



## DJ Makkah & Madinah Holdings Ltd Annual Financial Report

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Wednesday 29 May 2013

MAKKAH & MADINAH HOLDINGS LIMITED;  
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012  
CHAIRMAN'S STATEMENT

I am very pleased to be presenting our Annual Report for 2012 and I would like to take this opportunity to highlight a number of important items that are covered in more detail elsewhere in this document. Overall, I am pleased to report a marked improvement in the business performance of Makkah & Madinah Holdings Limited (the "Company" or "Group" or "MMH") during the financial year ended 31 December 2012.

The year 2012 marked a significant change for the Company. Important steps were taken to refocus the Company's investment strategy away from the non income producing Eye of Ajman land plots in Ajman, to a significant minority investment in Makkah Madinah Commercial Investment Company JSC ("MMCI"). MMCI operates in the Kingdom of Saudi Arabia (KSA) with investments in the higher growth KSA real estate market, particularly Makkah and Madinah. The investment has been undertaken with the aim of creating a more robust future for the Company.

MMCI is a Shari'ah-compliant company with a profitable trading history. MMCI and its subsidiaries have investments in real estate property assets in the provinces of Makkah, Madinah, Al Ahsa and Jeddah in the KSA. The holy city of Makkah, where MMCI owns investments, is the location of some of the highest, current property prices in the world. MMCI and the Company have been working together since 2011 to evaluate, and develop plans for, a number of projects within KSA.

Aside from the above, the Company continued to develop its profitable income stream through its advisory and consultancy services to MMCI. Al Salam Commercial Investments Limited has taken on all payment obligations on behalf of MMCI.

### Change of name

In the general meeting of shareholders held on 8 May 2012, the shareholders resolved and approved the change of the name of the Company from Prime Investments International Group Limited to Makkah & Madinah Holdings Limited. Appointment of Mr Ahmed Iqbal Bangee as Executive Director and Chief Financial Officer

I am pleased to report that on 2 April 2013 Ahmed Iqbal Bangee was formally appointed as Executive Director and Chief Financial Officer.

### Financial results

The Group has posted net profits of \$39.96 million for the first time since the commencement of the Company's operations, mainly derived from the share of profit from MMCI. In addition, the Company derived revenues of \$1.95 million from its advisory and consultancy services.

The significant positive result in the Statement of Comprehensive Income has resulted in an increase in earnings per share to \$0.031 (31 December 2011: Loss per share \$0.004) per share.

At 31 December 2012, net assets were \$440.41 million (31 December 2011: \$397.89 million) or \$0.35 (31 December 2011: \$0.31) per share.

### Business overview

A number of potential investment opportunities were identified throughout 2012, primarily in the region of the KSA. The favourable macro-economic conditions and expected growth trends for the KSA real estate market, supported the Company's strategy to develop a diverse portfolio of assets that has the potential to deliver value to the Company and its shareholders. These factors resulted in a decision by the Board of Directors to enter this robust real estate market through an investment in MMCI.

MMH's experience and expertise complements MMCI's business activities and on this basis in May 2012 the Company acquired an indirect equity interest of 34.12% in MMCI. Representatives from MMH's Board were then invited onto the Board of MMCI. This acquisition enabled the Company to dispose of its non-income generating asset in return for an indirect interest in MMCI, a company whose historical financial performance has shown profits year on year. The acquisition and our new relations with MMCI gives the Company exposure to development opportunities on projects located in one of the world's most exciting real estate markets.

The Company continues to explore further acquisition opportunities in Saudi Arabia to further expand our portfolio and diversify our investments across the

real estate sector. Our Board of Directors will communicate details to the Company's shareholders in due course on all acquisitions, disposals and development opportunities in line with the regulatory disclosure obligations. The Company's equity stake in MMCI will enable us to integrate project development services to MMCI's existing core business activities allowing MMCI and the Company to exploit the growing demand in the KSA real estate market. In addition to the acquisition and disposal of assets in May 2012, the Company also announced that it has been 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, PLUS. I can confirm that whilst this remains an ongoing challenge, this is being monitored closely and work continues to be undertaken.

#### ISDXmarket

PLUS Stock Exchange was acquired by ICAP Securities & Derivatives Exchange Limited in June 2012. The ISDX is a Recognised Investment Exchange under the Financial Services and Markets Act 2000 and a member of the ICAP plc group. The Company is currently listed on the ISDX Growth Market.

#### 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. The future areas of focus for the Company are to address any significant risk factors that affect the Company's performance and future operations, maintain strong corporate governance and transparency across the board and create improved liquidity in the Company's shares.

