



HALF YEARLY

REPORT

June 30, 2005



Muslim Insurance Company Ltd.

CONTENTS

Company Information	1
Chairman's Review	3
Directors' Report	4
Review Report to the Members	5
Balance Sheet	6
Profit and Loss Account	8
Statement of Cash Flow	9
Statement of Premiums	10
Statement of Claims	12
Statement of Expenses	14
Statement of Investment Income	16
Statement of Changes in Equity	17
Notes to the Accounts	18
Company Offices	23

COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Chief Executive	Arshad P. Rana
Directors	Aamir H. Shirazi
	Frahim Ali Khan
	Jawaid Iqbal Ahmed
	Muhammad Faruque
	S. C. Subjally
Company Secretary	Pervaiz I. Malik

GROUP EXECUTIVE COMMITTEE

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

GROUP HUMAN RESOURCE COMMITTEE

Chairman	Yusuf H. Shirazi
Members	Aamir H. Shirazi
	Bashir Makki

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	Frahim Ali Khan
	S. C. Subjally
Secretary	Pervaiz I. Malik
Chief Internal Auditor	Saleem Mahmood Akhtar

INVESTMENT COMMITTEE

Chairman	Frahim Ali Khan
Members	Iftikhar H. Shirazi
	Arshad P. Rana
	Muhammad Zafar Riaz



Muslim Insurance Company Ltd.

COMPANY INFORMATION

UNDERWRITING COMMITTEE

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

CLAIMS SETTLEMENT COMMITTEE

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

RE-INSURANCE & CO-INSURANCE COMMITTEE

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

MANAGEMENT COMMITTEE

Chief Executive	Arshad P. Rana
Chief Financial Officer	Muhammad Zafar Riaz
Senior Manager Technical	Muhammad Munir
Company Secretary	Pervaiz I. Malik

Auditors	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
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Legal Advisors	Mohsin Tayebaly & Co. Ch. Maqsood Hasan Advocate
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Tax Advisor	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
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Bankers	Allied Bank Ltd. Atlas Investment Bank Ltd. Bank Alfalah Ltd. Habib Bank Ltd. Muslim Commercial Bank Ltd. National Bank of Pakistan Standard Chartered Bank The Bank of Tokyo-Mitsubishi Ltd. United Bank Ltd.
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Registered & Head Office	3 Bank Square Shahrah-e-Quaid-e-Azam, Lahore. Phones: (92-42) 7320542-43, 7322271-73 Fax: (92-42) 7234742 Email: info@musliminsurance.com.pk Website: www.musliminsurance.com.pk
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CHAIRMAN'S REVIEW

It is my pleasure to present un-audited accounts of your company for the half year ended June 30, 2005.

The Economy

The year 2004-2005 ended with good prospects. Upward growth was witnessed, all round, during the period. The GDP rose 8.4% against 6.4% of the last year. This growth was broad based: each segment of the economy contributed positively. Large scale manufacturing grew by 15.4% against the target of 12.2%. The agriculture sector posted growth of 7.5%. The revenue collection reached Rs.590 billion against the target of Rs.580 billion, up 13.7% as compared to last year. The Exports were \$14.4 billion against \$12.3 billion and imports \$20.6 billion against \$15.6 billion of the last year. The remittances during the year were \$4.169 billion against \$3.871 billion of the last year. Per capita income rose from \$657 to \$736.

Company Results

Overall the company had a record performance, during the half year, under review. The gross premium at Rs.268.44m was higher than Rs.154.75m of the previous half year. The net premium stood at Rs.107.32m as compared to Rs.75.68m of the same period, last year. The underwriting profit rose to Rs.66.27m from Rs.37.00m of the last year. The Investment income of the company, stood lower at Rs.18.82m against Rs.21.22m of the last year. The profit before tax, however, was higher at Rs.85.33m than Rs.53.34m of last year. After making tax provision of Rs.19.17m, the profit after tax stood at Rs.66.16 m against Rs.36.82m of the last year.

