**	**4,245,000,000**
Saudi Industrial Development Fund ("SIDF")	-	600,000,000	-
Riyal Murabaha facility	5,178,750,000	-	-
Riyal Murabaha facility (a working capital facility)	-	-	750,000,000
Sub-total	**10,957,875,000**	**1,912,500,000**	**8,501,250,000**
Syndicated Revolving Credit Facility Agreement	-	-	-
HSBC Saudi Arabia – as agent for sukuk facility participants	-	-	-
Total facilities granted	**10,957,875,000**	**1,912,500,000**	**8,501,250,000**

MWSPC agreement signed on 30 Jun. 2014 and restructured on 20 Jun. 2020	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
-	-	-	-	-	7,781,625,000
6,599,903,363	-	-	-	-	6,599,903,363
-	-	-	-	-	1,503,750,000
6,808,496,298	-	-	-	-	12,145,996,298
1,900,000,000	-	-	-	-	2,120,000,000
8,708,496,298	**-**	**-**	**-**	**-**	**15,769,746,298**
4,000,000,000	-	1,379,000,000	-	-	5,979,000,000
-	-	-	1,000,000,000	11,493,750,000	17,672,500,000
-	-	-	-	-	750,000,000
19,308,399,661	**-**	**1,379,000,000**	**1,000,000,000**	**11,493,750,000**	**54,552,774,661**
-	7,500,000,000	-	-	-	7,500,000,000
-	-	-	-	3,500,000,000	3,500,000,000
19,308,399,661	**7,500,000,000**	**1,379,000,000**	**1,000,000,000**	**14,993,750,000**	**65,552,774,661**

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 Agreemen"** 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 32). 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).

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 facility of SAR 1,009,770,000 and Riyal Murabaha facility of SAR 375,000,000.

MBAC facility

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.

MWSPC facility

On 20 June 2020, the company had entered into a CTA with PIF, SIDF and a consortium of financial institutions. PIF had entered into Novation Agreement with Public Pension Agency ("PPA") whereas the **"Original Loan Agreement"** dated 02 Ramadan 1435H (corresponding to 30 June 2014G) between PIF and MWSPC has been transferred to PPA. Subsequently upon execution of the Novation agreement, the company had entered into PPA Loan Agreement with PPA dated 20 June 2020 as a consent for the amendment and restatement of the Original Loan Agreement resulting in a revised repayment schedule and covenants.

Effective the same date 20 June 2020, 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 Islamic and commercial banks facilities. **Consequently, MWSPC's financing facilities comprise of:**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Facility approved
Public Pension Agency ("PPA")	6,599,903,363
Islamic and commercial banks	
Riyad Bank - the Murabaha facility – as agent	6,808,496,298
Riyad Bank - the Wakala facility – as agent	1,900,000,000
Sub-total	**8,708,496,298**
SIDF	4,000,000,000
Total facilities approved	**19,308,399,661**

The details of the CTA signed on 30 June 2014 which has been restructured / repaid in full during June 2020 were as follows:

	Facility approved
PIF	7,500,000,000
Islamic and commercial banks	
Procurement	4,299,854,655
Commercial	5,450,145,345
Wakala	1,650,000,000
Sub-total	**11,400,000,000**
SIDF	4,000,000,000
Total facilities approved	**22,900,000,000**

Facility agents:

- Riyad Bank act as agent for the Murabaha facility
- Riyad Bank act as agent for the Wakala facility

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

Syndicated revolving credit facility

On 18 December 2017, the Company renewed its financing agreements revising the total revolving credit 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 32).

(All amounts in Saudi Riyals unless otherwise stated)

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.

(All amounts in Saudi Riyals unless otherwise stated)

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

38.2 | Facilities utilized under the different CTAs

MAC facility – restructured on 14 December 2017

	Year ended 31 December 2020	**Year ended** 31 December 2019
Public Investment Fund (Note 47.2)	4,275,375,000	4,275,375,000
Less: Transaction cost balance at the year end	(34,725,524)	(38,830,699)
Sub-total	**4,240,649,476**	**4,236,544,301**

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.

(All amounts in Saudi Riyals unless otherwise stated)

Continued

The upfront transaction cost incurred, is amortized over the term of the loan and the amortization for the year amounted to SAR 4,105,175 (31 December 2019: SAR 4,101,201) (Note 38.11).

Islamic and commercial banks	5,178,750,000	5,178,750,000
Riyal Murabaha	1,503,750,000	1,503,750,000
Commercial – USD conventional	(43,651,114)	(53,618,436)
Less: Transaction cost balance at the year end	6,638,848,886	6,628,881,564
Sub-total	**4,240,649,476**	**4,236,544,301**

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 and the amortization for the year amounted to SAR 9,967,322 (31 December 2019: SAR 9,952,119) (Note 38.11).

Total MAC borrowings (Note 38.8)	**10,879,498,362**	**10,865,425,865**

MRC facility

	Year ended 31 December 2020	**Year ended** 31 December 2019
Public Investment Fund (Note 47.2)	-	2,986,387,500
Less: Transferred to Ma'aden during the year	-	(2,986,387,500)
Sub-total	-	-

(All amounts in Saudi Riyals unless otherwise stated)

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 and the amortization for the period amounted to Nil (31 December 2019: SAR 5,436,618) (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 year (Note 36.3).

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

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 and the amortization for the year amounted to Nil (31 December 2019: SAR 13,057,394) (Note 38.11).

Sub-total carried forward	**-**	**-**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Year ended 31 December 2020	**Year ended** 31 December 2019
Balance brought forward	-	-
Saudi Industrial Development Fund	275,000,000	425,000,000
Less: Repaid during the year	(50,000,000)	(150,000,000)
Sub-total	**225,000,000**	**275,000,000**
Less: Transaction cost balance at the year end	(4,362,969)	(8,122,382)
Sub-total	**220,637,031**	**266,877,618**

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 and the amortization for the year amounted to SAR 3,759,413 (31 December 2019: SAR 5,004,364) (Note 38.11).

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

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).

Islamic and commercial banks restructured on 19 December 2019		
Riyal procurement	1,312,500,000	1,312,500,000
Less: Transaction cost balance at the year end	(9,889,479)	(11,156,250)
Sub-total	**1,302,610,521**	**1,301,343,750**

(All amounts in Saudi Riyals unless otherwise stated)

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 cost 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. The amortization for the year amounted to SAR 1,266,771 (31 December 2019: Nil) (Note 38.11).

Total MRC borrowings (Note 38.8)	**1,523,247,552**	**1,568,221,368**

MBAC facility – restructured on 16 July 2018

	Year ended 31 December 2020	**Year ended** 31 December 2019
Public Investment Fund (Note 47.2)	3,431,917,500	3,506,250,000
Less: Repaid during the year	(140,600,625)	(74,332,500)
Sub-total	**3,291,316,875**	**3,431,917,500**
Less: Transaction cost balance at the year end	(98,242,623)	(107,636,682)
Sub-total	**3,193,074,252**	**3,324,280,818**

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 is amortized over the term of the loan and the amortization for the year amounted to SAR 9,394,059 (31 December 2019: SAR 9,290,480) (Note 38.11).

