



DJ Makkah & Madinah Holdings Ltd Interim Financial Results

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MAKKAH & MADINAH HOLDINGS LIMITED

("MMH" or the "Company")

Interim Financial Results for the Period from 1 January 2013 to 30 June 2013

Highlights for 2013

- * Carrying value of Makkah & Madinah Holdings Limited ("MMH") investment in Makkah & Madinah Commercial Investment Co. ("MMCI") at 30 June 2013 was \$459.25 million; an increase of \$59.25 million (15%) since acquisition in May 2012.
- * MMH's comprehensive income for the six months period ended 30 June 2013 was \$19.00 million compared to \$2.24 million in the comparative period of 2012.
- * MMCI's net asset value on 30 June 2013 was \$2.06 billion compared to \$1.84 billion on the date of MMH's acquisition of the 34.12% stake.
- * MMCI acquired a further stake in the Jebal Al Noor Company increasing its total interest in the Jebal Al Noor land asset from 49.5 per cent to 99.5 percent.

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present Makkah & Madinah Holdings Limited's (the "Company", "Group" or "MMH") financial results for the first half of 2013. These results have not been audited but have been reviewed by the Company's auditor. These continue the positive trend begun in the same period of last year and during the second half of 2012; the outlook for the real estate and development market in Saudi Arabia remains promising.

Financial Results

Comprehensive income for the six month period ended 30 June 2013 was \$19.00 million (H1, 2012: \$2.24 million), giving rise to diluted earnings per share of 1.3 US cents (H1, 2012: 0.2 US cents). This income derived mainly from the \$18.89 million contribution of profits attributable to its associate, Makkah & Madinah Commercial Investment Company JSC (MMCI), of which MMH currently owns 34.12%.

An increase in the value of MMH's investment in MMCI by 15 percent to \$459.25 million resulted in net assets standing at the end of the period at \$458.72 million (H1, 2012: \$401.40 million); or US cents 36 per share (H1, 2012: US cents 32 per share).

Review of the Company's Activities

In 2012, when the Company evaluated certain regional markets to focus its investment strategy, the Saudi Arabian market appeared to have strong fundamentals, with a fast growing population and increased demand for housing, strong upward trend in tourism and significant backing from the government to develop its infrastructure and services. This view appears to have been vindicated by increases in earnings and the asset value of the investment in MMCI.

In light of the proposed development plans for the land of 128,391.70 m² at Jebal Al Noor owned by Jebal Al Noor Company, MMCI took a commercial decision during the period under review to increase its stake from 49.5% to 99.5% in Jebal Al Noor Company, allowing MMCI to gain control over this iconic development, which is at the foot of the Ghar Hera mountain near Makkah.

The Group continues to evaluate new investment opportunities, including that of potentially increasing its investment in its present associate company, MMCI. Significant management effort during the recent period has been devoted to identifying a suitable alternative forum for listing, to increase its visibility to a wider investor base and to address the restricted liquidity which has characterised trading in the Company's shares to date on the ISDX Growth Market.

During the last six months, the Company has progressed with this process and has maintained regular dialogue with the relevant listing authorities through its financial advisers.

Current Trading and Outlook

The performance of MMCI in which the Company has an investment, during the second half of 2013 to date is in accordance with the Directors' expectations. The Directors and the executive management team continue to focus on determining the optimum solution to increasing the Company's profile and improving liquidity in the market for its shares. They remain committed to the objective of positioning Makkah & Madinah Holdings on a platform, which will support its future growth as a prominent, Shari'ah-compliant real estate investment company.

Conclusion

I look forward to communicating with shareholders as appropriate to inform them of progress with the matters discussed above and to presenting in due course the financial results for the full year 2013.

I would like to convey my sincere gratitude to all shareholders for their continued support, and to our management and the Board, as we continue to build this strong foundation for the Company.

Chairman

Dr. Noor Aldeen S. A. Atatreh

25 September 2013

COMPANY OVERVIEW

Makkah & Madinah Holdings Ltd (the "Company" or "Group" or "MMH") is a registered offshore company incorporated in the Commonwealth of Bahamas under registration number 148728B.