Future Outlook

During the year 2004-05 the economy achieved new benchmarks of growth. The focus of the government is on overall economic growth - industrial, financial and services. The targets set for the coming year are expected to be achieved. New avenues are opening up all around. As a result of increase in per capita income the purchasing power of the consumer is rising. More trading is expected in near future with neighbouring countries as the cross border relationships of Pakistan are improving. Following the economic growth, the insurance business is also growing, as evident from the six months results. We are aiming at unprecedented annual record results.

عَ دُنْيَا سَے آگے جہاں اور بھی ہیں
(There is a world beyond the world)

The management of your company is fully equipped with the professional expertise and is capable to take full advantage of such favourable economic environment.

Acknowledgement

I would like to thank the Board of Directors, the Group President, Mr.Aamir H.Shirazi, the Group Director, Mr.Frahim Ali Khan, the Group Executive Committee, and the Chief Executive Officer, Mr. Arshad P. Rana and his team for their efforts, dedication and sincerity of purpose. I also express my gratitude to all reinsurers, our valued clients, banks and SECP for their trust and confidence reposed in your company.



Muslim Insurance Company Ltd.

DIRECTORS' REPORT

The Directors have pleasure in submitting the Half Yearly Report of the Company together with the Un-audited Accounts reviewed by the auditors and the Auditors' Report for the period ended 30 June, 2005.

	<u>June 30,</u> 2005	<u>June 30,</u> 2004
	(Rupees in thousand)	
The overall business figures are:		
Net Premium	107,316	75,677
Net Claims	22,423	14,181
Investment and other income	24,271	21,590
Net Commission	20,138	17,674
Expenses of Management	38,766	42,170
Financial Results are as follows:		
Profit before Tax	85,330	53,344
Less:		
Provision for Taxation - current period	25,600	12,800
Provision for Taxation - prior period	(5,886)	992
Deferred Tax	(547)	2,736
	19,167	16,528
Profit after Tax	66,163	36,816
Add: Last year's Un-appropriated Profit	970	-
Balances carried to Balance Sheet	67,133	36,816

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 THE BOARD OF DIRECTORS

ARSHAD P. RANA
Chief Executive

Lahore: August 25, 2005

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed financial statements comprising;

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of changes in equity;
- (iv) cash flow statement;
- (v) statement of premiums;
- (vi) statement of claims;
- (vii) statement of expenses; and
- (viii) statement of investment income

of **Muslim Insurance Company Limited** as at **June 30, 2005** together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half-year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarter ended June 30, 2005 and 2004 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2005.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Lahore: August 25, 2005

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

BALANCE SHEET

	Notes	June 30, 2005 (Un-audited) (Rupees in thousand)	December 31, 2004 (Audited)
Share Capital and Reserves			
Authorised Share Capital		150,000	150,000
Paid-up share capital		122,188	101,823
Retained earnings		67,133	970
Reserves		79,064	99,429
		268,385	202,222
Underwriting Provisions			
Provision for outstanding claims (including IBNR)		79,527	91,993
Provision for unearned premium		147,289	90,246
Commission income unearned		16,623	12,450
Total underwriting provisions		243,439	194,689
Deferred Liabilities			
Deferred tax liability		2,293	2,840
Staff retirement benefits		561	2,356
		2,854	5,196
Creditors and Accruals			
Premiums received in advance		1,939	2,141
Amounts due to other insurers/reinsurers		87,539	45,984
Accrued expenses		11,010	16,437
Taxation - provision less payments		20,534	9,536
Other creditors and accruals		8,410	6,547
		129,432	80,645
Other Liabilities			
Deposits against performance bonds		1,391	1,391
Dividend		2,234	22,603
Obligations against assets subject to finance lease		1,140	3,093
		4,765	27,087
TOTAL LIABILITIES		380,490	307,617
TOTAL EQUITY AND LIABILITIES		648,875	509,839
CONTINGENCIES AND COMMITMENTS	4	-	-

The annexed notes form an integral part of these financial statements.

