

CHAIRMAN'S INTERIM STATEMENT
MAKKAH & MADINAH HOLDINGS LIMITED
("MMH" or the "Company")

I am pleased to present MMH's financial results for an interim period from 1st January 2015 to 31 December 2015. The condensed, consolidated, interim financial information which follows is unaudited and has not been reviewed.

The Board of MMH has resolved, for reasons explained below, to extend the financial reporting period beginning 1 January 2015 to 31 May 2016. To keep shareholders abreast of the Company's financial position and in accordance with the provisions of Rule 74 of the ISDX Growth Market Rules for Issuers ("ISDX Rules"), the financial information which immediately follows covers an extended interim period to 31 December 2015.

Financial Results

The results for the period under review were significantly less positive than the trend which had been established since 2012. The comprehensive loss for the twelve months' period ended 31 December 2015 was USD 65.22 million (2014: comprehensive income of USD 14.49 million) and the net loss was USD 65.22 million (2014: net profit of USD 8.11 million), giving rise to a diluted loss per share of 5.10 US cents (2014: diluted earnings per share of 0.64 US cents). This loss derived principally from MMH's USD 65.46 million share of losses from MMH's associate company, Makkah & Madinah Commercial Investment Company JSC ("MMCI"), of which the Company owns 34.12%.

The losses at MMCI were attributable to fair value changes in the real estate investment assets held by MMCI and its subsidiary companies; and from the realisation during the period of certain available-for-sale investments.

The decrease in the value of MMH's investment in MMCI by 18.36 per cent to USD 397.37 million (2014: USD 486.79 million) resulted in MMH's net assets standing at 31 December 2015 at USD 397.68 million (2014: USD 486.86 million); or US cents 31 per share (2014: US cents 38 per share).

Economic Backdrop

2015 was challenging for the regional economies owing to lower world oil and gas prices and to an increase in the perception of the geopolitical risks associated with the Middle East region as a whole. These factors resulted in a marked slow-down in the real estate sector in the region, and specifically in the Kingdom of Saudi Arabia, where MMCI's property assets are located, with consequential, negative impact on asset prices there and across the Arabian Gulf region.

Post- Balance Sheet Events

There have been no major post- balance sheet events to report; trading from 1 January 2016 to date remains consistent with the Directors' expectations at the beginning of the calendar year.

Reasons for the Extension of Financial Reporting Period

The Company intends during April of 2016 to write to shareholders setting out details of certain proposed transactions which, under the Company's constitution and as required by the ISDX Rules, shall need shareholders' prior approval for their completion. Extending the financial reporting period to 31 May 2016 should allow the relevant transactions, if approved

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by the shareholders, to be completed before that date. The Company's future financial years will thus span 12-month periods from 1 June to 31 May.

Conclusion

I look forward shortly to sending a document to shareholders, explaining the Company's proposals and giving notice of an Extraordinary General Meeting to be convened to consider and, if thought fit, to approve the relevant measures. In the meantime, I thank shareholders and my colleagues at MMH for their continuing support.

A handwritten signature in blue ink, appearing to be 'Khaled Al-Husseini', written over a horizontal line.

Khaled Al-Husseini,
Chairman,
Dubai, 29 March 2016

Important: the Notes numbered 1 to 9 which appear after the condensed, consolidated statement of cash flows below are an integral part of the condensed, consolidated interim financial information, which should be read in the context of these Notes.

Condensed, consolidated statement of profit or loss and other comprehensive income
for the twelve months' period ended 31 December 2015

	Note	Twelve months' period ended 31 December 2015 (unaudited) USD	Year ended 31 December 2014 (audited) USD
Revenue	8	<u>1,500,000</u>	<u>2,000,000</u>
Employee costs		(943,644)	(1,002,038)
Other operating expenses		(139,938)	(138,474)
Legal and professional expenses		(177,065)	(356,180)
Depreciation		<u>(7,829)</u>	<u>(7,829)</u>
Operating profit		231,524	495,479
Share of (loss)/profit from an associate	6	(65,463,061)	7,616,312
Finance income / (expense)		<u>7,795</u>	<u>(1,342)</u>
(Loss) / profit for the period		<u>(65,223,742)</u>	<u>8,110,449</u>
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to the consolidated profit or loss</i>			
Share of fair value change in available for sale investment held by an associate	6	<u>-</u>	<u>6,387,181</u>
Total comprehensive (loss) / income for the period / year		<u>(65,223,742)</u>	<u>14,497,630</u>
(Loss) / Earnings per share attributable to the equity holders of the parent during the period			
Basic (loss) / earnings per share for the period	5	(0.051)	0.0064
Diluted (loss) / earnings per share for the period	5	<u>(0.051)</u>	<u>0.0064</u>