The Company has an issued share capital of 1,268,049,125 ordinary shares and is quoted on the ISDX Growth Market of ICAP Securities and Derivatives Exchange Stock Exchange ("ISDX"). ISDX was previously known as PLUS SX.

Previously, the Group's portfolio comprised of real estate and hospitality assets located in the United Arab Emirates. These assets were sold in May 2012 in a transaction that would mark a new beginning for the Company, with a new brand and a shift in its regional market focus to the Kingdom of Saudi Arabia ("KSA").

The transaction resulted in the Company selling its existing property portfolio and acquiring a 34.12 percent indirect interest in Makkah & Madinah Commercial Investments Company ("MMCI"). MMCI operates in the KSA, with investments in the higher growth KSA real estate market, particularly in Makkah and Madinah. This investment was undertaken with the aim of creating a more robust future for the Company.

Since its incorporation in 2005, MMCI, a real estate and development investment company headquartered in Jeddah, has proven successful in the acquisition and sale of real property assets in the KSA, with its current property portfolio valued at \$1.95 billion as of 30 June 2013.

The Company's extensive knowledge in property development and strong commercial ties with MMCI have opened the doors to multiple development opportunities in Saudi Arabia that the Company continues to explore, with the aim of generating significant returns and value for shareholders.

The Company maintains its vision of being an established real estate development and investment entity in Saudi Arabia, offering their shareholders solid, Shari'ah compliant, long-term returns from a market with substantial potential.

FINANCIAL OVERVIEW

During the six month period ended 30 June 2013, the Company has posted a net profit of \$19.00 million compared to \$2.24 million in the comparative period. The increase is primarily from the share of profit from associate (MMCI). The current period share of profit represents the share of profit for six months as compared to approximately a month's profit in June 2012 as the acquisition of 34.121% in MMCI was completed on 26 May 2012.

The MMH investment in MMCI has increased by \$59.25 million since the acquisition of 34.121% interest in MMCI in May 2012. The profits of MMCI were mainly derived from a property lease and fair value changes in investment properties and available for sale investments. These positive results confirm the strategic investment plan, executed by the Company, is delivering considerable value.

The employee costs have almost doubled compared to the prior period due to an increase in the number of employees including a Chief Financial Officer (CFO). The other operating expenses marginally decreased by 3% to \$298k (2012: \$307k). Other operating expenses mainly comprised of \$127k (2012: \$192k) for legal & professional fees, \$53k (2012: \$0.5k) for office rent and other expenses, \$44k (2012: \$50k) for business travel expenses and \$46k (2012: \$32k) for business development expenses.

Earnings per share

The earnings per share has increased almost seven fold compared to the comparative period as summarised below, mainly derived from the share of profit from MMCI.

	30 June 2013	30 June 2012
	USD	USD
Basic Earnings per share	0.013	0.002
Diluted Earnings per share	0.013	0.002

Revenue

Revenue was principally derived from real estate advisory and consultancy services to MMCI.

	30 June 2013	30 June 2012
	USD	USD
Real estate advisory and consultancy services	1,089,918	919,619

Change in fair value of investment property

The exchange transaction of the Eye of Ajman land plots for a 34.12% equity interest in MMCI resulted in a net gain on exchange of assets of \$1.99 million for the Group over the comparative period ended 30 June 2012.

Share of profit from associates

This represents the share of profit from associate (MMCI) for the period of 6 months to 30 June 2013 and is comprised of the following sources:

Six month period ended	Six month period ended
30 June 2013	30 June 2012
USD	USD

	in million	in million
Share of profit from associate		
- Lease rental income	3.15	0.43

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- Negative goodwill on Jabal Al Noor acquisition in the period	7.07	-
- Profit on disposal of investments and properties	-	-
- Fair value change investment and real estate properties	6.31	-
- Share of profit from associates	0.10	-
- Other operating income/expense	(0.29)	0.2
	16.34	0.45

Share of other comprehensive income from associate		
- Fair value change available for sale investment	2.55	-
	18.89	0.45

The share of profit from associate of \$18.89 million represents MMH share of profit in MMCI net income for the period of 6 months to 30 June 2013. In the comparative period, MMH share of profit in MMCI net income of only one month as the interest in MMCI was acquired at the end of May 2012.

