



HALF YEARLY REPORT
JUNE 30, 2001



Muslim Insurance Company Ltd.

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COMPANY INFORMATION

Board of Directors

Chairman	Yusuf H. Shirazi
Chief Executive	S.C. Subjally
Directors	Frahim Ali Khan
	Iftikhar H. Shirazi
	Jawaid Iqbal Ahmed
	Muhammad Faruque
	Saqib H. Shirazi

Group Executive Committee

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

Group Personnel Committee

Chairman	Yusuf H. Shirazi
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Group Audit Committee

Chairman	Sanaullah Qureshi
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Company Management

Chief Executive	S. C. Subjally
Chief Operating Officer	Arshad P. Rana
Senior Manager Accounts	Nasim Ahmed Khan
Senior Manager Finance	Fariq M. K. Rohilla
Senior Manager Technical	Muhammad Munir
Senior Manager Administration	Pervaiz I. Malik
Senior Manager Marketing	Muhammad Munir Qazi
Auditors	Ford Rhodes Robson Morrow Chartered Accountants
Legal Advisors	Mohsin Tayebaly & Co. Ch. Maqsood Advocate
Tax Advisor	Mahmood Law Associates

CHAIRMAN'S REVIEW

It is my pleasure to present the un-audited accounts for the half-year ended 30 June 2001.

The Economy

The agriculture sector did not perform well this year due to water crisis and drought conditions. Production of Kharif crop, particularly, rice and sugarcane, has been adversely affected by the dry spell. Water crisis has also hit wheat crop. Growth in agriculture is expected to decline appreciably.

In the first three quarters of the current fiscal year, the manufacturing sector performed quite well with large scale manufacturing registering a growth of 8.8% against a 3.5% growth achieved in the corresponding three quarter of last year. Sugar production increased by 6.4% after having declined by 24.1% a year earlier. In the textile sector, both cotton yarn and cloth recorded a slower growth over July-March-2000 period. The production of cars, motorcycles and light commercial vehicles was higher at 154,992 whereas production of trucks, buses and tractors remained suppressed at 33,476.

Pakistan's balance of payments position, however, for the first three quarters of the current financial year reveals improvement in current account deficit, which narrowed to \$575million. The trade deficit narrowed by 24% to \$1.11 billion, due to relatively higher growth of 13.9% in exports against 6.2% growth in imports. Total exports aggregated \$7456.08 million in the first ten months of the current financial year, giving an average of \$746 per month and registering a growth of 7.55% over the previous year's \$6932.54 million. Growing debt however, has been one of the factors responsible for deceleration of economic growth in Pakistan. It reduces national savings and domestic investment, with consequent decline in growth and increase the incidence of poverty level. A strategy of growth would mean improving debt-paying capacity, increase in exports, privatization and further cut in government expenditures.

Company Results

Despite several constraints, however, your Company did quite well for the half year under review. The gross premium was Rs.109.104m as against Rs.96.038m of the previous year, up 13.61% a good performance, according to all standards. The net premium was Rs.54.541m as against Rs.49539m last year, up 10.10%. The underwriting profit rose to Rs.14.766m from Rs.11.436m of the corresponding period. In spite of sluggish stock market throughout the year, your Company managed to earn investment income of Rs.2.527m, as against Rs.2.155m of last period. The improved underwriting profit helped to raise net profit before tax to Rs.15.279m from Rs.11.116m of the corresponding period.

Given the general level of economic activity, market conditions and social order, your Company made satisfactory progress during the first half of the year under review. Your Company ranks among the top few insurance companies in respect of financial health and overall performance.

Future Outlook

Continuity in the economic policies and restoration of investors' confidence, being critical for economic revival is the key challenge to our planners. The economy of the country has taken an upward trend and is moving towards stability, which is expected to continue to grow and as such your Company too.

عِزِّ تَبْرَةِ سَامِنَةِ اَسْمَاں اُوْرِ یٰحِیٰی ہِیْنَ
(There is a world, beyond a world)

I thank all the financial institutions, all the re-insurers, our valued clients and the shareholders who have reposed confidence in your Company. I also thank the Securities & Exchange Commission of Pakistan for their support. My thanks are also due to all the staff members for their commitment and hard work.

