



QUARTERLY REPORT  
September 30, 2003



Muslim Insurance Company Ltd.

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Chief Executive	S. C. Subjally
Directors	Aamir H. Shirazi
	Frahim Ali Khan
	Iftikhar H. Shirazi
	Jawaid Iqbal Ahmed
	Muhammad Faruque
Company Secretary	Fariq M.K. Rohilla

### GROUP EXECUTIVE COMMITTEE

President	Aamir H. Shirazi
Members	Frahim Ali Khan
	Iftikhar H. Shirazi
	Jawaid Iqbal Ahmed
	Saqib H. Shirazi
Secretary	Theresa Dias

### GROUP PERSONNEL COMMITTEE

Chairman	Yusuf H. Shirazi
Members	Aamir H. Shirazi
	Javed Haider Malik

### GROUP SYSTEMS & TECHNOLOGY COMMITTEE

Chairman	Iftikhar H. Shirazi
Members	Abdul Razzaq Ghauri
	Zia Ullah Begg
Secretary	Sarfraz Hassan

### AUDIT COMMITTEE

Chairman	Jawaid Iqbal Ahmed
Members	Iftikhar H. Shirazi
	Frahim Ali Khan
Secretary	Fariq M. K. Rohilla
Chief Internal Auditor	Saleem Mahmood

### UNDERWRITING COMMITTEE

Chairman	Frahim Ali Khan
Members	S. C. Subjally
	Arshad P. Rana
	Muhammad Munir
Secretary	Asad Mahmood Awan

**COMPANY INFORMATION**

**CLAIMS SETTLEMENT COMMITTEE**

Chairman	Frahim Ali Khan
Members	S. C. Subjally Arshad P. Rana
Secretary	Muhammad Munir

**REINSURANCE & CO-INSURANCE COMMITTEE**

Chairman	Frahim Ali Khan
Members	S. C. Subjally Arshad P. Rana Muhammad Munir
Secretary	Asad Mahmood Awan

**COMPANY MANAGEMENT**

Chief Executive	S. C. Subjally
Chief Operating Officer	Arshad P. Rana
Chief Financial Officer	Muhammad Zafar Riaz
Senior Manager Technical	Muhammad Munir
Senior Manager Administration	Pervaiz I. Malik
Company Secretary	Fariq M. K. Rohilla

Auditors	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Legal Advisors	Mohsin Tayebaly & Co. Ch. Maqsood Advocate
Tax Advisor	Sheikh & Chaudhri Chartered Accountants
Bankers	Allied Bank of Pakistan Ltd. Atlas Investment Bank Ltd. Habib Bank Ltd. Muslim Commercial Bank Ltd. National Bank of Pakistan Standard Chartered Bank The Bank of Tokyo-Mitsubishi Ltd United Bank Ltd.

## CHAIRMAN'S REVIEW

I am pleased to present to you the un-audited accounts of your Company for the third quarter ended September 30, 2003.

## ECONOMY

Both macro and micro economic indicators continued to be positive during the quarter. Exports and imports showed a healthy growth and rose to \$ 2.97 billion, up 14.7% and \$ 3.11 billion, up 11.8% respectively compared to the corresponding period of last year. Foreign exchange reserves crossed \$ 11.0 billion. Trade deficit narrowed to \$ 138.0 million. Rupee-Dollar parity remained stable. Interest rates remained subdued and so the inflation. Revenue collection targets were met. All these trends indicate that the GDP target of 5.3% set for the fiscal year 2003-04 seems achievable.

## COMPANY'S RESULT

Your company did well for the quarter as well as 9 months period ended 30th September 2003. The net premium underwritten for the quarter and the 9 months period was Rs. 20.85m and Rs.83.15m. respectively compared to Rs. 21.76m and Rs.78.98m for the corresponding period. Net commission income was Rs. 5.65m and Rs. 18.06m. respectively compared to Rs. 2.28m and Rs. 13.72m for the corresponding period. Investment income rose to Rs. 21.30m and Rs. 54.16m respectively against Rs. 10.43m and Rs. 19.15m for the corresponding period. Net claims were Rs. 5.07m and Rs.13.34m respectively compared to Rs. 4.43m and Rs. 17.22m for the corresponding period. Management expenses increased to Rs. 21.21m and Rs. 56.98m respectively compared to Rs. 19.06m and Rs. 51.46m for the corresponding period. The net profit before tax thus improved to Rs. 20.18m and Rs. 82.49m respectively compared to Rs. 9.93m and Rs. 40.67m for the corresponding period. After providing for tax the net profit after tax came to Rs. 15.34m and Rs. 40.52m respectively compared to Rs. 7.28m and Rs. 12.11m for the corresponding period. Provision for tax for the period includes Rs. 17.20m for the previous years which is being contested by the company.

## FUTURE OUTLOOK

The economic indicators generally promise a brighter future and your management is well set to take advantage of the same.

كَيْسَ لِلْإِنْسَانِ إِلَّا مَا سَعَى ۗ

(one gets only what one would earn!)