(All amounts in Saudi Riyals unless otherwise stated)

Continued

Islamic and commercial banks		
Riyal Murabaha	3,957,063,500	4,025,000,000
Riyal Wakala	216,766,000	220,000,000
	4,173,829,500	4,245,000,000
Less: Repaid during the year	(135,039,000)	(71,170,500)
Sub-total	**4,038,790,500**	**4,173,829,500**
Less: Transaction cost balance at the year end	(28,087,009)	(32,905,612)
Sub-total	**4,010,703,491**	**4,140,923,888**

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 is amortized over the term of the loan and the amortization for the year amounted to SAR 4,818,603 (31 December 2019: SAR 4,897,285) (Note 38.11).

Riyal Murabaha facility (a working capital facility)	346,693,750	686,693,750
Less: Repaid during the year	-	(340,000,000)
Sub-total	**346,693,750**	**346,693,750**
Less: Transaction cost balance at the year end	(2,043,857)	(2,492,721)
Sub-total	**344,649,893**	**344,201,029**

Riyal Murabaha facility as at 31 December 2018 was repaid in full and a new Murabaha facility 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 and the amortization for the year amounted to SAR 448,864 (31 December 2019: SAR 448,279) (Note 38.11).

Total MBAC borrowings (Note 38.8)	**7,548,427,636**	**7,809,405,735**

(All amounts in Saudi Riyals unless otherwise stated)

MWSPC facility

	Year ended 31 December 2020	**Year ended** 31 December 2019
Public Investment Fund ("PIF") (Note 47.2)	6,599,903,363	6,839,278,174
Less: Repaid during the year	-	(239,374,811)
Sub-total	**6,599,903,363**	**6,599,903,363**
Less: Transaction cost balance at the year end	(45,815,117)	(49,137,337)
	6,554,088,246	6,550,766,026
Loan transferred to Public Pension Agency ("PPA")		
Principal amount of loan	(6,599,903,363)	-
Unamortised transaction cost balance	45,815,117	-
Sub-total	**-**	**6,550,766,026**

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 and the amortization for the year amounted to SAR 3,322,220 (31 December 2019: SAR 6,666,551) (Note 38.11).

Loan transferred to PPA

Subsequent to the PPA loan agreement entered by the company on 20 June 2020, all the secured debt of PIF under the original agreement was transferred from PIF to PPA.

This transfer resulted in extinguishment of the loan and the unamortised transaction cost balance of SAR 45,815,117 as at 20 June 2020 has been charged to the consolidated statement of profit or loss for the period.

Public Pension Agency ("PPA") (Note 47.2)	6,599,903,363	-
Less: Transaction cost balance at the year end	(54,228,793)	-
Sub-total	**6,545,674,570**	**-**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

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 27 installments on a six monthly basis starting from 30 June 2022. The repayments are starting at SAR 59 million and increasing over the term of the loan with the final repayment of SAR 379 million on 30 June 2035 (Note 38.9).

The transaction cost incurred on transfer of the loan amounted to SAR 56,099,179 and has been netted-off with the loan balance, is amortized over the term of the loan and the amortization for the year amounted to SAR 1,870,386 (Note 38.11).

Sub-total carried forward	**6,545,674,570**	**6,550,766,026**

	Year ended 31 December 2020	**Year ended** 31 December 2019
Balance brought forward	**6,545,674,570**	**6,550,766,026**
Islamic and commercial banks		
Dollar procurement	293,738,779	304,392,518
Saudi Riyal procurement	2,177,078,304	2,620,254,420
Commercial	5,001,234,430	5,182,626,350
Wakala	1,236,444,786	1,488,141,198
Sub-total	**8,708,496,299**	**9,595,414,486**
Less: Repaid during the year	(8,708,496,299)	(886,918,187)
Sub-total	**-**	**8,708,496,299**
Less: Transaction cost balance at the year end	-	(14,230,753)
Sub-total	**-**	**8,694,265,546**

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 before restructuring started from 30 June 2019. The repayments were 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 and the amortization for the year ended 31 December 2019 amounted to SAR 2,490,308 (Note 38.11).

(All amounts in Saudi Riyals unless otherwise stated)

Islamic and commercial banks restructured on 20 June 2020		
Riyad Bank - as agent for the Murabaha facility	6,808,496,299	-
Riyad Bank - as agent for the Wakala facility	1,900,000,000	-
Sub-total	**8,708,496,299**	**-**
Less: Transaction cost balance at the year end	(76,004,738)	-
Sub-total	**8,632,491,561**	**-**

The restructuring resulted in an extinguishment of the previous loan and the unmortised transaction cost balance of SAR 14,230,753 as at 20 June 2020 has been charged to the consolidated statement profit or loss.

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period on all the Saudi Riyal facilities is SIBOR plus a margin (mark-up in case of Wakala facilities) of 1.45% for Murabaha facility and 1.55% for Wakala facility.

The repayment of the principal amounts of loans will commence from 30 June 2022. The repayments will start at SAR 77 million and will increase over the term of the loan with the final repayment of SAR 500 million on 30 June 2035.

The transaction cost incurred on obtaining the loan amounted to SAR 78,376,467 has been netted-off with the loan balance, is amortized over the term of the loan and the amortization for the year amounted to SAR 2,371,729 (Note 38.11).

Sub-total carried forward	**15,178,166,131**	**15,245,031,572**

	Year ended 31 December 2020	**Year ended** 31 December 2019
Balance brought forward	**15,178,166,131**	**15,245,031,572**
Saudi Industrial Development Fund	3,795,000,000	3,940,000,000
Less: Repaid during the year	-	(145,000,000)
Sub-total	**3,795,000,000**	**3,795,000,000**
Less: Transaction cost balance at the year end	(241,552,862)	(276,443,286)
Sub-total	**3,553,447,138**	**3,518,556,714**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

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).

After the restructuring on 20 June 2020, the repayment of the loan will start from May 2021, on a six monthly basis, starting at SAR 175 million and increasing over the term of the loan with the final repayment of SAR 55 million in August 2031 (Note 38.9).

The upfront transaction cost incurred is amortized over the term of the loan and the amortization for the year amounted to SAR 34,890,424 (31 December 2019: SAR 21,058,522) (Note 38.11).

Total MWSPC borrowings (Note 38.8)	**18,731,613,269**	**18,763,588,286**

Ma'aden facility (Loan agreement with PIF)

	Year ended 31 December 2020	**Year ended** 31 December 2019
Public Investment Fund (Note 46.2)	-	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 32)	-	(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 33)	-	(2,365,258,650)
Total	**-**	**-**

(All amounts in Saudi Riyals unless otherwise stated)

38.3 | Syndicated revolving credit facility

Ma'aden facility

	Year ended 31 December 2020	**Year ended** 31 December 2019
Syndicated revolving credit facility (Note 38.9 and 49.3)	-	-

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

38.4 | Facility utilized under the different CTA's

MGBM facility

	Year ended 31 December 2020	**Year ended** 31 December 2019
As Suq mine		
Saudi Industrial Development Fund	96,000,000	121,000,000
Less: Repaid during the year	(28,000,000)	(25,000,000)
Sub-total	**68,000,000**	**96,000,000**
Less: Transaction cost balance at the year end	(1,301,807)	(2,718,798)
Sub-total	**66,698,193**	**93,281,202**

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 the amortization for the year amounted to SAR 1,416,991 (31 December 2019: SAR 1,836,357) (Note 38.11).