#### Outlook

During the year since the Group's acquisition of a 34.12% indirect interest in MMCI in May 2012, the Company's management has been working extensively with MMCI. We continue to advise them with the evaluation of certain projects in the city of Makkah and elsewhere within KSA.

The financial year 2012 was challenging. However the exceptional commitment of the Executive directors and their team to deliver positive results whilst restructuring our asset portfolio, has allowed the Company to reposition its investment into a robust market which is forecasted to maintain a positive growth trend in the short to medium term.

I am very confident about the Group's future prospects. The Company's management continues to implement the Group's new strategy and work with MMCI to take advantage of opportunities and invest where there is growth and future potential. I feel the Group is now well positioned to take advantage of opportunities as they arise following the investment in MMCI.

I would like to sincerely convey my gratitude to all our shareholders for their continued support and to our management and the Board, as we look towards a future that holds much promise and potential.

#### Chairman

Dr. Noor Aldeen S. A. Atatreh

28 May 2013

#### MAKKAH & MADINAH HOLDINGS LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Year ended 31 December 2012	For the period of 16 months from 1 September 2010 to 31 December 2011	USD	USD
Revenue	1,948,229	1,594,005		
Employee costs	(1,365,812)	(156,824)		
Other operating expenses	(853,868)	(572,467)		
PLUS Listing expenses	-	(6,850,843)		
Legal and professional fees	(2,102,388)	-		
Change in fair value of investment property	1,994,942	-		
Impairment of available-for-sale financial assets	(123,257)	-		
Depreciation	(1,951)	-		
Operating loss	(504,105)	(5,986,129)		
Share of profit from associate	40,355,469	-		
Finance income	-	9,126		
Finance expense	(18,044)	-		
Profit / (Loss) for the year	39,833,320	(5,977,003)		
Other Comprehensive income				
Change in fair value of available-for-sale financial assets	-	(123,257)		
Recycle of prior period available-for-sale financial assets losses	123,257	-		
Total comprehensive income for the year	39,956,577	(6,100,260)		
Earnings/(loss) per share attributable to the equity holders of the parent during the year	0.0315	(0.004)		
Basic earnings/(loss) per share for the year	0.0312	(0.004)		
Diluted earnings/(loss) per share for the year				
MAKKAH & MADINAH HOLDINGS LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012				

	2012 USD	2011 (Restated) USD
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	30,597	-
Investment in associates	440,355,469	-
Investment property	-	398,005,058

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	440,386,066	398,005,058
Current assets		
Trade receivables	631,471	990
Prepayments, advances and other receivables	797,336	127,454
Cash and cash equivalents	460,934	417,783
	1,889,741	546,227
<b>Total assets</b>	<b>442,275,807</b>	<b>398,551,285</b>
<b>EQUITY</b>		
Capital and reserves attributable to the equity holders of the company		
Ordinary shares	10,220,614	10,210,843
Share premium	395,001,706	394,835,588
Available-for-sale financial assets reserve	-	(123,257)
Reverse acquisition reserve	1,636,894	2,591,217
Retained earnings/(losses)	33,545,786	(5,628,513)
	440,405,000	397,885,878
<b>LIABILITIES</b>		
Current liabilities		
Trade and other payables	1,870,807	665, 407
<b>Total liabilities</b>	<b>1,870,807</b>	<b>665,407</b>
<b>Total equity and liabilities</b>	<b>442,275,807</b>	<b>398,551,285</b>
MAKKAH & MADINAH HOLDINGS LIMITED		
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012		
	Share	Attributable to equity holders of the parent
Retained	Total	Share
	capital	Premium
losses	USD	acquisition
	USD	reserve
	USD	Shares to be issued
	USD	Available for sale financial assets
	USD	USD
USD		
At 1 September 2010	32,262	-
(2,697,187)	501,235,151	-
Transaction with owners		
Prime Cayman		
Ordinary shares issued	398,005,058	-
-		(398,005,058)
for investment property - land		
Ordinary shares issued	105,895,018	-
-		(105,895,018)
for investment property - tower		
Ordinary shares issued	581,468	-
related to investment property		
Ordinary shares issued	1,177,548	-
1,177,548		-
for loan repayment		
Ordinary shares cancelled	(105,895,018)	-
(105,895,018)		-
against investment property		
Elimination of existing shares	(399,796,336)	-
(399,796,336)		-
MMH		
Existing ordinary shares	108,325	837,409
945,734		-
before reverse acquisition		
Ordinary shares issued on	9,994,909	389,801,427
399,796,336		-