I would like to thank the SECP, the Board of Directors, Group President Mr. Aamir H. Shirazi, and The Group Executive committee for their help, support and guidance. I also thank the re-insurers, financial institutions, valued clients and the shareholders for their support and confidence reposed in your company. I thank the Chief Executive Officer Mr. S. C. Subjally and his team for their commitment and dedication.

Yusuf H. Shirazi

**DIRECTORS' REPORT**

The Directors have pleasure in submitting the Third Quarter Report of the Company together with the Financial Statements for the period ended September 30, 2003.

	<u>September 30</u> 2003	<u>September 30</u> 2002
	(Rupees in thousand)	
The overall business figures are:		
Net premium	83,158	78,985
Net claims	13,342	17,222
Investment and other income	55,213	19,946
Net commission	18,065	13,721
Expenses of management	60,604	54,760

Financial Results are as follows:

Profit before tax	82,490	40,670
Less:		
Provision for taxation - current period	24,762	11,441
Provision for taxation - prior period	17,200	17,114
Profit after tax	40,528	12,115
Add: Last year's un-appropriated profit	106	21
Balance carried to Balance Sheet	40,634	12,136

**CHAIRMAN'S REVIEW:**

The accompanying Chairman's Review deals with the performance of the Company during the period and future outlook. The Directors of the Company endorse the contents of the review:

We express our deep appreciation and thanks to our valued clients, bankers, reinsurers, PRCL and SECP for the cooperation extended to us.

We also commend the dedicated services rendered by the Muslim's officers, staff and field force.

For and on behalf of the  
Board of Directors

Lahore: October 23, 2003

S.C. SUBJALLY  
Chief Executive

**BALANCE SHEET (UNAUDITED)**

Notes	September 30 2003 (Un-audited)	December 31 2002 (Audited)
	(Rupees in thousand)	
<b>Share Capital and Reserves</b>		
Authorised Share Capital	150,000	150,000
Paid-up share capital	88,542	88,542
Retained earnings	40,634	106
Reserves	23,365	23,365
	152,541	112,013
<b>Underwriting Provisions</b>		
Provision for outstanding claims (including IBNR)	62,651	42,540
Provision for unearned premium	68,526	84,661
Commission income unearned	7,866	15,219
Total underwriting provisions	139,043	142,420
<b>Deferred Liabilities</b>		
Staff Retirement Benefits	3,639	2,651
<b>Creditors and Accruals</b>		
Premiums Received in Advance	272	212
Amounts due to other insurers/reinsurers	36,055	37,667
Accrued Expenses	2,016	3,786
Taxation - Provision less payments	25,078	8,277
Other Creditors and Accruals	12,498	10,129
	75,919	60,071
<b>Other Liabilities</b>		
Deposit against performance bonds	1,391	1,391
Dividend	1,357	14,679
Obligation against assets subject to finance lease	4,772	4,891
	7,520	20,961
<b>TOTAL LIABILITIES</b>	<b>226,121</b>	<b>226,103</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>378,662</b>	<b>338,116</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>4</b>	<b>-</b>

The annexed notes form an integral part of these accounts.

AS AT SEPTEMBER 30, 2003

	<u>Notes</u>	<u>September 30</u> 2003 (Un-audited)	<u>December 31</u> 2002 (Audited)
(Rupees in thousand)			
<b>Cash and Bank Deposits</b>			
Cash and other equivalent		102	1
Current and other accounts		10,910	11,627
Deposits maturing within 12 months		8,000	1,601
		19,012	13,229
<b>Investments</b>		167,783	138,496
<b>Other Assets</b>			
Premiums due but unpaid		23,432	18,592
Amounts due from other insurers/reinsurers		40,834	64,939
Accrued investment income		9,715	3,538
Reinsurance recoveries against outstanding claims		54,293	31,715
Prepayments		44,781	49,888
Sundry receivables		3,489	1,351
		176,544	170,023
<b>Fixed assets</b>			
Land and Buildings		5,376	5,540
Furniture, Fixtures and Office Equipment		4,145	3,752
Motor Vehicles		5,739	6,821
Intangible (License fee for software)		63	255
		15,323	16,368
<b>TOTAL ASSETS</b>		<u>378,662</u>	<u>338,116</u>

