



## DJ Makkah & Madinah Holdings Ltd Financial Results for Year Ended 31 December 2013

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Makkah & Madinah Holdings Ltd.

("MMH" or the "Company")

Re: Financial Results for the Year Ended 31-12-2013

Highlights for 2013

- \* Carrying value of MMH's investment in MMCI at 31 December 2013 was \$472.79 million; an increase over the year of \$32.43 million (7.4 per cent) and, since acquisition in May 2012, of \$72.79 million (18.2 per cent)
- \* MMH's net profit for 2013 was \$25.41 million; basic and fully-diluted earnings per share were ¢2.00
- \* MMCI's net asset value on 31 December 2013 was \$1.388 billion compared with \$1.174 billion on the date of MMH's acquisition of its 34.12 per cent interest in MMCI
- \* MMCI's real estate assets are focused on the Western region of KSA - Jeddah and Makkah

### Chairman's Statement

As Chairman of Makkah & Madinah Holdings Limited (the "Company" or "Group" or "MMH"), I would like to present the Company's Annual Report for 2013. I am pleased to record that the Company has maintained a profitable performance for the second consecutive year, generating a comprehensive income of \$32.49 million for the financial year ended 31 December 2013 (2012: \$39.96 million).

During the financial year ended 31 December 2013, the Company has focused on two main priorities: providing consultancy services to finance its operating expenses and identifying new business investment opportunities to build shareholder value through capital appreciation and/or additional revenue streams.

Shareholders will know from previous announcements that, in 2012, the Company acquired a 34.12 per cent interest in Makkah & Madinah Commercial Investment Company JSC ("MMCI"). MMCI operates in the Kingdom of Saudi Arabia ("KSA") with investments in the fast-expanding KSA real estate market. Since acquisition, the value of this investment in MMCI has grown by 18 per cent from \$400 million to \$472.79 million.

The Company's interest in MMCI continues to produce positive results as the KSA real estate sector shows continued growth against a backdrop of strong macroeconomic fundamentals. MMCI's portfolio has seen a generalised appreciation in land values, confirmed by the latest independent valuation as at 31 December 2013.

The Company continued to develop its advisory and consultancy services. During the year under review, the Company entered into a consultancy agreement with a third party.

### Financial results

The Group has posted net profits of \$25.41 million (2012: \$29.35 million), mainly derived from the share of profits from MMCI. In addition, the Company derived revenues of \$2.29 million (2012: \$1.95 million) from its advisory and consultancy services described above.

The positive result in the Statement of Comprehensive Income has resulted in basic earnings per share ("EPS") of \$0.020 (2012: \$0.023).

At 31 December 2013, net assets of the Company were \$472.36 million (2012:

\$440.41 million) or \$0.37 per share (2012: \$0.35).

#### Business overview

As reported in my interim statement for the period ended 30 June 2013, when the Company evaluated certain regional markets to focus its investment strategy, the KSA market appeared to have strong fundamentals, with a fast-growing population and increased demand for housing, a strong upward trend in tourism and significant backing from the government of KSA to develop its infrastructure and services.

To evaluate the development opportunities associated with MMCI's land bank, the Company commissioned an independent, internationally-known real estate consultancy firm to conduct a study on the real estate markets of Makkah and Madinah and an analysis of investment strategy regarding vacant development lands in Makkah and Madinah, in order to assess the existing development opportunities within MMCI's land portfolio. The study supports that the investment in Makkah and Madinah is a safe investment for investors who would like to protect their capital investment especially with the uncertainty of international markets.

Following the further analysis of an investment strategy regarding vacant development lands in Makkah and Madinah, the consultants evaluated various investment options including the disposal / development of the land bank currently in MMCI's assets portfolio.

In the Company's view, the MMCI business model of the sale and purchase of lands can be further strengthened by the development of land to improve returns. The study will form a basis for the development strategy going forward. The Board and management remain positive and are committed to exploring all prospective avenues available to succeed in generating strong returns for shareholders.

#### Current Trading and Outlook

Trading since the end of 2013 has been in line with the Directors' expectations. In addition to working closely with our associate company, MMCI, to ensure the furtherance of its property investments in KSA, the Board has also been considering other investment opportunities outside KSA but within the Gulf Cooperation Council ("GCC") countries. When negotiations on any major project in another GCC country are satisfactorily concluded, the Company will inform the market as appropriate. Moving forward, we shall continue to rely on our own actions to generate incremental shareholder value.

The Directors continue to actively evaluate and implement measures to increase the Company's profile in ways which they believe will benefit shareholders.

#### Board Appointment

Most members of the Board of Directors have been in office since the Company's readmission in 2011 to ICAP Securities and Derivatives Exchange ("ISDX") (formerly PLUS Markets). During 2013, the Board appointed Mr. Ahmed Iqbal Bangee (previously non-executive) as an executive Director and as Chief Financial Officer.