reverse acquisition to owners						
Reverse acquisition 2,591,217	-	-	2,591,217	-	-	-
reserve						
Ordinary shares issued to 4,304,361	107,609	4,196,752	-	-	-	-
professional advisors						
Opening retained losses (954,323)	(954,323)					
	10,178,581	394,835,588	2,591,217	(503,900,076)	-	
(954,323) (97,249,013)						
Comprehensive income for (5,977,003) (6,100,260)	-	-	-	-	(123,257)	
the period						
At 31 December 2011 (9,628,513) 397,885,878	10,210,843	394,835,588	2,591,217	-	(123,257)	
As at 1 January 2012 (9,628,513) 397,885,878	10,210,843	394,835,588	2,591,217	-	(123,257)	
Exercise of warrants 175,889	9,771	166,118	-	-	-	-
Capital contribution 1,702,981 1,702,981	-	-	-	-	-	-
Transfer of reserves 954,323 -	-	-	(954,323)	-	-	
Share based payment 683,675 683,675	-	-	-	-	-	-
Profit for the year 39,833,320 39,833,320	-	-	-	-	-	
Other comprehensive 123,257	-	-	-	-	123,257	-
income - recycle of available-for-sale financial assets losses						
At 31 December 2012 33,545,786 440,405,000	10,220,614	395,001,706	1,636,894	-	-	

MAKKAH & MADINAH HOLDINGS LIMITED  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Year ended 31 December 2012	For the period of 16 months from 1 September 2010 to 31 December 2011 (Restated)
	USD	USD
Profit / (Loss) for the year	39,833,320	(5,977,003)
Adjustments for non-cash items:		
Settlement of loan and other liabilities by issue of ordinary shares	-	1,759,016
Reverse acquisition IFRS 2 charge	-	2,459,371
Professional fees settled by issue of ordinary shares by MMH	175,889	4,304,361
Share based payment expense	683,675	-
Share of profit from associate	(40,355,469)	-
Change in fair value of investment property	(1,994,942)	-
Impairment of available-for-sale financial assets	123,257	-
-Depreciation	1,951	-
Working capital changes:		
Trade and other receivables	(1,300,363)	(128,444)
Trade and other payables	1,205,400	(2,007,866)
Cash (used in) / generated from operations	(1,627,282)	409,435
Cash flows from Investing activities		
Purchase of property, plant and equipment	(32,548)	-
Net cash used in investing activities	(32,548)	-
Cash flows from Financing activities		
Capital contribution	1,702,981	-
Net cash generated from financing activities	1,702,981	-
Net increase in cash and cash equivalents	43,151	409,435
Cash and cash equivalents at beginning of the year	417,783	8,348
Cash and cash equivalents at end of the year	460,934	417,783

MAKKAH & MADINAH HOLDINGS LIMITED

1. Basis of preparation

The financial information does not constitute the Group's financial statements for either the year ended 31 December 2012 or the period ended 31 December 2011, but is derived from those accounts. The Group's financial statements for 2012 will be available from the Company's website from 29 May 2013. The auditor's reports on both the 2011 and 2012 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 (includes derivative instruments) and investment properties that are measured at fair value as stated in the accounting policies. The accounting policies used are consistent with those applied in the 2011 annual financial statements except the change in accounting policy on investment properties (see note 2) and those that were applied in the 2012 financial statements.

## 2. Accounting policies

### a. Investment property

The Group has changed the accounting policy in respect to investment properties from the cost model to fair value model. The change in accounting policy is applied retrospectively. The carrying value of the investment properties in the comparatives has not changed as in the opinion of the Directors, the fair value of the investment properties at the comparative period end approximates to cost as previously stated.

The Group's investment properties are revalued annually to open market value, with changes in the carrying value recognised in the consolidated statement of comprehensive income. On acquisition of companies owning investment properties, or acquisition of investment property assets, such investment properties are revalued and the gain on disposal of related investment properties adjusted accordingly.

Land is not depreciated. An asset's carrying amount is written down immediately

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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 the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in the profit or loss.

### b. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognized in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

## 3. 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.

	2012	2011
Profit/(loss) attributable to equity holders of the parent (USD)	39,956,577	(6,100,260)
Weighted average number of ordinary shares in issue	1,266,541,010	1,393,646,757

### 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.

	2012	2011
Profit/(loss) attributable to equity holders of the parent (USD)	39,956,577	(6,100,260)
Weighted average number of ordinary shares in issue	1,266,541,010	1,393,646,757
Adjustments for:		

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	1,281,954,155	-

As a result of the loss incurred in the prior period, there is no dilution arising from the share options and warrants in issue.

Enquiries:

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