S. C. Subjally  
Chief Executive

Frahim Ali Khan  
Director

Iftikhar H. Shirazi  
Director

Yusuf H. Shirazi  
Chairman

**PROFIT AND LOSS ACCOUNT (UNAUDITED)**

Financial Period ended September 30, 2003

Notes	Quarter ended September 30, 2003					Quarter Ended
	Fire and Property	Marine, Aviation and Transport	Motor	MISC.	September 30 2003 Aggregate	September 30 2002 Aggregate
( Rupees in thousand )						
Revenue Account						
Net Premium Revenue	1,371	14,582	4,854	45	20,852	21,761
Net Claims	(766)	(1,174)	(2,897)	(233)	(5,070)	(4,433)
Expenses	(1,431)	(18,306)	(1,310)	(166)	(21,213)	(19,065)
Net Commission	864	5,118	(229)	(98)	5,656	2,282
Underwriting result	38	220	418	(452)	225	545
Investment Income	-	-	-	-	21,303	10,431
Rental Income	-	-	-	-	216	149
Other Income	-	-	-	-	(12)	12
Financial Charges	-	-	-	-	(258)	(228)
General and administration expenses	-	-	-	-	(1,286)	(979)
	-	-	-	-	19,963	9,385
Profit before tax					20,188	9,930
Provision for Taxation						
Current Period	5				(4,047)	(2,641)
Prior Period					(800)	-
Profit/(Loss) after tax	-	-	-	-	15,341	7,289
						Nine months Ended
						September 30 2002
						Aggregate
Revenue Account						
Net Premium Revenue	10,898	56,024	14,891	1,345	83,158	78,985
Net Claims	(3,728)	(3,269)	(5,197)	(1,148)	(13,342)	(17,222)
Expenses	(7,645)	(37,780)	(10,172)	(1,383)	(56,980)	(51,464)
Net Commission	5,351	12,708	(156)	161	18,065	13,721
Underwriting result	4,876	27,683	(634)	(1,025)	30,901	24,020
Investment Income	-	-	-	-	54,169	19,154
Rental Income	-	-	-	-	594	436
Other Income	-	-	-	-	450	356
Financial Charges	-	-	-	-	(831)	(558)
General and administration expenses	-	-	-	-	(2,793)	(2,738)
	-	-	-	-	51,589	16,650
Profit/(Loss) before tax	-	-	-	-	82,490	40,670
Provision for Taxation	5					
Current Period					(24,762)	(11,441)
Prior Period					(17,200)	(17,114)
Profit after tax	-	-	-	-	40,528	12,115
Earnings Per share-Basic					4.58	0.55
Profit and Loss Appropriation Account						
Balance at commencement of period	-	-	-	-	106	21
Profit after tax for the period	-	-	-	-	40,528	12,115
Balance Unappropriated Profit at the end of period	-	-	-	-	40,634	12,136

The annexed notes form an integral part of these accounts.

S. C. Subjally  
Chief Executive

Frahim Ali Khan  
Director

Iftikhar H. Shirazi  
Director

Yusuf H. Shirazi  
Chairman

**CASH FLOW STATEMENT (UNAUDITED)**  
**FINANCIAL PERIOD ENDED SEPTEMBER 30, 2003**

	September 30 2003	September 30 2002
	(Rupees in thousand)	
<b>Operating Cash Flow</b>		
a) Underwriting activities		
Premiums received	176,496	138,081
Re-insurance premiums paid	(88,263)	(79,948)
Claims paid	(56,796)	(46,642)
Re-insurance and other recovered received	40,987	31,632
Commission paid	(15,549)	(8,309)
Commission received	26,998	30,016
Net cash flow from underwriting activities	83,873	64,830
(b) Other operating activities		
Income tax paid	(25,161)	(8,523)
General management expenses paid	(58,413)	(48,651)
Other operating receipts	11	1,832
Loans advanced	(698)	(477)
Loans repayments received	789	677
Net cash flow from other operating activities	(83,472)	(55,142)
<b>Total cash flow from all operating activities</b>	<b>401</b>	<b>9,688</b>
<b>Investment activities</b>		
Dividend received	47,992	9,983
Rentals received	594	503
Payments for investments	(29,287)	(10,086)
Fund Capital Expenditure	(497)	(1,555)
Proceeds from disposal of fixed assets	919	543
<b>Total cash flow from investing activities</b>	<b>19,721</b>	<b>(612)</b>
<b>Financing activities</b>		
Dividends paid	(13,322)	(8,049)
Payments on finance leases	(1,017)	(590)
<b>Total cash flow from financing activities</b>	<b>(14,339)</b>	<b>(8,639)</b>
<b>Net cash inflow/(outflow) from all activities</b>	<b>5,783</b>	<b>437</b>
Cash at the beginning of the period	13,229	16,267
Cash at the end of the period	19,012	16,704
<b>Reconciliation to profit and loss account</b>		
Operating cash flow	401	9,688
Depreciation expense	(1,769)	(1,766)
Financial charges	(831)	(558)
Profit on disposal of fixed assets	439	340
Increase in assets other than cash	42,306	17,730
(Increase) in liabilities other than running finance	(18)	(13,319)
Profit after taxation	40,528	12,115

**Definition of cash**

Cash is defined as cash in hand, at bank, stamps in hand and short term placements with banks. The annexed notes form an integral part of these accounts.