#### Impending, Post- Balance Sheet Changes

Mr. Abdulla Saeed Abdulla Mohamed Brook Al Hamiri and I shall be stepping down from the Board of MMH, Prime Investments Group Limited and MMCI at the forthcoming Annual General Meeting of shareholders, convened for the purpose of approving these report and accounts. It is proposed that Mr. Khaled Alhusseini and Mr Khaled Majdalani (who have signified their willingness to serve as Directors of the Company) shall be joining the Board of MMH and that their appointments and elections shall coincide with Mr. Al Hamiri's and my own retirements from the Board.

I believe that the incoming Directors are admirably qualified to guide the Company forward in relation to its investment in KSA, to its broader, regional strategy and, in the case of Mr. Majdalani to ensuring along with Dr. Abdulaziz Alongary that due weight is given to the interests of minority shareholders.

It is intended that Mr. Khaled Alhusseini shall succeed me as non-executive Chairman of the Board.

#### Key information on the Proposed Directors

Mr. Khaled Alhusseini is a Saudi national and a marketing and management executive with combined experience of twenty-one years in the real estate and petrochemical industries. He has extensive knowledge of real estate development and market research activities. Mr. Alhusseini holds a B. Sc. in statistics from King Saud University.

Since 2010, Mr Alhusseini has been the Chief Executive Officer of MMCI. He also sits on the boards of MMCI's subsidiary companies. In this capacity, he has overseen over the past four years all MMCI's real estate transactions and he has played a pivotal role in making MMCI one of the larger real estate companies in Makkah and Madinah.

Mr. Khaled Majdalani is a British citizen, a civil engineer by profession and is currently the Middle East Regional Director of Campbell Reith Hill International ("CRH"). Mr Majdalani was educated in the United Kingdom and the USA, earning his degree in Civil Engineering from Syracuse University in New York State. In his current position, Mr. Majdalani has worked on many development and infrastructure projects in the Levant, the Gulf region including the UAE and in Central Asia.

#### Other Appointments

The Company appointed Keith Bayley Rogers & Co Limited ("KBR") as the Corporate Adviser and stockbroker effective from 1st March 2014. KBR is a member of the London Stock Exchange and of ISDX.

#### Recommendation

The Directors of the Company consider that all the proposals to be considered at the AGM are in the best interests of the Company and recommend shareholders to vote in favour of them as they intend, where relevant, to do in respect of their own shareholdings.

#### Conclusion

The future focus for the Company will be to manage any significant risk factors that might affect the Company's performance and future operations, to maintain strong corporate governance and transparency and to create the environment for improved liquidity in the Company's shares. The business is progressing in a positive manner and we are in a position to take advantage of opportunities over the coming year. The management of the Company will work actively to secure MMH's continued, positive business performance. Finally, I wish to thank all our shareholders and the management team for their support during the past year.

Chairman  
Dr. Noor Aldeen S. A. Atatreh  
27 May 2014

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Year ended 31 December 2013	Year ended 31 December 2012 (Restated)
		USD	USD
Revenue		2,289,918	1,948,229
Employee costs		(322,858)	(1,365,812)
Other operating expenses		(578,910)	(853,868)
Legal and professional fees		(1,276,785)	(2,102,388)

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Change in fair value of investment property	-	1,994,942
Impairment of available-for-sale financial assets	-	(123,257)
Depreciation	(7,646)	(1,951)
Operating profit/(loss)	103,719	(504,105)
Share of profit from associate	25,353,976	29,867,629
Finance expense	(47,140)	(18,044)
Profit for the year	1 25,410,555	29,345,480
Other Comprehensive income		
Recycle of prior period available-for-sale financial assets losses	-	123,257

Share of fair value change of associate's available for sale investment	1	7,078,900	10,487,840
Total comprehensive income for the year		32,489,455	39,956,577
Earnings per share attributable to the equity holders of the parent during the year			
Basic earnings per share for the year	2	0.0200	0.0232
Diluted earnings per share for the year	2	0.0200	0.0229

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	2013	2012
	USD	USD
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	24,641	30,597
Investment in associates	472,788,345	440,355,469
	472,812,986	440,386,066
Current assets		
Trade receivables	224,523	631,471
Prepayments, advances and other receivables	770,574	797,336
Cash and cash equivalents	340,134	460,934
	1,335,231	1,889,741
Total assets	474,148,217	442,275,807
<b>EQUITY</b>		
Capital and reserves attributable to the equity holders of the company		
Ordinary shares	10,226,655	10,220,614
Share premium	395,146,685	395,001,706
Reverse acquisition reserve	1,636,894	1,636,894
Available for sale financial asset reserve	17,566,740	10,487,840
Retained earnings	47,784,826	23,057,946
	472,361,800	440,405,000
<b>LIABILITIES</b>		
Current liabilities		
Trade and other payables	1,786,417	1,870,807
Total liabilities	1,786,417	1,870,807
Total equity and liabilities	474,148,217	442,275,807