Condensed, consolidated statement of financial position
as at 31 December 2015

	Note	31 December 2015 (unaudited) USD	31 December 2014 (audited) USD
ASSETS			
Non-current assets			
Investment in an associate	6	397,374,856	486,791,838
Property and equipment		<u>8,983</u>	<u>16,812</u>
		<u>397,383,839</u>	<u>486,808,650</u>
Current assets			
Trade receivables	8	823,818	521,284
Prepayments, advances and other receivables		753,520	767,841
Cash and cash equivalents		<u>135,466</u>	<u>268,945</u>
		<u>1,712,804</u>	<u>1,558,070</u>
Total assets		<u>399,096,643</u>	<u>488,366,720</u>
EQUITY			
Share capital	7	10,226,655	10,226,655
Share premium	7	395,146,685	395,146,685
Available for sale fair valuation reserve		-	23,953,921
Retained (losses) / earnings		<u>(7,691,573)</u>	<u>57,532,169</u>
		<u>397,681,767</u>	<u>486,859,430</u>
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits		<u>146,788</u>	<u>118,573</u>
		<u>146,788</u>	<u>118,573</u>
Current liabilities			
Trade and other payables		<u>1,268,088</u>	<u>1,388,717</u>
		<u>1,268,088</u>	<u>1,388,717</u>
Total liabilities		<u>1,414,876</u>	<u>1,507,290</u>
Total equity and liabilities		<u>399,096,643</u>	<u>488,366,720</u>

Condensed, consolidated statement of changes in equity
for the twelve months' period ended 31 December 2015

	<u>Share capital</u>	<u>Share premium</u>	<u>Reverse acquisition reserve</u>	<u>Available for sale fair valuation reserve</u>	<u>Retained (losses) / earnings</u>	<u>Total</u>
	USD	USD	USD	USD	USD	USD
At 1 January 2014 (audited)	10,226,655	395,146,685	1,636,894	17,566,740	47,784,826	472,361,800
Total comprehensive income for the period						
Profit for the year	-	-	-	-	8,110,449	8,110,449
Other comprehensive income for the year	-	-	-	6,387,181	-	6,387,181
Other movement						
Transferred to retained earnings	-	-	(1,636,894)	-	1,636,894	-
Balance at 31 December 2014 (audited)	<u>10,226,655</u>	<u>395,146,685</u>	<u>-</u>	<u>23,953,921</u>	<u>57,532,169</u>	<u>486,859,430</u>
At 1 January 2015 (audited)	10,226,655	395,146,685	-	23,953,921	57,532,169	486,859,430
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(65,223,742)	(65,223,742)
Other comprehensive income for the period	-	-	-	-	-	-
Other movement						
Disposal of available for sale investment held by an associate	-	-	-	(23,953,921)	-	(23,953,921)
Balance at 31 December 2015 (unaudited)	<u>10,226,655</u>	<u>395,146,685</u>	<u>-</u>	<u>-</u>	<u>(7,691,573)</u>	<u>397,681,767</u>

Condensed, consolidated statement of cash flows
for the twelve months' period ended 31 December 2015

	Period ended 31 December 2015 (unaudited) USD	Year ended 31 December 2014 (audited) USD
Operating activities		
(Loss) / profit for the period	(65,223,742)	8,110,449
Adjustments for:		
Share of (loss) / profit from an associate	65,463,061	(7,616,312)
Depreciation	7,829	7,829
Provision for employees' end of service benefits	28,215	20,749
Working capital changes:		
Trade and other receivables	(288,213)	(294,028)
Trade and other payables	(120,629)	(297,252)
Employees' end of service benefits paid	-	(2,624)
Net cash used in operating activities	<u>(133,479)</u>	<u>(71,189)</u>
 Net decrease in cash and cash equivalents	 (133,479)	 (71,189)
Cash and cash equivalents at beginning of the period	<u>268,945</u>	<u>340,134</u>
Cash and cash equivalents at end of the period	<u>135,466</u>	<u>268,945</u>

Notes to the condensed, consolidated interim financial information
for the twelve months' period ended 31 December 2015

1. Legal status and activity

Makkah & Madinah Holdings Limited ("the Company") was incorporated on 29 May 2007 under the International Business Companies Act, 2000, in the Commonwealth of the Bahamas under registration number 148728 (B).

The registered office address of the Company is Ocean Centre, East Bay Street, P.O. Box SS19084, Nassau, Bahamas.

The condensed, consolidated interim financial information of the Company for the period ended 31 December 2015 comprises the Company and its subsidiaries (collectively referred to as "the Group"). There has been no change in the Group structure since the date of most recent annual consolidated financial statements for the year ended 31 December 2014.