S. C. Subjally  
Chief Executive

Frahim Ali Khan  
Director

Iftikhar H. Shirazi  
Director

Yusuf H. Shirazi  
Chairman

**STATEMENT OF PREMIUMS (UNAUDITED)**  
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2003

		Q u a r t e r e n d e d			S e p t e m b e r 3 0 , 2 0 0 3				Q u a r t e r e n d e d		
Class		Premium Written	Unearned premium reserve Opening	Closing	Premium earned	Re-insurance ceded	Prepaid re-insurance ceded	Premium ceded	Re-insurance expense	Net premium	September 30 2002 Net premium
		( R u p e e s i n				t h o u s a n d )					
Direct and Facultative											
	1. Fire and Property Damage	6,289	41,229	33,218	14,300	6,706	37,180	30,612	13,274	1,026	2,508
	2. Marine, Aviation and Transport	24,413	9,514	11,354	22,573	9,398	8,341	7,987	9,752	12,821	11,170
	3. Other Motor Business	6,743	16,383	16,971	6,155	1,019	3,089	2,807	1,301	4,854	4,058
	4. Miscellaneous	977	3,981	4,182	776	796	3,332	3,375	753	23	418
	<b>Total</b>	<b>38,422</b>	<b>71,107</b>	<b>65,725</b>	<b>43,804</b>	<b>17,919</b>	<b>51,942</b>	<b>44,781</b>	<b>25,080</b>	<b>18,724</b>	<b>18,154</b>
Treaty											
	5. Proportional										
	Fire	18	2,259	1,932	345	-	-	-	-	345	667
	Marine	38	1,723	-	1,761	-	-	-	-	1,761	2,425
	Miscellaneous	-	891	869	22	-	-	-	-	22	515
	<b>Total</b>	<b>56</b>	<b>4,873</b>	<b>2,801</b>	<b>2,128</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,128</b>	<b>3,607</b>
	<b>Grand Total</b>	<b>38,478</b>	<b>75,980</b>	<b>68,526</b>	<b>45,932</b>	<b>17,919</b>	<b>51,942</b>	<b>44,781</b>	<b>25,080</b>	<b>20,852</b>	<b>21,761</b>
		N i n e m o n t h s e n d e d			S e p t e m b e r 3 0 , 2 0 0 3						
Direct and Facultative											
	1. Fire and Property Damage	47,291	28,066	33,218	42,139	38,486	25,137	30,612	33,011	9,128	17,607
	2. Marine, Aviation and Transport	71,018	39,541	11,354	99,204	36,986	19,095	7,987	48,094	51,110	39,319
	3. Other Motor Business	24,463	10,056	16,971	17,548	3,538	1,926	2,807	2,657	14,891	16,156
	4. Miscellaneous	4,926	2,736	4,182	3,480	4,146	2,118	3,375	2,889	591	2,296
	<b>Total</b>	<b>147,698</b>	<b>80,399</b>	<b>65,725</b>	<b>162,371</b>	<b>83,156</b>	<b>48,276</b>	<b>44,781</b>	<b>86,651</b>	<b>75,720</b>	<b>75,378</b>
Treaty											
	5. Proportional										
	Fire	2,074	1,628	1,932	1,770	-	-	-	-	1,770	667
	Marine	2,830	2,084	-	4,914	-	-	-	-	4,914	2,425
	Miscellaneous	1,074	549	869	754	-	-	-	-	754	515
	<b>Total</b>	<b>5,978</b>	<b>4,261</b>	<b>2,801</b>	<b>7,438</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,438</b>	<b>3,607</b>
	<b>Grand Total</b>	<b>153,676</b>	<b>84,660</b>	<b>68,526</b>	<b>169,809</b>	<b>83,156</b>	<b>48,276</b>	<b>44,781</b>	<b>86,651</b>	<b>83,158</b>	<b>78,985</b>

The annexed notes form an integral part of these accounts.

S. C. Subjally  
Chief Executive

Frahim Ali Khan  
Director

Iftikhar H. Shirazi  
Director

Yusuf H. Shirazi  
Chairman

**STATEMENT OF CLAIMS (UNAUDITED)**  
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2003

		Q u a r t e r e n d e d			S e p t e m b e r 3 0 , 2 0 0 3				Q u a r t e r e n d e d		
		Claims paid	Outstanding Claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	September 30 2002 Net claims expense
Class			Opening	Closing			Opening	Closing			
		( R u p e e s i n t h o u s a n d )									
Business underwritten inside Pakistan											
Direct and Facultative	1. Fire and Property Damage	3,332	44,618	41,013	(273)	2,059	44,117	41,050	(1,008)	735	882
	2. Marine, Aviation and Transport	1,633	6,982	8,637	3,288	1,397	6,008	6,725	2,114	1,174	(499)
	3. Other Motor Business	3,705	2,766	2,461	3,400	537	419	385	503	2,897	2,739
	4. Miscellaneous	109	7,165	7,428	372	99	6,093	6,133	139	233	(501)
	<b>Total</b>	<b>8,779</b>	<b>61,531</b>	<b>59,539</b>	<b>6,787</b>	<b>4,092</b>	<b>56,637</b>	<b>54,293</b>	<b>1,748</b>	<b>5,039</b>	<b>2,621</b>
Treaty	5. Proportional										
	Fire	31	698	698	31	-	-	-	-	31	250
	Marine	-	1,886	1,886	-	-	-	-	-	-	1,032
	Miscellaneous	-	528	528	-	-	-	-	-	-	530
	<b>Total</b>	<b>31</b>	<b>3,112</b>	<b>3,112</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>1,812</b>
	<b>Grand Total</b>	<b>8,810</b>	<b>64,643</b>	<b>62,651</b>	<b>6,818</b>	<b>4,092</b>	<b>56,637</b>	<b>54,293</b>	<b>1,748</b>	<b>5,070</b>	<b>4,433</b>