(All amounts in Saudi Riyals unless otherwise stated)

Continued

Ad-Duwayhi mine and water pipeline		
Saudi Industrial Development Fund	760,000,000	920,000,000
Less: Repaid during the year	(170,000,000)	(160,000,000)
Sub-total	**590,000,000**	**760,000,000**
Less: Transaction cost balance at the year end	(13,543,640)	(23,350,755)
Sub-total	**576,456,360**	**736,649,245**

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 and the amortization for the year amounted to SAR 9,807,115 (31 December 2019: SAR 12,003,224) (Note 38.11).

Total MGBM borrowings (Note 38.8)	**643,154,553**	**829,930,447**

38.5 | Facilities utilized under the different MFAs

MIC facility

	Year ended 31 December 2020	**Year ended** 31 December 2019
HSBC Saudi Arabia Limited – as agent for the Murabaha facility participants	727,000,000	805,000,000
Less: Repaid during the year	(78,000,000)	(78,000,000)
Sub-total	**649,000,000**	**727,000,000**
Less: Transaction cost balance at the year end	(5,000,000)	(6,000,000)
	644,000,000	721,000,000

(All amounts in Saudi Riyals unless otherwise stated)

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 and the amortization for the year amounted to SAR 1,000,000 (31 December 2019: SAR 1,000,000) (Note 38.11).

Total MIC borrowings (Note 38.8)	**644,000,000**	**721,000,000**

MPC facility

	Year ended 31 December 2020	**Year ended** 31 December 2019
Riyad Bank – as agent for the Murabaha facility participants	5,163,272,057	5,900,882,353
Less: Repaid during the year	(737,610,294)	(737,610,296)
Sub-total	**4,425,661,763**	**5,163,272,057**
Less: Transaction cost balance at the year end	(19,353,733)	(31,347,790)
	4,406,308,030	5,131,924,267

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 and the amortization for the year amounted to SAR 11,994,057 (31 December 2019: SAR 13,331,482) (Note 38.11).

Total MPC borrowings (Note 38.8)	**4,406,308,030**	**5,131,924,267**

(All amounts in Saudi Riyals unless otherwise stated)

38.6 | Facility utilized under SFA

MPC facility

	Year ended 31 December 2020	**Year ended** 31 December 2019
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	(2,930,519)	(3,592,958)
	3,497,069,481	3,496,407,042

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 and the amortization for the year amounted to SAR 662,439 (31 December 2019: SAR 624,930) (Note 38.11).

Total MPC borrowings (Note 38.8)	**3,497,069,481**	**3,496,407,042**

38.7 | Meridian

	Year ended 31 December 2020	**Year ended** 31 December 2019
Commercial banks	136,383,866	100,654,421
Bank overdraft and other facilities	163,770,360	306,935,172
Total borrowings (Note 38.8)	**300,154,226**	**407,589,593**

(All amounts in Saudi Riyals unless otherwise stated)

38.8 | Total borrowings

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
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	1,537,500,000	1,587,500,000
MBAC – restructured on 16 July 2018	38.2	7,676,801,125	7,952,440,750
MWSPC	38.2	19,103,399,662	19,103,399,662
MGBM facility	38.4	658,000,000	856,000,000
MFAs:			
MIC	38.5	649,000,000	727,000,000
MPC	38.5	4,425,661,763	5,163,272,057
SFA:			
MPC	38.6	3,500,000,000	3,500,000,000
Meridian	38.7	300,154,226	407,589,593
Sub-total	49.1.2, 50	48,808,391,776	50,255,077,062
Less: Transaction cost balance at the year end		(634,918,667)	(661,584,459)
Sub-total	38	48,173,473,109	49,593,492,603
Less: Current portion of borrowings shown under current liabilities			
MAC		775,617,750	-
MRC		178,750,000	50,000,000
MBAC		398,461,125	275,639,625
MWSPC		350,000,000	784,010,773
MGBM		222,000,000	198,000,000
MIC		78,000,000	78,000,000
MPC		737,610,294	737,610,294
Meridian		236,760,011	312,959,089
Sub-total	38,50	2,977,199,180	2,436,219,781
Long-term portion of borrowings	**38,50**	**45,196,273,929**	**47,157,272,822**

38.9 | Maturity profile of long-term borrowings

	Year ended 31 December 2020	**Year ended** 31 December 2019
2020	-	2,436,219,781
2021	2,977,199,180	3,814,100,886
2022	3,772,492,174	4,546,568,895
2023	4,525,033,215	5,483,265,997
2024	2,979,861,415	4,043,276,958
2025	6,061,304,024	2,490,663,543
2026	2,527,675,976	2,490,663,543
2027 thereafter	25,964,825,792	24,950,317,458
Total	**48,808,391,776**	**50,255,077,061**

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:

	Year ended 31 December 2020	**Year ended** 31 December 2019
Public Investment Fund (US$)	2,017,784,500	3,851,728,380
Public Pension Agency (US$)	1,759,974,230	-
Islamic and commercial banks		
Procurement (US$)	-	79,953,768
Procurement (SAR)	-	592,586,426
Commercial (US$)	481,041,127	1,789,054,405
Wakala (SAR)	563,004,267	394,356,423
Murabaha (SAR)	4,217,272,213	2,436,216,933
Sub-total	**5,261,317,607**	**5,292,167,955**
Saudi Industrial Development Fund (SAR)	1,247,466,667	1,310,933,333
Murabaha facility (SAR)	1,193,243,137	1,325,739,216
Murabaha facility (USD)	510,000,000	595,000,000
Sukuk facility (SAR)	933,333,333	933,333,333
Riyal Murabaha facility (a working capital facility) (SAR)	92,451,667	92,451,667
Total	**13,015,571,141**	**13,401,353,884**

(All amounts in Saudi Riyals unless otherwise stated)

38.11 | Amortization of transaction cost

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
CTAs:			
MAC – restructured on 14 December 2017	38.2	14,072,497	14,053,320
MRC – restructured on 19 December 2019	38.2	5,026,184	23,498,376
MBAC – restructured on 16 July 2018	38.2	14,661,526	14,636,044
MWSPC	38.2	102,500,629	30,215,381
MGBM facility	38.4	11,224,106	13,839,581
MFAs:			
MIC	38.5	1,000,000	1,000,000
MPC	38.5	11,994,057	13,331,482
SFA:			
MPC	38.6	662,439	624,930
Sub-total	**15**	**161,141,438**	**111,199,114**
Less: Capitalised as part of capital work-in-progress			
MGBM	15.1,21	(11,224,106)	(2,094,184)
Total charged to finance cost		**149,917,332**	**109,104,930**

38.12 | Security

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

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Mine properties	18.2	4,616,711,558	4,951,673,769
Property, plant and equipment	19.2	20,990,652,045	21,971,378,439
Capital work-in-progress	21.1	795,377,798	887,773,606
Intangible assets	22	-	11,428,944
Total		**26,402,741,401**	**27,822,254,758**

(All amounts in Saudi Riyals unless otherwise stated)