Investments

Following the exchange of the Eye of Ajman land plots for a 34.12% equity interest in MMCI, the investment in MMCI is the only investment of the Company at 30 June 2013. MMCI is a company with subsidiaries owning land plots and an income generating development in the provinces of Makkah, Madinah, Jeddah and elsewhere in the Kingdom of Saudi Arabia (KSA). The Directors therefore believe that this acquisition, in the context of the strong demand for real estate developments in the regions of Makkah and Madinah, which is fuelled by the population growth and increasing number of visitors to the region associated with the Islamic tourism sector, provides a more attractive investment opportunity prospective for the Company to focus its commercial activities. At the time of acquisition of MMCI's 34.12% interest in May 2012, the fair value of 34.12% interest was \$400 million. At 30 June 2013, the carrying value of the investment was \$459.25 million. This is an increase of \$59.25 million (15%) in over one year. This is indicative of the sound investment by MMH in the KSA real estate market.

Liquidity position

The Company does not have any borrowings at the reporting date.

Cashflows

	Six month period ended 30 June 2013	Six month period ended 30 June 2012
	USD	USD
Net cashflow from operations	(120,615)	(635,526)
Net cashflow from investing	(1,009)	(1,306)
Net cashflow from financing	-	1,267,029
Net (decrease)/increase in cash	(121,624)	630,197
Cash and cash equivalents at start of period	460,934	417,783
Cash and cash equivalents at the end of the period	339,310	1,047,980

Operating cash flows

The net cash outflow from operating activities during the period was \$121k, with working capital mainly used in relation to fees payable for evaluating options for raising the profile of the Company and improving liquidity in the shares, including seeking admission of the shares to trading on another stock exchange in addition to, or other than, ISDX.

Financing cash flows

There was no cash flow from financing activities during the period. In the comparative period ended 30 June 2012, the Company received the financial contribution from a related party in support of expenses incurred in connection with the work undertaken on the MMCI acquisition and for evaluating options for raising the profile of the Company, including seeking admission of the shares to trading on another stock exchange in addition to, or other than, ISDX.

MAKKAH & MADINAH HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2013

	Notes	Six months ended 30 June 2013	Year ended 31 December 2012	Six months ended 30 June 2012
		(unaudited)	(audited)	(unaudited)
		USD	(Restated)	(restated)
		USD	USD	USD
Revenue		1,089,918	1,948,229	919,619
Change in fair value of investment property		-	1,994,942	1,994,942
Employee costs		(467,510)	(682,137)	(252,164)

Share based payment expense	683,675	(683,675)	
Other operating expenses	(295,596)	(853,868)	(307,544)
Legal and professional fees	(898,681)	(2,102,388)	(562,828)
Depreciation	(3,754)	(1,951)	-
Impairment of available for sale assets	-	(123,257)	(123,257)
Operating (loss)/profit	108,052	(504,105)	1,668,768
Share of profit from associate	16,342,917	29,867,629	453,465
Finance expense	-	(18,044)	(1,430)
Profit for the period	16,450,969	29,345,480	2,120,803
Other Comprehensive income			
Recycle of prior period available for sale assets losses	-	123,257	123,257
Share of fair value change of associate's available for sale investment	2,552,131	10,487,840	-
Total comprehensive income for the period	19,003,100	39,956,577	2,244,060
Earnings per share attributable to the equity holders of the parent during the period			
Basic earnings per share for the period	2	0.013	0.023
Diluted earnings per share for the period	2	0.013	0.023