		N i n e m o n t h s e n d e d				S e p t e m b e r 3 0 , 2 0 0 3					
Direct and Facultative	1. Fire and Property Damage	15,438	17,267	41,013	39,184	11,966	16,670	41,050	36,346	2,838	3,397
	2. Marine, Aviation and Transport	6,099	9,059	8,637	5,677	4,805	8,092	6,725	3,438	2,239	2,056
	3. Other Motor Business	9,581	5,972	2,461	6,070	1,404	916	385	873	5,197	9,810
	4. Miscellaneous	415	7,130	7,428	713	234	6,037	6,133	330	383	147
	<b>Total</b>	<b>31,533</b>	<b>39,428</b>	<b>59,539</b>	<b>51,644</b>	<b>18,409</b>	<b>31,715</b>	<b>54,293</b>	<b>40,987</b>	<b>10,657</b>	<b>15,410</b>
Treaty	5. Proportional										
	Fire	890	698	698	890	-	-	-	-	890	250
	Marine	1,030	1,886	1,886	1,030	-	-	-	-	1,030	1,032
	Miscellaneous	765	528	528	765	-	-	-	-	765	530
	<b>Total</b>	<b>2,685</b>	<b>3,112</b>	<b>3,112</b>	<b>2,685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,685</b>	<b>1,812</b>
	<b>Grand Total</b>	<b>34,218</b>	<b>42,540</b>	<b>62,651</b>	<b>54,329</b>	<b>18,409</b>	<b>31,715</b>	<b>54,293</b>	<b>40,987</b>	<b>13,342</b>	<b>17,222</b>

The annexed notes form an integral part of these accounts.

S. C. Subjally  
Chief Executive

Frahim Ali Khan  
Director

Iftikhar H. Shirazi  
Director

Yusuf H. Shirazi  
Chairman

**STATEMENT OF EXPENSES (UNAUDITED)**  
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2003

		Q u a r t e r e n d e d			S e p t e m b e r 3 0 , 2 0 0 3					Quarter ended September 30 2002
Business underwritten inside Pakistan		Commissions paid or payable	Opening Deferred commission	Closing Deferred commission	Net commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense	Net underwriting expense
Class		( R u p e e s i n t h o u s a n d )								
Direct and										
Facultative	1. Fire and Property Damage	1,483	-	-	1,483	1,431	2,914	2,375	539	6,807
	2. Marine, Aviation and Transport	1,005	-	-	1,005	18,306	19,311	6,149	13,162	7,805
	3. Other Motor Business	369	-	-	369	1,310	1,679	140	1,539	(1,010)
	4. Miscellaneous	127	-	-	127	166	293	30	263	525
	<b>Total</b>	<b>2,984</b>	<b>-</b>	<b>-</b>	<b>2,984</b>	<b>21,213</b>	<b>24,197</b>	<b>8,695</b>	<b>15,502</b>	<b>14,127</b>
Treaty	5. Proportional									
	Fire	28	-	-	28	-	28	-	28	-
	Marine	26	-	-	26	-	26	-	26	-
	Miscellaneous	1	-	-	1	-	1	-	1	-
	<b>Total</b>	<b>55</b>	<b>-</b>	<b>-</b>	<b>55</b>	<b>-</b>	<b>55</b>	<b>-</b>	<b>55</b>	<b>-</b>
	<b>Grand Total</b>	<b>3,039</b>	<b>-</b>	<b>-</b>	<b>3,039</b>	<b>21,213</b>	<b>24,252</b>	<b>8,695</b>	<b>15,557</b>	<b>14,127</b>

		N i n e m o n t h s e n d e d			S e p t e m b e r 3 0 , 2 0 0 3					
Direct and										
Facultative	1. Fire and Property Damage	3,032	-	-	3,032	7,645	10,677	9,352	1,325	8,398
	2. Marine, Aviation and Transport	2,254	-	-	2,254	37,780	40,034	16,074	23,960	16,814
	3. Other Motor Business	907	-	-	907	10,172	11,079	751	10,328	6,244
	4. Miscellaneous	294	-	-	294	1,383	1,677	820	856	1,516
	<b>Total</b>	<b>6,487</b>	<b>-</b>	<b>-</b>	<b>6,487</b>	<b>56,980</b>	<b>63,467</b>	<b>26,998</b>	<b>36,469</b>	<b>32,972</b>
Treaty	5. Proportional									
	Fire	969	-	-	969	-	969	-	969	390
	Marine	1,112	-	-	1,112	-	1,112	-	1,112	1,379
	Miscellaneous	365	-	-	365	-	365	-	365	345
	<b>Total</b>	<b>2,446</b>	<b>-</b>	<b>-</b>	<b>2,446</b>	<b>-</b>	<b>2,446</b>	<b>-</b>	<b>2,446</b>	<b>2,114</b>
	<b>Grand Total</b>	<b>8,933</b>	<b>-</b>	<b>-</b>	<b>8,933</b>	<b>56,980</b>	<b>65,913</b>	<b>26,998</b>	<b>38,915</b>	<b>35,086</b>

The annexed notes form an integral part of these accounts.

