

MELEWAR ISLAMIC INVESTMENT COMPANY LTD

Income Statement for the year ended 30 June 2009

	30-Jun-09 <u>USD</u>	30-Jun-08 <u>USD</u>
<u>Net Income:</u>		
Annual Fee Income	8,400,496	5,124,615
Performance Fee Income	5,134,645	1,885,634
Interest Income	2,456,525	2,639,085
Other Income	14,543	7,651
Total Operating Income	<u>16,006,209</u>	<u>9,656,985</u>
Less: Total Operating expenses	4,699,122	3,706,290
<u>Net profit before tax</u>	<u>11,307,087</u>	<u>5,950,695</u>
Less: Income tax expense	834,567	412,874
<u>Net profit after tax</u>	<u>10,472,520</u>	<u>5,537,821</u>

Brief commentary on the financial results of MIIC for the year ended 30 June 2009

- 1 Registered a net profit of USD10.5 million for the year , representing an increase of USD4.9 million over the last year
- 2 Operating income was up by USD6.35 million or 63%, mainly contributed by sharp increase in fee income, coming from the back of higher annual fee income and performance fees
- 3 Operating expenses registered moderate increase as overheads are prudently managed

Market Outlook

The global crisis that collapsed many international financial institutions in 2008 continued unabated into year 2009. However, in the second quarter of 2009, we saw the turning point, as economies gradually recovered, and stock markets started moving north. The twin nightmares of the asset and credit bubbles now seem a distant past, thanks largely to the co-ordinated responses of the governments using fiscal and monetary measures.

Overall, MIIC investors benefited from the sharp upswing in the recovery of the global stock markets towards the second quarter of year 2009. Renewed confidence was also demonstrated when our investors make further cash contributions in response to MIIC call to take advantage of the market recovery.

For the record, the MIIC Dana Adib Energy Fund registered an almost 50% Total Return while the MIIC Al-Amin Infrastructure Fund hit a 37% Total Return.

We see equity markets moving higher over the course of the next 12 months although there will be increased market volatility due to policy tightening by various governments. While there are headwinds, we believe that there are investment opportunities overall especially in the energy and commodities sectors. We further believe that Syariah compliant funds, which were resilient due to the restrictions of investments in risky assets such as riba-based loans and financial derivatives, will enjoy new found interest given that conventional funds were badly hit during the global financial crisis.