(UNAUDITED RESULTS) (Rs. in 000)

BALANCE SHEET
AS AT 30TH JUNE, 2001

	30-6-2001 Rs.	31-12-2000 Rs.
PROPERTY AND ASSETS		
Fixed Assets at Cost less Depreciation		
Office Equipment, Furniture & Fixture	5,882	6,263
Land & Building	5,794	5,878
	<u>11,676</u>	<u>12,141</u>
Investments at Cost		
Statutory deposit with State Bank of Pakistan	350	350
Shares of joint stock companies	71,423	68,270
	<u>71,773</u>	<u>68,620</u>
Current Assets		
Agents Balances	33,522	16,863
Amount due from Insurance Companies	72,101	60,337
Other Current Assets	6,768	10,453
Cash & Bank Balances	20,615	13,037
	<u>133,006</u>	<u>100,690</u>
	<u>216,455</u>	<u>181,451</u>
CAPITAL AND LIABILITIES		
Shareholders Equity:		
Share Capital	80,493	67,077
Capital Reserve	2,251	2,251
General Reserve	13,550	13,550
Investment Fluctuation Reserve	3,000	3,000
Reserve for Bonus Shares	-	13,416
Reserve for exceptional losses	2,164	2,164
Unappropriated Profits	10,018	33
	<u>30,983</u>	<u>34,414</u>
	<u>111,476</u>	<u>101,491</u>
Reserve for unexpired Risks	38,259	32,886
Liabilities & Provisions		
Other Payables	13,071	15,486
Amount Due to Other Ins. Cos.	35,592	18,042
Provision for outstanding claims	6,247	4,589
Provision for taxation	11,810	8,957
	<u>66,720</u>	<u>47,074</u>
	<u>216,455</u>	<u>181,451</u>

Dated: 21st August 2001

S. C. Subjally
Chief Executive

(UNAUDITED RESULTS) (Rs. in 000)

**CONSOLIDATED REVENUE ACCOUNT
FOR THE HALF YEAR ENDED 30TH JUNE, 2001**

	30-6-2001 Rs.	30-6-2000 Rs.
Reserve for unexpired risks as on 1st January	32,885	30,636
Premium-less re-insurances	54,541	49,539
	87,426	80,175
Commission and discount	2,411	257
Claims Incurred	9,926	8,799
Expenses of Management	22,064	24,550
Reserve for unexpired risks as on 30th June	38,259	35,133
	72,660	68,739
Underwriting Profit: carried down	14,766	11,436

**PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 30TH JUNE, 2001**

	30-6-2001 Rs.	30-6-2000 Rs.
Underwriting Profit: brought down	14,766	11,436
Investment income	2,527	2,155
Profit on sale of Fixed Assets, Rental Income etc.	327	168
	2,854	2,323
	17,620	13,759
Expenses of Management (not applicable to revenue accounts):		
Depreciation on Assets	1,923	2,206
	418	437
	2,341	2,643
Net profit for the half year before taxation	15,279	11,116
Provision for taxation	5,294	3,668
	9,985	7,448
Unappropriated Profit	33	139
Unappropriated Profit: carried to Balance Sheet	10,018	7,587
Earning per share After Tax	1.24	1.11

Iftikhar H. Shirazi
Director

Yusuf H. Shirazi
Chairman

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE, 2001

	30-6-2001 Rs.	30-6-2000 Rs.
Cash flow from operating activities		
Net profit before taxation	15,279	11,116
Adjustment for:		
Depreciation	418	437
Investment Income	(2,057)	(2,155)
Interest Expense	-	225
Provision for gratuity	75	-
(Profit)/Loss on disposal of fixed assets	(327)	-
(Profit)/Loss on sale of investments	(470)	150
(Decrease)/Increase in reserve for unexpired risks	5,374	4,497
	<u>3,013</u>	<u>3,154</u>
Operating profit before working capital changes	18,292	14,270
(Increase)/Decrease in Operating Assets:		
Agents' Balances and outstanding premium Amounts Due from other persons or bodies carrying on insurance business	(16,659)	(23,123)
Advances, Deposits and Prepayments	(11,764)	(9,234)
	<u>3,685</u>	<u>1,092</u>
	(24,738)	(31,265)
Increase/(Decrease) in operating liabilities:		
Outstanding Claims	1,658	(750)
Amounts due to other persons or bodies carrying on insurance business	17,550	3,805
Sundry creditors	(5,132)	3,148
Premium received in advance and deposits	-	(74)
	<u>14,076</u>	<u>6,129</u>
Cash Generated from operations	7,630	(10,866)
Gratuity Paid	(278)	(74)
Income tax paid	(2,336)	(2,000)
Interest paid	-	(225)
Net cash from operating activities	<u>5,016</u>	<u>(13,165)</u>
Cash flow from investing activities		
Purchase of fixed assets	(167)	(1,066)
Sale proceeds of fixed assets	335	-
Purchase of investments	(3,824)	(7,475)
Sale proceeds of investments	1,141	140
Interest received	252	795
Dividend received	4,825	1,823
Net cash used in investing activities	<u>2,562</u>	<u>(5,783)</u>
Cash flow from financing activities		
Payments of dividend	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash & cash equivalents	7,578	(18,948)
Cash & cash equivalents at the beginning of the year	13,037	33,827
Cash and cash equivalents at the end of the year	<u><u>20,615</u></u>	<u><u>14,879</u></u>