39. Provision for decommissioning, site rehabilitation and dismantling obligations

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Gold mines	39.1	180,629,247	120,554,820
Bauxite mine	39.2	140,928,037	122,222,998
Phosphate mines	39.3	194,444,458	203,662,693
Low grade bauxite, kaolin and magnesite mines	39.4	4,838,703	4,655,004
Total		**520,840,445**	**451,095,515**

Ma'aden Phosphate Complex - Wa'ad Al Shamal Minerals Industrial City

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:

Ma'aden Phosphate Complex - Wa'ad Al Shamal Minerals Industrial City

(All amounts in Saudi Riyals unless otherwise stated)

39.1 | Gold mines

	Notes	As Suq mine	Mahad mine
1 January 2019		16,674,679	24,598,689
Increase arising from passage of time during the year	15	1,488,364	2,466,829
Reversal during the year credited to other income	16	(1,868,094)	-
(Decrease) / increase in provision during the year	18	(1,452,722)	-
31 December 2019	40	14,842,227	27,065,518
Increase arising from passage of time during the year	15	1,395,946	2,104,942
Reversal during the year credited to other income	16	-	(797,101)
(Decrease) / increase in provision during the year	18	(227,195)	1,623,920
31 December 2020	**39**	**16,010,978**	**29,997,279**
Commenced commercial production in		2014	1988
Expected closure date in		2026	2024

	Ad Duwayhi mine	Al-Amar mine	Sukhaybarat mine	Bulghah mine	Total
	13,912,878	9,279,158	15,168,911	26,909,186	106,543,501
	1,497,206	925,392	1,439,394	2,355,097	10,172,282
	-	-	-	(8,311,649)	(10,179,743)
	7,189,293	3,698,898	4,583,311	-	14,018,780
	22,599,377	13,903,448	21,191,616	20,952,634	120,554,820
	2,045,423	1,283,875	2,202,781	2,160,696	11,193,663
	-	-	-	-	(797,101)
	32,704,977	4,421,182	(2,728,083)	13,883,064	49,677,865
	57,349,777	**19,608,505**	**20,666,314**	**36,996,394**	**180,629,247**
	2016	2008	1991	2001	
	2026	2025	2042	2042	

39.2 | Bauxite mine

	Notes	Year ended 31 December 2019
1 January 2019		108,214,608
Increase arising from passage of time during the year	15	4,057,228
Increase in provision during the year	18	9,951,162
31 December 2019	39	122,222,998
Increase arising from passage of time during the year	15	4,060,447
Increase in provision during the year	18	14,644,592
31 December 2020	**39**	**140,928,037**
Commenced commercial production in		2014
Expected closure date in		2058

(All amounts in Saudi Riyals unless otherwise stated)

39.3 | Phosphate mines

	Notes	Al-Jalamid mine	Al-Khabra mine	Total
1 January 2019		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
Increase 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
Increase arising from passage of time during the year	15	2,580,294	2,386,015	4,966,309
Increase / (decrease) in provision during the year	18	8,138,723	(22,323,267)	(14,184,544)
31 December 2020	**39**	**87,801,593**	**106,642,865**	**194,444,458**
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 2019		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
Decrease in provision 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
Increase arising from passage of time during the year	18	78,576	3,933	101,190	183,699
31 December 2020	**39**	**2,098,574**	**96,472**	**2,643,657**	**4,838,703**
Commenced commercial production in		2008	2011	2011	
Expected closure date in		2036	2057	2041	

(All amounts in Saudi Riyals unless otherwise stated)

40. Lease liabilities

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Future minimum lease payments	40.1	2,127,852,382	2,092,572,575
Less: Future finance cost not yet due	40.2	(790,682,746)	(825,972,265)
Net present value of minimum lease payments	7.2,	1,337,169,636	1,266,600,310
Less: Current portion of lease liabilities shown under current liabilities	49.3,51	(163,555,939)	(139,480,855)
Long-term portion of lease liability		**1,173,613,697**	**1,127,119,455**

Maturity profile

Minimum lease payments falling due during the following years:

2020	-	208,480,827
2021	244,127,649	127,793,761
2022	149,371,305	74,723,615
2023	101,948,306	69,896,936
2024	85,126,949	65,482,259
2025	85,376,519	65,482,259
2026 thereafter	1,461,901,654	1,480,712,918
Total	**2,127,852,382**	**2,092,572,575**

40.1 | Movement in future minimum lease payments:

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		2,092,572,575	28,117,012
IFRS 16 adjustments:			
Initial recognition of lease liability	20	-	2,162,854,688
Sub-total		**2,092,572,575**	**2,190,971,700**
Additions during the year	20	312,464,966	115,823,252
Payments during the year		(271,919,778)	(204,199,919)
Adjustment		(5,265,381)	(10,022,458)
31 December	**40**	**2,127,852,382**	**2,092,572,575**

(All amounts in Saudi Riyals unless otherwise stated)

40.2 | Movement in future finance cost:

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		(825,972,265)	(933,232)
IFRS 16 adjustments:			
Initial recognition of lease liability	20	-	(870,374,617)
Sub-total		**(825,972,265)**	**(871,307,849)**
Accretion of future finance cost during the year	15	55,451,071	53,004,942
Additions during the year	20	(20,544,134)	(8,383,312)
Adjustment		382,582	713,954
31 December	**40**	**(790,682,746)**	**(825,972,265)**

The future minimum lease payments have been discounted, using an effective interest rate of approximately 3.3% to 4% per annum, to its present value.

41. Derivative financial instruments

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		236,723,783	28,888,908
Net accrued derivative interest		26,641,843	8,940,943
Accrual during the year	15	93,187,934	23,991,691
Paid during the year		(66,546,091)	(15,050,748)
Loss in fair value of hedge instrument charged to other comprehensive income	36.2	162,510,079	198,893,932
31 December	49.3	425,875,705	236,723,783

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

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Ordinary shareholders of the parent company		121,720,049	148,971,556
Non-controlling interest	36.3	40,790,030	49,922,376
Total		**162,510,079**	**198,893,932**

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 at the reporting date, 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 date	Maturity date	Notional amount
1 October 2018	29 September 2023	1,820,250,000
1 April 2019	1 April 2024	1,800,000,000
30 June 2019	28 June 2024	1,227,187,500
Total notional hedge exposure (Note 49.1.2)		**4,847,437,500**

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:

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Year ended 31 December 2020	**Year ended** 31 December 2019
Carrying amount (liability)	425,875,705	236,723,783
Notional amount	4,847,437,500	4,847,437,500
Hedge ratio	1:1	1:1
Loss in value of hedge item used to determine hedge effectiveness	162,510,079	198,893,932

Accumulated loss in fair value of outstanding hedging instruments

	Year ended 31 December 2020	**Year ended** 31 December 2019
1 January	225,834,795	26,940,863
Loss for the year charged to other comprehensive loss	162,510,079	198,893,932
31 December	**388,344,874**	**225,834,795**

42. Employees' benefits

	Notes	**Year ended** 31 December 2020	**Year ended** 31 December 2019
Employees' end of service termination benefits obligation	42.1	708,307,551	625,553,417
Employees' savings plan	42.2	135,142,606	96,845,788
Total		843,450,157	722,399,205

(All amounts in Saudi Riyals unless otherwise stated)