S. C. Subjally  
Chief Executive

Frahim Ali Khan  
Director

Iftikhar H. Shirazi  
Director

Yusuf H. Shirazi  
Chairman

**STATEMENT OF INVESTMENT INCOME (UNAUDITED)**  
**FINANCIAL PERIOD ENDED SEPTEMBER 30, 2003**

	Quarter ended		Nine months ended	
	September 30 2003	September 30 2002	September 30 2003	September 30 2002
	( Rupees in thousands )			
<b>Income from Non-Trading Investments</b>				
Held to Maturity	-	-	-	-
Return on Government Securities	-	-	-	362
Return on Other Fixed Income Securities and Deposits	51	-	447	365
Others, Term Finance Certificates	1,540	1,144	4,643	3,899
	1,591	1,144	5,090	4,626
Available for Sale				
Dividend Income	9,045	7,594	13,474	9,448
	<u>10,636</u>	<u>8,738</u>	<u>18,564</u>	<u>14,074</u>
Gain on sale of Non Trading Investments				
- Available for sale	10,667	-	35,605	-
Provision for Impairment in Value of Investments				
Provision for Portfolio Available for Sale	-	-	-	3,387
Net Investment Income	<u>21,303</u>	<u>8,738</u>	<u>54,169</u>	<u>17,461</u>

The annexed notes form an integral part of these accounts.

**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FINANCIAL PERIOD ENDED SEPTEMBER 30, 2003**

	Share Capital	CAPITAL RESERVES			REVENUE RESERVES			Total
		Capital Reserve	Exceptional Losses Reserve	Reserve for Bonus Share	General Reserve	Investment Fluctuation Reserve	Unappro- -priated Profit	
( R u p e e s i n t h o u s a n d )								
Balance as on 01-01-2002	80,493	2,251	2,164	8,049	15,950	3,000	21	111,928
Transfer from reserve for Bonus share	8,049	-	-	(8,049)	-	-	-	-
Net Profit for the period	-	-	-	-	-	-	12,115	12,115
Balance as on 30-09-2002	<u>88,542</u>	<u>2,251</u>	<u>2,164</u>	<u>-</u>	<u>15,950</u>	<u>3,000</u>	<u>12,136</u>	<u>124,043</u>
Balance as on 01-01-2003	88,542	2,251	2,164	-	15,950	3,000	106	112,013
Net profit for the period	-	-	-	-	-	-	40,528	40,528
Balance as on 30-09-2003	<u>88,542</u>	<u>2,251</u>	<u>2,164</u>	<u>-</u>	<u>15,950</u>	<u>3,000</u>	<u>40,634</u>	<u>152,541</u>

S. C. Subjally  
Chief Executive

Frahim Ali Khan  
Director

Iftikhar H. Shirazi  
Director

Yusuf H. Shirazi  
Chairman

## NOTES TO THE ACCOUNTS (UNAUDITED)

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2003

### 1. STATUS AND NATURE OF BUSINESS

Muslim Insurance Company Limited was incorporated as a public limited company in Pakistan on September 06, 1935 and is quoted on Lahore and Karachi stock exchanges. The company is engaged in general insurance business. The registered office of the company is situated in Lahore.

### 2. ACCOUNTING POLICIES

#### a) Basis of preparation

These accounts have been prepared in accordance with the requirements of the clause (xxi) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan, Insurance Ordinance, 2000, International Accounting Standards IAS 34 (Interim Financial Reporting) and relevant provisions of S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan in December 2002.

b) Accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the preceding annual accounts.

c) In compliance with the provision of SRO 938 issued by the Securities Exchange Commission of Pakistan in December, 2002 the company is required to maintain Premium Deficiency Reserve where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after re-insurance, from claim and other expenses, including re-insurance expenses, commission and other underwriting expenses, expected to be incurred after balance sheet date in respect of policies in that class of business in force at balance sheet date, a Premium Deficiency Reserves shall be recognized as liability to meet the deficit..

Keeping in view the adequacy of the reserves on 30th September, 2003, in line with the aforementioned provisions, the management considers that the Premium Deficiency Reserve is not required, hence no provision is made in the account in this respect.

d) The underwriting of related party business i.e. Fire, Marine and Motor has been carried out in line with the industry's Professional Practices (IAP). In most of the cases Fire/ Marine has been specially rated by IAP. In certain Industrial Risks, the rating has been applied in line with the tariff, keeping in view the risk factor involved and prevailing market practice. The Miscellaneous business e.g. Engineering Risks are rated on directives of the Re-Insurers and with the market experience. Our this policy falls under the "Comparable uncontrolled price method" as described in International Accounting Standards IAS-24 (Related Party Disclosures) for rendering services and undertaking risks of related parties.

e) In order to comply with the requirements of SRO.938 issued by the Securities and Exchange Commission of Pakistan in December 2002, the company has changed its method for calculating the provision for unearned premium to 1/24th method. Previously, at the end of third quarter, the amount was calculated by taking 40 % of Net Premium of Nine months, and 25% of the reserves as on 1st January.