NOTES TO THE ACCOUNTS
STATEMENT OF CHANGES IN EQUITY

	30-6-2001 Rs.	30-6-2000 Rs.
Share Capital	80,493	67,077
Capital Reserve	2,251	2,251
General Reserve	13,550	12,350
Reserve for Bonus Shares	-	-
Exceptional Losses Reserve	2,164	2,164
Investment Fluctuation Reserve	3,000	3,000
	20,965	19,765
Unappropriated (Loss)/Profit	33	139
Net Profit / (Loss) for the period	<u>9,985</u>	<u>7,448</u>
Balance as on 30.06.2001	<u><u>111,476</u></u>	<u><u>94,429</u></u>

Notes:-

- (i) These accounts are subject to audit and are presented as required under Section 245 of the Companies Ordinance 1984.
- (ii) Figures have been rearranged where necessary.
- (iii) Accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the preceding annual published accounts except for calculation of Reserve for un-expired risks which is calculated as the aggregate of:-
 - a. 40% of Net Premium of six months, and
 - b. 50% of the reserves as on 1st January



COMPANY ADDRESSES

HEAD OFFICE	3 - Bank Square Shahrah-e-Quaid-e-Azam P.O.Box: 1219 Lahore.	PABX: 7320542-3, 7322271 & 73 Direct: 7310658-7234757 7234812-7314241 Fax: 7234742
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NORTH ZONE BRANCHES

NAPIER ROAD BRANCH	Nairobi Mansion Napier Road, Lahore.	7352560 7358190
MALL ROAD BRANCH	Hafeez Chambers 85 - Shahrah-e-Quaid-e-Azam Lahore.	6305595
FATIMA JINNAH RD. BRANCH	Nawai-Waqat Bldg., Fatima Jinnah Road., Lahore.	6364906 6371185 Fax: 6371186
AL-NOOR BRANCH	Al-noor Bldg, Bank Square, Lahore.	7358805
FAISALABAD BRANCH I	Chartered Bank Chambers, Railway Road, Faisalabad.	647194 635080 Fax: 635080
FAISALABAD BRANCH II	Room: 8 to 11 Ismail Plaza, 3rd Floor, Satiana Road, Faisalabad.	721256 Fax: 721256
MULTAN BRANCH	Atlas Honda Bldg, Azmat Wasti Road, Multan.	544494
SIALKOT BRANCH	Allama Iqbal Market, Shahrah-e-Aiwan-e-Sanat-o-Tijarat, Sialkot.	594520 592863
RAWALPINDI BRANCH	101/13, Bank Road, Grand Hotel Building, Rawalpindi.	563413 Fax: 566518
PESHAWAR BRANCH	15-Saddar Road, Peshawar Cantt.	275705 Fax: 275705
SAHIWAL BRANCH	147-Railway Road Sahiwal.	66044 Fax: 66044
BAHAWALPUR BRANCH	2nd Floor, Gulf Plaza, Near Erum Hotel, Circular Road., Bahawalpur.	880802

SOUTH ZONE OFFICE

2nd Floor	PABX: 2620081-85 (5 Lines)
Amejee Chambers	Direct: 2629531, 2621924,
Campbell Street Karachi.	2621925, 2625697
	Fax: 2629532

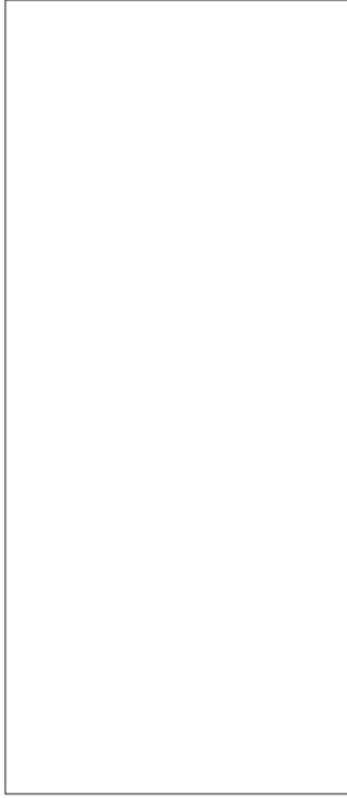
SOUTH ZONE BRANCHES

KARACHI BRANCH	2nd Floor Amejee Chambers Campbell Street P.O.Box: 5126 Karachi.	PABX: 2620081-5 Ext.313 Direct: 2621925 Fax: 2621925
CORPORATE BRANCH	4th Floor Amejee Chambers Campbell Street P.O.Box: 5126 Karachi.	PABX: 2620081-5 Ext: 301 & 308 Direct: 2636576 Fax: 2625651
TOWER BRANCH	State Life Building No. 7, Room #,101 1st Floor, G. Allana Road, Karachi.	2201471 2316503 2315248 Fax: 2315248
HYDERABAD BRANCH	Akbar Chamber Saddar, P.O. Box: 284, Hyderabad.	782659 Fax: 782660
SUKKUR BRANCH	House No. C-631/13 Minara Road, Sukkur.	Tel: 25965 Fax: 25977
QUETTA BRANCH	Taj Plaza, No. 4-36/13-B	825936

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