The financial statements were approved by the Directors on 27 May 2014 and were signed on their behalf by:

Mr. Muin El Saleh  
DIRECTOR

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

Share capital	Share Premium	Reverse acquisition reserve	Available for sale financial assets	Retained Losses (Restated)	Total

	USD	USD	USD	USD	USD	USD
As at 1 January 2012	10,210,843	394,835,588	2,591,217	(123,257)	(9,628,513)	397,885,878
Transactions with owners						
Exercise of warrants	9,771	166,118	-	-	-	175,889
Capital contribution	-	-	-	-	1,702,981	1,702,981
Transfer of reserves	-	-	(954,323)	-	954,323	-
	10,220,614	395,001,706	1,636,894	(123,257)	(6,971,209)	399,764,748
Profit for the year	-	-	-	-	29,345,480	29,345,480
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
Other comprehensive income - recycle of available-for-sale financial assets losses	-	-	-	123,257	-	123,257
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
Transactions with owners						
Shares issued	6,041	144,979	-	-	-	151,020
	10,226,655	395,146,685	1,636,894	10,487,840	23,057,946	440,556,020
Profit for the year	-	-	-	-	25,410,555	25,410,555
Share based payment	-	-	-	-	(683,675)	(683,675)
Share of fair value change of associate's available for sale investment	-	-	-	7,078,900	-	7,078,900
At 31 December 2013	10,226,655	395,146,685	1,636,894	17,566,740	47,784,826	472,361,800

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Year ended 31 December 2013	Year ended 31 December 2012 (Restated)
	USD	USD
Profit for the year	25,410,555	29,345,480
Adjustments for non-cash items:		
Professional fees settled by issue of ordinary shares	151,020	175,889
Share based payment expense	(683,675)	683,675
Share of profit from associate	(25,353,976)	(29,867,629)
Change in fair value of investment property	-	(1,994,942)
Impairment of available-for-sale financial assets	-	123,257

Depreciation	7,646	1,951
Working capital changes:		
Trade and other receivables	433,710	(1,300,363)
Trade and other payables	(84,390)	1,205,400
Cash used in operations	(119,110)	(1,627,282)
Cash flows from Investing activities		
Purchase of property, plant and equipment	(1,690)	(32,548)
Net cash used in investing activities	(1,690)	(32,548)
Cash flows from Financing activities		
Capital contribution	-	1,702,981
Net cash generated from financing activities	-	1,702,981
Net (decrease)/increase in cash and cash equivalents	(120,800)	43,151
Cash and cash equivalents at beginning of the year	460,934	417,783
Cash and cash equivalents at end of the year	340,134	460,934

#### Basis of preparation

The financial information does not constitute the Group's financial statements for either the period ended 31 December 2013 or the year ended 31 December 2012, but is derived from those accounts. The Group's non statutory accounts for 2013 are available from the Company's website from 28 May 2014. The auditor's reports on both the 2012 and 2013 accounts were unqualified; did not draw attention to any matters by way of an emphasis; and did not contain any statement in regard to matters reported on by exception.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and IFRIC interpretations. The financial statements have been prepared under the historical cost convention, except for those financial assets and financial liabilities that are measured at fair value as stated in the accounting policies. The accounting policies used are consistent with those applied in the 2012 annual financial statements and those that were applied in the 2013 financial statements.

#### 1. Restatement of Comparatives

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 have been duly corrected.

#### 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.

	2013	2012 (Restated)
Profit attributable to equity holders of the parent (USD)	25,410,555	29,345,480
Weighted average number of ordinary shares in issue	1,267,623,920	1,266,541,010

##### 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

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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.

	2013	2012
Profit attributable to equity holders of the parent (USD)	25,410,555	29,345,480
Weighted average number of ordinary shares in issue	1,267,623,920	1,266,541,010
<b>Adjustments for:</b>		
Assumed conversion of share warrants	-	1,390,618
Assumed conversion of share options	-	14,022,527
Weighted average number of ordinary shares for diluted earnings per share	1,267,623,920	1,281,954,155

Dubai, 27 May 2014

This announcement has been made after due and careful enquiry and the Directors accept responsibility for its content.

Enquiries:

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Copies of the Annual Report for the year ended 31 December 2013 are available during normal business hours for a period of one month from the date of this announcement, by arrangement, from the offices of Keith Bayley Rogers & Co. Limited, No. 1 Royal Exchange Avenue, London, EC3V 3LT. A soft copy of the Annual Report is also downloadable from the Company's website: www.mm-holding.com/

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