Had the previous method for calculating the unearned premium been consistently applied, the amount of reserves for unearned premium would have been higher by Rs. (thousands) 13,557. Consequently, the profit before tax would have been reduced by Rs. (thousands) 13,557.

### 3. INVESTMENTS

The aggregate market value of the investments amounts to Rs.(thousands) 268,485 (December 31,2002 Rs. (thousands) 195,196).

### 4. CONTINGENCIES AND COMMITMENTS

There is no significant change in contingent liabilities and commitments since the last annual balance sheet date.

### 5. TAXATION

Prior year taxation represents the un-usual add backs by the Income Tax Department for the assessment years 2000-2001 and 2002-2003. Major portion of the add backs are related to rule 5-C of the Fourth Schedule and section 52/86 of the Income Tax Ordinance 1979. The decision of the assessing officer has been challenged in appropriate tax appellate forum. The management is confident that the tax appellate forum / court of law will decide the case in the company's favour.

6. Following are the additions and deletions in the fixed assets made during the nine months ended September 30,2003.

	Additions (Rupees in thousand)	Deletions
Furniture	22	6
Office equipment	114	2
Computers	230	-
Computers on lease finance	898	-
Vehicles	127	533
Total addition and deletion	<u>1,391</u>	<u>541</u>

7. RELATED PARTY TRANSACTIONS

S.No	Name of Related party	Premium Underwritten	Premium Collected	Claims Paid	Lease Rentals	Vehicles Purchased	Rent Received	Interest Received	Dividend Received	Fixed Deposits	TFC's Purchased	Brokerage Paid for Purchase	Brokerage Paid for Sale	Total
( R u p e e s i n t h o u s a n d )														
1	Atlas Honda Ltd.	31,308	28,894	2,349	-	127	-	-	-	-	-	-	-	62,678
2	Allwin Engineering Ind. Ltd.	2,750	2,245	516	-	-	-	-	-	-	-	-	-	5,511
3	Atlas Battery Ltd.	5,903	5,857	1,148	-	-	-	-	-	-	-	-	-	12,908
4	Shirazi Trading Co. (Pvt.) Ltd.	3,398	3,509	712	-	-	311	-	-	-	-	-	-	7,930
5	Shirazi Investment Co. (Pvt.) Ltd.	397	373	337	-	-	-	-	-	-	-	-	-	1,107
6	Atlas Investment Bank Ltd.	1,664	1,645	389	1,632	-	-	1,148	-	43,327	-	590	515	50,910
7	Honda Atlas Power Prd. (Pvt.) Ltd.	569	695	(24)	-	-	-	-	-	-	-	-	-	1,240
8	Total Atlas Lubricants Pak. (Pvt.) Ltd.	1,394	1,229	37	-	-	-	-	-	-	-	-	-	2,660
9	Honda Atlas Cars (Pakistan) Ltd.	46,525	46,856	1,502	-	-	-	-	-	-	-	-	-	94,883
10	Cherat Papersack Ltd.	239	134	-	-	-	-	-	285	-	-	-	-	658
11	Cherat Cement Company Ltd.	1,279	1,054	27	-	-	-	-	-	-	-	-	-	2,360
12	Cherat Electric	(2)	27	32	-	-	-	-	-	-	-	-	-	57
13	Mirpur Khas Sugar Mills	44	44	-	-	-	-	-	-	-	-	-	-	88
14	Shirazi Foundation	37	37	209	-	-	-	-	-	-	-	-	-	283
15	Atlas Warehousing(Pvt) Ltd.	-	-	23	-	-	-	-	-	-	-	-	-	23
16	Greaves Cotton	10	-	-	-	-	-	-	-	-	-	-	-	10
	September 30,2003	95,515	92,599	7,257	1,632	127	311	1,148	285	43,327	-	590	515	243,306
	September 30,2002	98,387	90,786	8,587	1,011	-	249	1,095	732	10,056	1,010	28	-	211,941

8. SEGMENT REPORTING

The Company has four primary business segments for reporting purposes namely fire, marine, motor and miscellaneous.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross premium earned by the segments.