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 2020	Year ended 31 December 2019
1 January		625,553,417	545,417,883
Total amount recognised in profit or loss		108,514,281	104,894,761
Current service cost		83,492,145	80,372,421
Finance cost	15	25,022,136	24,522,340
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	42.1.1	12,196,393	329,869
Loss from change in financial assumptions		14,282,101	13,156,626
Experience gains		(2,085,708)	(12,826,757)
Settlements		(37,956,540)	(25,089,096)
31 December	**42**	**708,307,551**	**625,553,417**

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 2020	Year ended 31 December 2019
Re-measurement loss debited in other comprehensive income during the year*	42.1	12,196,393	329,869

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

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Shareholders of the parent company		9,591,478	42,419
Non-controlling interest	36.2,36.3	2,604,915	287,450
Total		**12,196,393**	**329,869**

Significant actuarial assumptions

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

	Year ended 31 December 2020	Year ended 31 December 2019
Discount rate	2.60%	4%
Salary increase rate	2.60%	2.5-4%
Mortality rate	A80 table	A80 table
Withdrawal rate	6%	6%

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 2020				
Discount rate	1%	(81,191,682)	1%	98,406,287
Salary increase rate	1%	97,360,682	1%	(42,648,005)
Mortality rate	10%	(129,851)	10%	130,232
Withdrawal rate	10%	(1,881,142)	10%	1,953,464
31 December 2019				
Discount rate	1%	(70,336,397)	1%	86,897,150
Salary increase rate	1%	86,211,041	1%	(71,126,175)
Mortality rate	10%	(116,318)	10%	116,647
Withdrawal rate	10%	(1,765,772)	10%	1,841,408

(All amounts in Saudi Riyals unless otherwise stated)

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

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

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

The weighted average duration of the employees' end of service termination benefits obligation is 12.77 years. The expected maturity analysis of undiscounted employees' end of service termination benefits obligation is as follows:

	Year ended 31 December 2020	Year ended 31 December 2019
2020	-	45,339,769
2021	55,924,924	32,773,551
2022	27,250,477	23,496,868
2023	27,248,439	24,544,734
2024	25,399,893	23,726,642
2025	32,114,004	23,726,642
2026 and thereafter	843,912,144	929,958,054
Total	**1,011,849,881**	**1,103,566,260**

42.2 | Employees' savings plan

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		96,845,788	73,045,857
Contribution for the year		77,512,639	38,775,217
Withdrawals during the year		(39,215,821)	(14,975,286)
31 December	**31,42**	**135,142,606**	**96,845,788**

(All amounts in Saudi Riyals unless otherwise stated)

43. Projects, trade and other payables

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Non-current portion			
Gross retention withheld from progress payments		577,764,617	679,931,813
Less: Current portion of retention payable (see below)		(577,764,617)	(679,931,813)
Present value of long-term portion of retention payable		-	-
Non-refundable contributions	43.2	72,140,088	90,373,425
Non-controlling interest put option	43.3	99,415,016	78,900,805
Sub-total		**171,555,104**	**169,274,230**
Current portion			
Current portion of retention payable (see above)		577,764,617	679,931,813
Projects		1,224,639,110	511,325,834
Trade		1,878,627,004	1,762,725,865
Advances from customers		27,615,435	22,693,500
Rebate payable to customers		81,782,400	73,545,790
Other		56,330,422	118,877,401
Sub-total		**3,846,758,988**	**3,169,100,203**
Total	**49.3,51**	**4,018,314,092**	**3,338,374,433**

43.1 | Movement in unamortized discount for long-term retention payable

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		-	(11,052,030)
Unwinding of discount of non-current retention payable charged to finance cost	15	-	11,052,030
31 December	**43**	**-**	**-**

(All amounts in Saudi Riyals unless otherwise stated)

43.2 | Movement in non-refundable contributions

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		90,373,425	110,887,008
1% deduction from certain contractor's progress payments		3,149,511	7,644,454
Payments made to community support project		(21,382,848)	(28,158,037)
31 December	**43**	**72,140,088**	**90,373,425**

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

Movement in non-controlling interest Put options is as follows:

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		78,900,805	-
Recognition as at the date of business combination		-	78,900,805
Unwinding of discount debited to other reserves		20,514,211	-
31 December	**43**	**99,415,016**	**78,900,805**

As 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 network company operating in East Africa on 8 August 2019.

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

(All amounts in Saudi Riyals unless otherwise stated)

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.

44. Accrued expenses

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Projects		606,982,747	304,989,331
Trade		1,672,444,802	1,548,217,353
Employees		295,366,668	265,005,061
Accrued expenses – Alcoa Corporation	47.1,47.2	25,161,307	37,353,100
Accrued expenses – The Mosaic Company	47.1,47.2	3,246,533	15,713,516
Total	49.3,51	2,603,202,057	2,171,278,361

(All amounts in Saudi Riyals unless otherwise stated)

Continued

Accrued expenses for projects mainly represent the contract cost accruals in relation to Corporate and MGBM.

Accrued expenses for Alcoa Corporation mainly represent 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	Year ended 31 December 2020	Year ended 31 December 2019
Zakat payable	45.2	193,192,048	256,524,753
Income tax payable	45.5	11,311,475	10,845,066
Total	**49.3,51**	**204,503,523**	**267,369,819**

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 on the higher of the zakat base or adjusted net income at 2.5% of the adjusted net income and 2.578% of the zakat base excluding adjusted net income.

(All amounts in Saudi Riyals unless otherwise stated)

45.2 | Zakat payable

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		256,524,753	189,153,041
Provision for zakat		161,279,813	249,156,159
Current year	45.3	137,999,463	180,206,955
Prior year under provision		23,280,350	68,949,204
Paid during year to the authorities	45.4	(224,612,518)	(181,784,447)
31 December	**45**	**193,192,048**	**256,524,753**

45.3 | Provision for zakat consists of:

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Saudi Arabian Mining Company		9,500,000	74,474,583
Ma'aden Gold and Base Metals Company	46.2	19,318,054	10,931,310
Industrial Minerals Company		3,983,740	4,204,994
Ma'aden Infrastructure Company		3,154,099	3,083,235
Ma'aden Fertilizer Company		23,305	-
Ma'aden Phosphate Company		32,176,761	13,558,012
Ma'aden Wa'ad Al-Shamal Phosphate Company		-	13,904,140
Ma'aden Aluminium Company		17,096,969	26,571,891
Ma'aden Rolling Company		35,700,126	11,673,632
Ma'aden Bauxite and Alumina Company		17,046,409	21,805,158
Total	**45.2**	**137,999,463**	**180,206,955**

(All amounts in Saudi Riyals unless otherwise stated)

45.4 | Status of final assessments

The Company and its wholly owned subsidiaries have diligently filed their consolidated zakat returns for the financial years from 2015 to 2019 and has received provisional zakat certificates for the same.

During April 2017, the GAZT issued final zakat assessments for the Company and its wholly owned subsidiaries for the 5 years starting from 2009 until 2013 with an additional zakat liability of SAR 46.3 million, which were accepted and fully paid by the Company. During the year ended 31 December 2020, the Company received GAZT assessment for the year 2014 of SAR 34.4 million out of which the Company has paid SAR 33.2 million and appealed on the balance of SAR 1.2 million.

