

MELEWAR ISLAMIC INVESTMENT COMPANY LTD

Income Statement for the year ended 30 June 2011

	30-Jun-11 <u>USD</u>	30-Jun-10 <u>USD</u>
<u>Net Income:</u>		
Annual Fee Income	12,705,976	9,521,534
Performance Fee Income	0	7,827,449
Interest Income	2,961,969	2,621,278
Other Income	2,456	4,561
Total Operating Income	<u>15,670,402</u>	<u>19,974,823</u>
Less: Total Operating expenses	4,666,056	11,781,705
<u>Net profit before tax</u>	<u>11,004,346</u>	<u>8,193,118</u>
Less: Income tax expense	874,365	2,367,890
<u>Net profit after tax</u>	<u>10,129,981</u>	<u>5,825,228</u>

Brief commentary on the financial results of MIIC for the year ended 30 June 2011

- 1 Registering a sharp increase in net profit of 74% or USD4.3 million for the year , MIIC make a profit of USD10.1 million, primarily due to the lower operating expenses
- 2 Operating income was down by USD 4.3 million or 21%, mainly contributed by lower than expected fee income. With the markets resembling a rollercoaster, outperforming the benchmarks set, was extremely challenging as seen by the zero income contribution from performance fees.
- 3 Operating expenses have reduced substantially during the year due to cost cutting exercise being conducted, and reduced investment management activities and fees incurred.

Market Outlook

The year poses a difficult market environment for all active portfolio managers. The Euro-crisis, the weakening of the USA economy, the tsunami and nuclear crisis in Japan and the tightening of the monetary policies by various governments have spoilt investors confidence.

All our funds enjoyed little capital appreciation during the year due to the extreme cautious stance adopted by investors. Our investors are still bullish on the energy sector as new monies of USD30 million for the MIIC Dana Adib Energy Fund was received.

For the next 12 months, the economic growth outlook of China, the unresolved Euro-crisis and the accelerating debt problem in the USA poses significant downside risks in the markets. We expect the continuation of extremely volatile stock markets in the medium term. Any new market lows will present strategically great buying opportunities for the long term.