MAKKAH & MADINAH HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	30 June 2013 (unaudited)	31 December 2012 (audited)	30 June 2012 (unaudited) (Restated)
	USD	USD	USD
ASSETS			
Non-current assets			
Investment in associates	459,250,517	440,355,469	400,453,465
Property, plant and equipment	27,853	30,597	1,306
	459,278,370	440,386,066	400,454,771
Current assets			
Trade receivables	261,053	631,471	475,837
Prepayments, advances & other receivables	771,080	797,336	158,575
Cash and cash equivalents	339,310	460,934	1,047,980
	1,371,443	1,889,741	1,682,392
Total assets	460,649,813	442,275,807	402,137,163
EQUITY			
Share capital	10,220,614	10,220,614	10,210,843
Share premium	395,001,706	395,001,706	394,835,588
Reverse acquisition reserve	1,636,894	1,636,894	1,636,894
Available for sale financial assets reserve	13,039,971	10,487,840	-
Retained earnings / (losses)	38,825,240	23,057,946	(5,286,358)
	458,724,425	440,405,000	401,396,967

LIABILITIES			
Current liabilities			
Trade and other payables	1,925,388	1,870,807	740,196
Total liabilities	1,925,388	1,870,807	740,196
Total equity and liabilities	460,649,813	442,275,807	402,137,163

MAKKAH & MADINAH HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Reverse acquisition reserve	Available for sale financial assets reserve	Retained earnings / (losses)	Total
	USD	USD	USD	USD (Restated)	USD (Restated)	USD
At 1 January 2012	10,210,843	394,835,588	2,591,217	(123,257)	(9,628,513)	397,885,878
Transactions with owners						
Capital contribution	-	-	-	-	1,267,029	1,267,029
Transfer of reserves	-	-	(954,323)	-	954,323	-
	10,210,843	394,835,588	1,636,894	(123,257)	(7,407,161)	399,152,907
Other comprehensive income - recycle of available for sale financial asset losses	-	-	-	123,257	-	123,257
Comprehensive income for the period	-	-	-	-	2,120,803	2,120,803
At 30 June 2012	10,210,843	394,835,588	1,636,894	-	(5,286,358)	401,396,967
At 1 July 2012	10,210,843	394,835,588	1,636,894	-	(5,286,358)	401,396,967
Transactions with owners						
Exercise of warrants	9,771	166,118	-	-	-	175,889
Capital contribution	-	-	-	-	435,952	435,952

10,220,614 395,001,706 1,636,894 - (4,850,406) 402,008,808

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Share based payment	-	-	-	-	683,675	683,675
Share of fair value change of associate's available for sale investment	-	-	-	10,487,840	-	10,487,840
Comprehensive income for the period	-	-	-	-	27,224,677	27,224,677
At 31 December 2012	10,220,614	395,001,706	1,636,894	10,487,840	23,057,946	440,405,000
At 1 January 2013	10,220,614	395,001,706	1,636,894	10,487,840	23,057,946	440,405,000
Share of fair value change of associate's available for sale investment	-	-	-	2,552,131	-	2,552,131
Share based payment expense	-	-	-	-	(683,675)	(683,675)
Comprehensive income for the period	-	-	-	-	16,450,969	16,450,969
At 30 June 2013	10,220,614	395,001,706	1,636,894	13,039,971	38,825,240	458,724,425

MAKKAH & MADINAH HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2013

	Six months ended 30 June 2013 (unaudited)	Year ended 30 December 2012 (Audited)	Six months ended 30 June 2012 (unaudited)
	USD	(Restated) USD	(Restated) USD
Profit for the period	16,450,969	29,345,480	2,120,803
Adjustments for non-cash items:			
Share of profit from associate	(16,342,917)	(29,867,629)	(453,465)
Change in fair value of investment property	-	(1,994,942)	(1,994,942)
Impairment of available-for-sale financial assets	-	123,257	123,257
Depreciation	3,754	1,951	-
Professional fees settled by issues of ordinary shares	-	175,889	-
Share based payment expense	(683,675)	683,675	-
Working capital changes:			
Trade and other receivables	396,673	(1,300,363)	(633,421)
Trade and other payables	54,581	1,205,400	202,242
Cash (used in) / generated from operations	(120,615)	(1,627,282)	(635,526)
Cash flows from Investing activities			
Purchase of property, plant and equipment	(1,009)	(32,548)	(1,306)
Net cash used in investing activities	(1,009)	(32,548)	(1,306)
Cash flows from financing activities			
Capital contribution	-	1,702,981	1,267,029
Cash generated from financing activities	-	1,702,981	1,267,029
Net (decrease)/increase in cash and cash equivalents	(121,624)	43,151	630,197
Cash and cash equivalents at beginning of the period	460,934	417,783	417,783
Cash and cash equivalents at end of the period	339,310	460,934	1,047,980