The principal activities of the Group are property and real estate investments, development and advisory services for projects related to the real estate and infrastructure sectors.

2. Basis of preparation

The condensed, consolidated interim financial information for the twelve months' ended 31 December 2015 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The condensed, consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards.

3. Estimates and assumptions

The preparation of condensed, consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed, consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2014.

4. Significant accounting policies

The accounting policies adopted in the preparation of the condensed, consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

5. Earnings per share

a) *Basic earnings per share*

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	31 December 2015 (unaudited)	31 December 2014 (audited)
(Loss) / profit attributable to equity holders of the parent (USD)	<u>(65,223,742)</u>	<u>8,110,449</u>
Weighted average number of ordinary shares in issue (No.)	<u>1,268,049,125</u>	<u>1,268,049,125</u>

b) *Diluted earnings per share*

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding by the estimated conversion of all dilutive instruments. The Company has two categories of potentially dilutive instruments: share warrants and share options. For the share warrants and share options, a calculation is performed to determine the estimated number of shares that could have been acquired at a pre-determined price. The number of shares calculated as above, is compared with the number of share that would have been issued assuming the exercise of the share warrants and share options.

	31 December 2015 (unaudited)	31 December 2014 (audited)
(Loss) / profit attributable to equity holders of the parent (USD)	<u>(65,223,742)</u>	<u>8,110,449</u>
Weighted average number of ordinary shares in issue (No.)	<u>1,268,049,125</u>	<u>1,268,049,125</u>
<i>Adjustments for:</i>		
Assumed conversion of share warrants (refer note (i) below)	-	-
Weighted average number of ordinary shares for diluted earnings per share	<u>1,268,049,125</u>	<u>1,268,049,125</u>

- (i) All share warrants outstanding at the reporting date are excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive.

6. Investment in an associate

Name	Country of incorporation	Proportion of voting rights held at	
		31 December 2015	31 December 2014
Makkah & Madinah Commercial Investment Company (MMCI)	Kingdom of Saudi Arabia	34.121 %	34.121 %

The Group's investment in associate accounted for on the equity basis is summarised as follows:

	31 December 2015 USD (unaudited)	31 December 2014 USD (audited)
Opening balance	486,791,838	472,788,345
Share of (loss) / profit from an associate	(65,463,061)	7,616,312
Available for sale fair valuation reserve	(23,953,921)	-
Share of fair value change of associate's available for sale investment (refer note (i) below)	-	6,387,181
Closing balance	<u>397,374,856</u>	<u>486,791,838</u>

- (i) The Company's associate has invested in the equity of an entity, which has been classified as available for sale. Share of fair value change of associate's available for sale investment represents change in fair value of this investment.

7. Share capital and share premium

Movement in share capital during the period:

The share capital of the Company has been allotted and issued of the following classes of shares:

	Number of shares	Ordinary shares USD	Share Premium USD	Total USD
At 1 January 2014 (audited)	1,268,049,125	10,226,655	395,146,685	405,373,340
Additional capital issued	-	-	-	-
At 31 December 2014 (audited)	<u>1,268,049,125</u>	<u>10,226,655</u>	<u>395,146,685</u>	<u>405,373,340</u>
At 31 December 2015 (unaudited)	<u>1,268,049,125</u>	<u>10,226,655</u>	<u>395,146,685</u>	<u>405,373,340</u>

The nominal value per share is GBP 0.005.

Share warrants

No share warrants were exercised by the share warrant holders and no new share

warrants were issued by the Group during the period ended 31 December 2015.

8. Related party transactions and balance

The Group enters into transactions in the normal course of business with related parties at market rates and terms agreed between the parties.

During the period, the Group entered into the following transactions with related parties:

	31 December 2015 (unaudited) USD	31 December 2014 (audited) USD
Real estate advisory and consultancy fee	1,500,000	2,000,000

Key management compensation

	31 December 2015 (unaudited) USD	31 December 2014 (audited) USD
Salaries and other short-term benefits	<u>705,000</u>	<u>705,000</u>

Included in the statement of financial position are the following balances with related parties:

	31 December 2015 (unaudited) USD	31 December 2014 (audited) USD
Prepayments, advances and other receivables	703,600	687,624
Trade receivables	823,818	521,284
Trade and other payables	<u>336,921</u>	<u>304,701</u>

9. Comparative figures

The comparative information for the previous period has been reclassified, where necessary, in order to conform to the current period's presentation. Such reclassifications do not affect the previously reported profit, net assets or equity of the Group.

This announcement has been made after due and careful enquiry; the directors of MMH accept responsibility for its content.

Enquiries:

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