No final assessment for the Company and its wholly owned subsidiaries for the five years, 2015 to 2019, have been issued by the General Authority of Zakat and Tax (GAZT). The Company, based on the results of the assessed years from 2009 to 2014, has made its best estimate for the most likely outcome over position taken on balances and transactions, the result of which are uncertain for un-assessed years from 2015 to 2019 and hereby the provision of the Company as at 31 December 2020 is considered sufficient to provide for any future amounts payable on such un-assessed years from 2015 to 2019.

For the remaining subsidiaries, 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 2019 and provisional zakat and income tax certificates upto 31 December 2019 have been received, but no final zakat and income tax assessments

45.5 | Income tax payable

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		10,845,066	1,548,530
Addition through business combination	5	-	1,967,678
Income tax expense	24.1	466,409	13,026,770
Current year	45.6	6,543,689	13,026,770
Prior year over provision		(6,077,280)	-
Paid during year to the authorities		-	(5,697,912)
31 December	**45**	**11,311,475**	**10,845,066**

(All amounts in Saudi Riyals unless otherwise stated)

45.6 | Provision for income tax consist of:

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Ma'aden Aluminium Company		6,543,689	-
Meridian		-	13,026,770
Total	**45.5**	**6,543,689**	**13,026,770**

46. Severance fees payable

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		**124,505,948**	**124,800,448**
Provision for severance fee made during the year	9	207,197,069	122,384,655
Current year charge	46.1	210,793,372	124,505,948
Prior year adjustment		(3,596,303)	(2,121,293)
Paid during year to the authorities		**(120,909,643)**	**(122,679,155)**
31 December		**210,793,374**	**124,505,948**

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.

(All amounts in Saudi Riyals unless otherwise stated)

46.1 | Provision for severance fees consists of:

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Gold mines	46.2	209,307,695	123,090,653
Low grade bauxite		945,714	785,728
Kaolin		362,406	369,747
Magnesia		136,679	176,760
Dead burned magnesia		32,906	36,713
Monolithic		-	3,436
Raw ore magnesia		7,972	42,911
Total	**46**	**210,793,372**	**124,505,948**

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

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Net income from operating mines before zakat and severance fee for the year		945,367,909	536,087,852
25% of the year net income as defined		236,341,977	134,021,963
Hypothetical income tax based on year's taxable net income		228,625,749	149,423,517
Provision based on the lower of the above two computations		228,625,749	134,021,963
Deduct provision for zakat	45.3	(19,318,054)	(10,931,310)
Net severance fee provision for the year	**46.1**	**209,307,695**	**123,090,653**

(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 2020	Year ended 31 December 2019
Sales of MAC to Alcoa Inespal, S.A., in accordance with a shareholders off-take agreement, during the year		943,449,656	957,813,474
Sales of MPC through SABIC, in accordance with a marketing agreement, during the year		1,267,745,958	1,248,751,783
Sales of MWSPC through SABIC, in accordance with a marketing agreement, during the year		437,335,391	463,483,647
Sales of MWSPC through The Mosaic Company, in accordance with a marketing agreement, during the year		750,860,049	721,644,368
Cost of seconded employees, technology fee and other cost paid to Alcoa Corporation during the year	44	27,137,505	46,479,947
Cost of seconded employees, technology fee and other cost paid to The Mosaic Company during the year	44	45,255,332	86,141,068
Purchase of raw material supplies from Saudi Aramco:			
MPC		300,929,326	-
MWSPC		292,675,361	-
Total		**593,604,687**	**-**

(All amounts in Saudi Riyals unless otherwise stated)

47.2 | Related party balances

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

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Trade and other receivables due from:			
Non-controlling shareholders:			
▪ SABIC in MPC - trade		123,416,016	201,929,255
▪ SABIC in MWSPC - trade		28,918,417	63,917,077
Sub-total – trade receivables due from SABIC	**29**	**152,334,433**	**265,846,332**
▪ The Mosaic Company in MWSPC - trade	29	65,732,053	39,322,107
Sub-total – trade receivables due from non-controlling shareholders		**218,066,486**	**305,168,439**
Subsidiaries of a non-controlling shareholder:			
▪ Alcoa Inespal, S.A. in MAC - trade	29	94,601,698	81,997,942
▪ Alcoa Warrick LLC in MAC - trade	29	67,943,908	136,761,207
Sub-total – trade receivable due from Alcoa		**162,545,606**	**218,759,149**
A joint venture company:			
▪ MBCC - other	29	86	77,456
Parent company of a non-controlling shareholder:			
▪ Rebate receivable from Saudi Aramco related to purchase of molten sulfur	29	225,549,220	-
Total		**606,161,398**	**524,005,044**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Long-term borrowings from PIF (a sovereign wealth fund of the Kingdom of Saudi Arabia), 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
MBAC facility – restructured on 16 July 2018	38.2	3,291,316,875	3,431,917,500
MWSPC facility	38.2	-	6,599,903,363
Total		**7,566,691,875**	**14,307,195,863**

The Group also has borrowing arrangements with certain other governmental agencies at market terms. See Note 38.2 for significant transactions entered during the year.

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
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
▪ Accrued expenses due to Alcoa Corporation in MAC, MRC and MBAC	44	25,161,307	37,353,100
Total		**93,316,739**	**105,508,532**
Payable to the parent company of a non-controlling shareholder:			
▪ Payable to Saudi Aramco by MPC and MWSPC		68,876,566	-
Payable to the parent company of a non-controlling shareholder:			
▪ Accrued expenses due to The Mosaic Company in MWSPC	44	3,246,533	15,713,516

(All amounts in Saudi Riyals unless otherwise stated)

47.3 | Key management personnel compensation

	Year ended 31 December 2020	Year ended 31 December 2019
Short-term employee benefits	14,819,097	23,263,868
Employees' end of service termination benefits	5,883,830	11,529,763
Total	**20,702,927**	**34,793,631**

48. Commitments and contingent liabilities

48.1 | Capital commitments

	Year ended 31 December 2020	Year ended 31 December 2019
Capital expenditure contracted for:		
Employees' end of service termination benefits	4,298,324,606	6,809,757,514

48.2 | Guarantees

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Guarantee in favor of Saudi Aramco, for future diesel and gas feedstock supplies		111,520,244	111,520,244
Guarantee in favor of Saudi Aramco for future supply of molten sulfur		234,375,000	234,375,000
Guarantees in favor of Ministry of Industry and Mineral Resources, for future purified phosphoric acid, fuel and feed stocks supplies		262,500,000	-
Guarantee in favor of Saudi Ports Authority		6,671,580	18,845,851
Guarantees in favor of Jordan Phosphate Mine for future supply of concentrated ore		-	29,045,418
Guarantee in favor of Andritz SAS, for future supply of materials		16,383,897	449,995
Guarantee in favor of Mitsubishi Corporation, for future supply of materials		11,910,300	-
Others		4,535,286	4,254,930
Total		**647,896,307**	**398,491,438**

(All amounts in Saudi Riyals unless otherwise stated)

48.3 | Letters of credit

	Year ended 31 December 2020	**Year ended** 31 December 2019
Sight letters of credit for purchasing equipment and materials	1,426,527	1,437,638
Letter of credit in favor of General Electric Global Services	3,375,000	3,375,000
Total	**4,801,527**	**4,812,638**

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, lease liabilities, 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 reporting date.