MAKKAH & MADINAH HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

Summary of significant accounting policies

1. Basis of preparation

The consolidated interim financial information of the Company for the period ended 30 June 2013 comprise the results of the Company and its subsidiaries (together, the "Group") and have been prepared in accordance with the rules of the ISDX growth market.

The consolidated interim financial information does not include all of the information and disclosures required for full annual financial statements. They should be read in conjunction with the Annual Report and Audited Consolidated Financial Statements for the year ended 31 December 2012, which were prepared in accordance with International Financial Reporting Standards

(IFRS) adopted for use in the European Union issued by the International Accounting Standards Board (IASB). The annual financial statements are available to download from www.mm-holdings.com. The accounting policies applied by the Group in preparing the consolidated interim financial information for the period ended 30 June 2013 are consistent with those applied by the Group in its audited consolidated financial statements for the period ended 31 December 2012 and is consistent with those that will be applied by the Group in its consolidated financial statements for the year ended 31 December 2013. The consolidated interim financial information for the period ended 30 June 2013 and the comparatives for 30 June 2012 are unaudited. The comparatives for 31 December 2012 are audited and received an unqualified opinion. The preparation of financial information in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. In preparing this interim financial information, the key judgement and estimates made by the Board are the same as those applied in the financial statements as of, and for the period ended 31 December 2012. There have been no material changes to reportable contingent liabilities since 31 December 2012.

2. Earnings per share

a. Basic

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.

	30 June 2013	31 December 2012	30 June 2012
Profit attributable to equity holders of the parent (USD)	16,450,969	29,345,480	2,120,803
Weighted average number of ordinary shares in issue	1,267,249,125	1,266,541,010	1,266,006,519

b. Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares. The company has two categories of dilutive potential ordinary shares: share warrants and share options. For the share warrants and share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share warrants and share options. 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.

	30 June 2013	31 December 2012	30 June 2012
Profit attributable to equity holders of the parent (USD)	16,450,969	29,345,480	2,120,803
Weighted average number of ordinary shares in issue	1,267,249,125	1,266,541,010	1,266,006,519
Adjustments for:			
Assumed conversion of share warrants	12,853,983	1,390,618	15,567,870
Assumed conversion of share options	1,335,435	14,022,527	1,551,849
Weighted average number of ordinary shares for diluted earnings per share	1,281,438,543	1,281,954,155	1,283,126,238

3. Subsequent events

Increase in share capital

In July 2013, pursuant to a settlement agreement between the Company and McClure Naismith, the Company has issued 800,000 ordinary shares to McClure Naismith at the price of GBP 0.125 pence per share. Following the issue of shares to McClure Naismith, the total share capital of the Company has increased to 1,268,049,125 ordinary shares.

4. Restatement of Comparatives

- Related party receivable and payable balances in the 2012 interim reporting period were disclosed as a net balance from 2 different related parties incorrectly hence the comparatives have been amended to reflect the correct position as confirmed to management in 2012. This restatement resulted in a gross up of US\$ 141,128 between trade and other payables and other receivables.
- In the 2012 financial reporting period, the profit from associate incorrectly included the Company's share of the fair value change of the associate's available for sale investment when this amount should be reflected in other comprehensive income. The comparatives have been amended to reflect this and the earnings per share has been duly corrected.

The Directors of Makkah & Madinah Holdings Limited have issued this announcement after due and careful enquiry; and accept responsibility for its content.

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