	Fire and Property Damage		Marine, Aviation & Transport		Other Motor Business		Miscellaneous		Total	
	Sep. 30 2003	Dec. 31 2002	Sep. 30 2003	Dec. 31 2002	Sep. 30 2003	Dec. 31 2002	Sep. 30 2003	Dec. 31 2002	Sep. 30 2003	Dec. 31 2002
	( R u p e e s i n t h o u s a n d )									
OTHER INFORMATION										
Segment assets	92,446	71,105	45,399	68,258	13,847	12,765	11,648	11,397	163,340	163,525
Unallocated corporate assets	-	-	-	-	-	-	-	-	215,322	174,591
Consolidated total assets	-	-	-	-	-	-	-	-	378,662	338,116
Segment Liabilities	88,521	60,870	39,093	71,090	25,410	21,895	15,599	12,405	168,623	166,260
Unallocated corporate Liabilities	-	-	-	-	-	-	-	-	57,765	59,844
Consolidated total Liabilities	-	-	-	-	-	-	-	-	226,388	226,104
Capital expenditure-according to above ratios	450	768	664	1,024	231	307	46	66	1,391	2,165
Depreciation/Amortization-according to above ratios	592	626	875	835	304	250	61	54	1,832	1,766

9. GENERAL

a) Figures in the accounts are rounded off to the nearest thousand.

b) Comparative figures of :

- cash flow statement has been recast due to change in format by the Insurance Ordinance 2000.
- administrative surcharge has been rearranged to form part of premium income to comply with the provision of Insurance Ordinance 2000.

## COMPANY OFFICES

### HEAD OFFICE

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	Fax:	7234742
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ARSHAD P. RANA Chief Operating Officer	Direct: Extension:	7234812 301
MUHAMMAD ZAFAR RIAZ Chief Financial Officer	Direct: Extension:	7234757 307
MUHAMMAD MUNIR Sr. Manager Technical	Direct: Extension:	7314241 309
PERVAIZ I. MALIK Sr. Manager Administration	Direct: Extension:	7314241 308
ASAD MAHMOOD AWAN Manager Marketing	Direct: Extension:	7234757 312
SALEEM MAHMOOD Chief Internal Auditor	Extension:	302

### NORTH ZONE OFFICES & BRANCHES

#### LAHORE

MUHAMMAD MUNIR QAZI Chief Manager	Nawa-i-Waqt Building, Fatima Jinnah Road, Lahore	6364906 6371185 Fax: 6371186
ZAFAR HUSSAIN JAMAL Branch Manager	Hafeez Chambers, 85-Shahrah-e-Quaid-e-Azam, Lahore.	6305595
	Nairobi Mansion Napier Road, Lahore	7352560 - 7358190
KHALID MAHMOOD Branch Manager	Alnoor Building, Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.	7358805
MUHAMMAD IJAZ Manager	Alnoor Building, Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.	7358805

#### FAISALABAD BRANCH-I

IRSHAD AHMED SHEIKH Chief Manager	Chartered Bank Chambers Railway Road, Faisalabad.	647194 Fax : 635080
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#### FAISALABAD BRANCH-II

IRSHAD FARRUKH BHATTI Branch Manager	Room: 8 to 11, Ismail Plaza, 3rd Floor, Satiana Road, Faisalabad.	721256 Fax : 721256
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#### MULTAN

BASHIR AHMED GHOURI Branch Manager	Atlas Honda Building Azmat Wasti Road, Multan	544494
---------------------------------------	--	--------

#### RAWALPINDI

MAHMOOD AHMED Chief Manager	101/13, Bank Road, Grand Hotel Building, P. O. Box 119, Rawalpindi.	5563413 Fax : 5566518
MANZAR ALI NAQVI Manager	101/13, Bank Road, Grand Hotel Building, P. O. Box 119, Rawalpindi.	5563413 Fax : 5566518



# Muslim Insurance Company Ltd.

## COMPANY OFFICES

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Branch Manager

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### BAHAWALPUR

MUHAMMAD MASOOD CH.  
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2621925, 2625697  
2629532

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S.C. SUBJALLY  
Chief Executive

Direct:  
Extension:

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305

FARIQ M.K. ROHILLA  
Company Secretary

Direct:  
Extension:

2621924  
302

S. MUBARAK AHMED  
Manager Administration

Extension:

316

JAWAID IRSHAD  
Manager Claims

Extension :

303

MUHAMMAD IMRAN  
Manager Claims

Extension :

309

ALI ASGHAR  
Manager Customer Service

Extension :

312

### SOUTH ZONE BRANCHES

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ZAFAR AHMAD GHOURI  
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#### SUKKUR

ABDUL MAJEED QURESHI  
Chief Manager

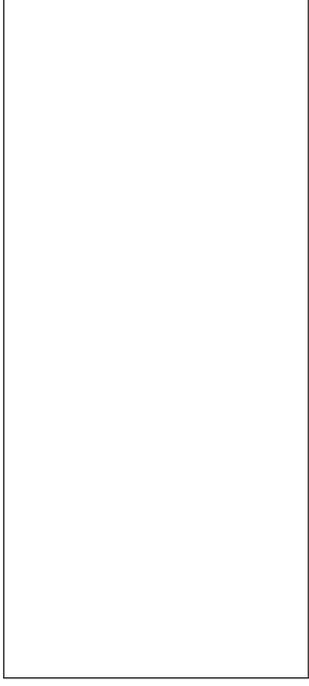
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