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:

	Year ended 31 December 2020	**Year ended** 31 December 2019
Trade receivables	-	-
Project, trade and other payables and accrued expenses	26,136,572	38,585,042
Total	**26,136,572**	**38,585,042**

(All amounts in Saudi Riyals unless otherwise stated)

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:

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Foreign exchange (loss) / gain included in other income / (expense), net	16	(122,763,792)	6,501,013

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 2020	Year ended 31 December 2019
SAR/ EURO exchange rate		
Increase by 10%	(1,320,642)	(2,280,000)
decrease by 10%	1,320,642	2,280,000

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.

(All amounts in Saudi Riyals unless otherwise stated)

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:

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Notional amount hedged	41	4,847,437,500	4,847,437,500

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 2020	Year ended 31 December 2019
Interest rate		
increase by 100 basis points	(64,084,662)	(199,922,108)
decrease by 100 basis points	64,084,662	199,922,108

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:

	Year ended 31 December 2020	Year ended 31 December 2019
Fixed interest rate borrowings	4,678,000,000	4,926,000,000
Variable interest rate borrowings – repricing dates		
6 months or less	44,130,391,776	45,329,077,062
Total	**48,808,391,776**	**50,255,077,062**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

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 2020	**Year ended** 31 December 2019
Interest rate		
increase by 100 basis points	(882,987,961)	(892,443,510)
decrease by 100 basis points	882,987,961	892,443,510

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 17,882,999,464 which are exposed to the impact of LIBOR as at 31 December 2020 (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.

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 commodity prices would result in the reduction of receivable balance. 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.

(All amounts in Saudi Riyals unless otherwise stated)

Commodity price exposure

The exposure of the Group's trade receivables balance to changes in commodity prices are as follows:

	Year ended 31 December 2020	**Year ended** 31 December 2019
Trade receivables pertaining to:		
Phosphate	1,315,441,992	1,267,531,845
Aluminium	952,932,316	896,944,861
Gold	184,133,799	251,221,854
Total	**2,452,508,107**	**2,415,698,560**

Policies and procedure to manage commodity price risk

The Group policy is to manage these risks through the use of contract-base prices with customers.

Commodity price sensitivity analysis

The table below shows the impact on profit before tax and equity for changes in commodity prices. The analysis is based on the assumption that phosphate, aluminium and gold prices move 10% with all other variables held constant.

	Year ended 31 December 2020	**Year ended** 31 December 2019
Increase / (decrease) in phosphate prices		
Increase of 10% in USD per tonne	99,082,383	65,168,905
Decrease of 10% in USD per tonne	(99,082,383)	(65,168,905)
Increase / (decrease) in aluminium LME prices		
Increase of 10% in USD per tonne	332,615,269	397,340,383
Decrease of 10% in USD per tonne	(332,615,269)	(397,340,383)
Increase / (decrease) in gold prices		
Increase of 10% in USD per oz	273,506,314	208,620,490
Decrease of 10% in USD per oz	(273,506,314)	(208,620,490)

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.

(All amounts in Saudi Riyals unless otherwise stated)

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.

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	30	1,465,000,000	-	-	1,465,000,000
Less: Credit loss allowance	30.1	(2,201,194)	-	-	(2,201,194)
Carrying amount		**1,462,798,806**	**-**	**-**	**1,462,798,806**

(All amounts in Saudi Riyals unless otherwise stated)

Impairment losses on time deposits recognized in consolidated statement of profit or loss were as follows:

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
1 January		2,201,194	2,201,194
Increase in allowance during year		-	-
31 December	**30.1**	**2,201,194**	**2,201,194**

Trade receivables

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

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Neither past due nor impaired		2,385,762,918	2,066,581,669
Past due not impaired		46,444,081	158,419,703
< 30 days		19,630,649	15,684,487
30-60 days		989	6,275,344
61-90 days		669,470	168,737,357
> 90 days, net		2,452,508,107	2,415,698,560
Total	**29**	**593,604,687**	**-**

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

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Time deposits	30	1,465,000,000	3,159,175,000
Unrestricted cash and cash equivalents	31	4,111,070,912	3,508,050,288
Total		**5,576,070,912**	**6,667,225,288**

Liquidity risk exposure

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

	Year ended 31 December 2020	Year ended 31 December 2019
Floating rate		
Expiring beyond 1 year		
▪ Syndicated revolving credit facility	7,500,000,000	7,500,000,000
▪ Other facilities (mainly for project financing)	403,306,250	403,306,250
Fixed rate		
Expiring within 1 year	-	-
Expiring beyond 1 year	-	-
Total	**7,903,306,250**	**7,903,306,250**

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.

(All amounts in Saudi Riyals unless otherwise stated)

Contractual maturities of financial liabilities	1st year	2nd year	3 - 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Non-derivatives as at:						
31 December 2020						
Long-term borrowings (Note 38)	4,052,837,139	4,971,211,699	16,616,640,707	33,141,754,379	58,782,443,924	48,301,731,906
Lease liabilities (Note 40)	244,127,649	149,371,305	272,451,774	1,461,901,654	2,127,852,382	1,337,169,636
Derivative financial instruments (Note 41)	425,875,705	-	-	-	425,875,705	425,875,705
Projects, trade and other payables (Note 43)	3,846,758,988	171,555,104	-	-	4,018,314,092	4,018,314,092
Accrued expenses (Note 44)	2,603,202,057	-	-	-	2,603,202,057	2,603,202,057
Total	11,172,801,538	5,292,138,108	16,889,092,481	34,603,656,033	67,957,688,160	56,686,293,396
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 liabilities (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)	236,723,783	-	-	-	236,723,783	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	10,370,118,386	6,019,462,715	19,171,984,565	37,891,133,478	73,452,699,144	56,858,061,144

(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	Year ended 31 December 2020	Year ended 31 December 2019
Net debt			
Time deposits	30	1,465,000,000	3,159,175,000
Cash and cash equivalents	31	4,111,070,912	3,508,050,288
Long-term borrowings - payable within one year	38.8	(2,977,199,180)	(2,436,219,781)
Long-term borrowings - payable after one year	38.8	(45,831,192,596)	(47,818,857,281)
Lease liabilities - payable within one year	40	(244,127,649)	(208,480,827)
Lease liabilities - payable after one year	40	(1,883,724,733)	(1,884,091,748)
Net debt		**(45,360,173,246)**	**(45,680,424,349)**

Ma'aden Phosphate Train Loading - Wa'ad Al Shamal Minerals Industrial City

Ma'aden Phosphate Complex - Wa'ad Al Shamal Minerals Industrial City

(All amounts in Saudi Riyals unless otherwise stated)

Continued

Net debt reconciliation

The movement in net debt is as follows:

	Notes	Other assets	
		Time deposits (Note 30)	Cash and cash equivalents (Note 31)
1 January 2019		3,535,000,000	5,320,116,207
Addition through business combination	5	-	-
Additions during the year	40.1	-	-
Adjustment	40.1	-	-
Conversion of long-term borrowings to equity		-	-
Cash flows for the remainder of the year		(375,825,000)	(1,812,065,919)
31 December 2019		3,159,175,000	3,508,050,288
Additions during the year	40.1	-	-
Adjustment	40.1	-	-
Cash flows for the year		(1,694,175,000)	603,020,624
31 December 2020		**1,465,000,000**	**4,111,070,912**

(All amounts in Saudi Riyals unless otherwise stated)

	Liabilities from financing activities				
	Long-term borrowings - payable within one year (Note 38.8)	**Long-term borrowings - payable after one year (Note 38.8)**	**lease liabilities - payable within one year (Note 40)**	**lease liabilities - payable after one year (Note 40)**	**Total**
	(3,162,757,425)	(52,209,100,088)	(22,315,272)	(2,168,656,428)	(48,707,713,006)
	-	(383,402,238)	-	-	(383,402,238)
	-	-	-	(115,823,252)	(115,823,252)
	-	-	-	10,022,458	10,022,458
	-	2,986,387,500	-	-	2,986,387,500
	726,537,644	1,787,257,545	(186,165,555)	390,365,474	530,104,189
	(2,436,219,781)	(47,818,857,281)	(208,480,827)	(1,884,091,748)	(45,680,424,349)
	-	-	-	(312,464,966)	(312,464,966)
	-	-	-	5,265,381	5,265,381
	(540,979,399)	1,987,664,685	(35,646,822)	307,566,600	627,450,688
	(2,977,199,180)	**(45,831,192,596)**	**(244,127,649)**	**(1,883,724,733)**	**(45,360,173,246)**

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)."

(All amounts in Saudi Riyals unless otherwise stated)

Continued

The gearing ratios, in accordance with the financial covenants pertaining to the long-term borrowings (Note 37.1), as at the end of the year were as follows:

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Long term borrowings	38	48,301,731,906	49,845,084,257
Total equity		37,299,769,740	38,392,932,765
Total equity and net debt		85,601,501,646	88,238,017,022
Debt to equity ratio		**0.56**	**0.56**

Loan covenants

As at 31 December 2020, MWSPC was not in compliance with certain of its loan covenants related to maintenance of certain financial ratios as per the loan agreements with SIDF. However, the company has obtained exemptions from SIDF in respect of such non-compliances.

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 2020				
Other investments	25	38,390,000	-	38,390,000
Trade and other receivable (less VAT and employees' home ownership program receivables)	29	1,307,332,184	1,456,025,978	2,763,358,162
Time deposits	30	1,466,321,392	-	1,466,321,392
Cash and cash equivalents	31	4,246,213,518	-	4,246,213,518
Total		**7,058,257,094**	**1,456,025,978**	**8,514,283,072**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	Amortised cost	FVTPL	Total
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)	29	1,443,525,275	1,438,265,963	2,881,791,238
Time deposits	30	3,186,788,848	-	3,186,788,848
Cash and cash equivalents	31	3,604,896,076	-	3,604,896,076
Total		**8,278,395,199**	**1,438,265,963**	**9,716,661,162**

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Financial liabilities measured at amortised cost			
Long-term borrowings	38	48,301,731,906	49,845,084,257
Lease liabilities	40	1,337,169,636	1,266,600,310
Derivative financial instruments	41	425,875,705	236,723,783
Projects, trade and other payables	43	4,018,314,092	3,338,374,433
Accrued expenses	44	2,603,202,057	2,171,278,361
Total		**56,686,293,396**	**56,858,061,144**

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.

(All amounts in Saudi Riyals unless otherwise stated)

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 the reporting date, 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 the reporting date based on the fair value hierarchy:

	Notes	Level 1	Level 2	Level 3	Total
As at 31 December 2020					
Financial assets					
Trade receivables	51	-	1,456,025,978	-	1,456,025,978
Financial liabilities					
Derivative financial instruments	41	-	425,875,705	-	425,875,705
Non-controlling interest put options	43.3	-	-	99,415,016	99,415,016
Total		**-**	**425,875,705**	**99,415,016**	**525,290,721**

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	Level 1	Level 2	Level 3	Total
As at 31 December 2019					
Financial assets					
Trade receivables	51	-	1,438,265,963	-	1,438,265,963
Financial liabilities	41				
Derivative financial instruments	43.3	-	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**

53. Events after the reporting date

No events have arisen subsequent to 31 December 2020 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 2020.

54. Comparative figures

During the year ended 31 December 2020, the Group undertook an analysis of the expenses classified under cost of sales function, and certain expenses that were presented as cost of sales in prior year were reclassified to general and administrative expenses during the year ended 31 December 2020, based on the more representative function of such expenses. The comparative information has been restated to reflect the appropriate classification. The amounts reclassified from cost of sales to general and administrative expenses in the comparative consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2019, amounted to SAR 368 million (Note 9 and 11).

Such reclassifications were made in the comparative year for improved comparability and did not affect either the net worth, the operating profit / (loss) or the net profit / (loss) of the Group for the previous year.

(All amounts in Saudi Riyals unless otherwise stated)

55. Detailed information about the subsidiaries and joint ventures

Subsidiaries	Nature of business	Issued and paid-up share capital Year ended 31 December 2020	Year ended 31 December 2019
MGBM	Gold mining	867,000,000	867,000,000
MIC	Manage and develop infrastructure projects	500,000	500,000
IMC	Kaolin, low grade bauxite and magnesite mining	344,855,200	344,855,200
MFC	Phosphate mining and production of urea, phosphate and potassium fertilizer	1,000,000	1,000,000
MMDC	Phosphate fertilizer distribution	1,000,000	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
MAC	Aluminium ingots, T-shape ingots, slabs and billets	6,573,750,000	6,573,750,000
MBAC	Bauxite mining and refining	4,828,464,412	4,828,464,412
MPC	Phosphate mining and fertilizer producer	6,208,480,000	6,208,480,000
MWSPC	Phosphate mining and fertilizer producer	7,942,501,875	7,942,501,875
Sub-total			
Joint ventures			
SAMAPCO	Production of concentrated caustic soda and ethylene dichloride	900,000,000	900,000,000
MBCC	Production of copper and associated minerals	404,965,291	404,965,291
Sub-total			
Total			

	Effective group interest %		Cost of investment by parent company	
	Year ended 31 December 2020	**Year ended** 31 December 2019	**Year ended** 31 December 2020	**Year ended** 31 December 2019
	100	100	867,000,000	867,000,000
	100	100	500,000	500,000
	100	100	344,855,200	344,855,200
	100	100	1,000,000	1,000,000
	100	100	1,000,000	1,000,000
	100	100	2,477,371,807	2,477,371,807
	74.9	74.9	4,923,738,750	4,923,738,750
	74.9	74.9	3,616,519,845	3,616,519,845
	70	70	4,345,936,000	4,345,936,000
	60	60	4,765,501,125	4,765,501,125
			21,343,422,727	**21,343,422,727**
	50	50	450,000,000	450,000,000
	50	50	202,482,646	202,482,646
			652,482,646	**652,482,646**
			21,995,905,373	**21,995,905,373**

All the subsidiaries and joint ventures listed above are incorporated in the Kingdom of Saudi Arabia except as mentioned in Note 2.