AS AT JUNE 30, 2005

	Notes	June 30, 2005 (Un-audited) (Rupees in thousand)	December 31, 2004 (Audited)
Cash and Bank Deposits			
Cash and other equivalent Current and other accounts		84 19,081	2 17,704
		19,165	17,706
Loans-Secured			
To employees		476	522
Investments	5	305,705	219,537
Other Assets			
Premiums due but unpaid-unsecured, considered good		65,525	29,882
Amounts due from other insurers/reinsurers		36,575	39,405
Accrued investment income		4,560	3,628
Reinsurance recoveries against outstanding claims		64,664	76,799
Deferred commission expense		7,178	5,846
Short term placements		47,771	38,700
Prepayments		71,533	53,298
Deferred cost	6	6,250	7,815
Sundry receivables		1,270	1,163
		305,326	256,536
Fixed Assets			
Tangible			
Land and buildings		5,015	5,114
Furniture, fixtures and office equipment		4,224	2,403
Motor vehicles		5,282	6,482
		14,521	13,999
Intangible			
Capital work in progress		3,682	1,539
TOTAL ASSETS		648,875	509,839

PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2005

Notes	Quarter ended June 30, 2005					Quarter ended June 30, 2004
	Fire and Property	Marine, Aviation and Transport	Motor	Misc.	June 30, 2005 Aggregate	Aggregate
	(Rupees in thousand)					
Revenue Account						
Net Premium Revenue	4,489	47,605	14,756	1,276	68,127	42,396
Net Claims	(626)	(3,353)	(9,294)	(71)	(13,344)	(8,623)
Expenses	(975)	(14,445)	(3,780)	(417)	(19,617)	(23,022)
Net Commission	3,004	6,399	(370)	76	9,109	13,603
Underwriting Result	5,892	36,206	1,312	864	44,275	24,354
Investment Income					4,443	16,740
Rental Income					194	186
Other Income					1,502	-
Financial Charges					(180)	(239)
General and Administration Expenses					(2,640)	(3,055)
					3,319	13,632
Profit Before Tax					47,594	37,986
Provision for Taxation	7					
Current Period					(8,132)	(8,354)
Prior Period					-	(992)
Deferred					274	(2,736)
Profit After Tax					39,736	25,904

	Half-year ended June 30, 2005					Half-year ended June 30, 2004
					Aggregate	Aggregate
Revenue Account						
Net Premium Revenue	10,354	68,936	26,243	1,783	107,316	75,677
Net Claims	(2,736)	(3,509)	(15,857)	(321)	(22,423)	(14,181)
Expenses	(3,880)	(24,808)	(9,380)	(698)	(38,766)	(42,170)
Net Commission	4,882	15,657	(618)	217	20,138	17,674
Underwriting Result	8,620	56,276	388	981	66,265	37,000
Investment Income					18,820	21,218
Rental Income					389	372
Other Income					5,062	-
Financial Charges					(304)	(475)
General and Administration Expenses					(4,902)	(4,771)
					19,065	16,344
Profit Before Tax					85,330	53,344
Provision for Taxation	7					
Current Period					(25,600)	(12,800)
Prior Period					5,886	(992)
Deferred					547	(2,736)
Profit After Tax					66,163	36,816
Earnings Per Share-Basic	8				5.41	3.01
Profit and Loss Appropriation Account						
Balance at commencement of period					970	-
Profit after tax for the period					66,163	36,816
Balance Unappropriated Profit at end of period					67,133	36,816

The annexed notes form an integral part of these financial statements.

Arshad P. Rana
Chief Executive

Jawaid Iqbal Ahmed
Director

Muhammad Faruque
Director

Yusuf H. Shirazi
Chairman

STATEMENT OF CASH FLOW (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2005

	June 30, 2005	June 30, 2004
	(Rupees in thousand)	
Operating Cash Flows		
(a) Underwriting activities		
Premiums received	232,615	142,856
Re-insurance premiums paid	(76,582)	(65,292)
Claims paid	(42,348)	(29,859)
Re-insurance and other recoveries received	19,594	16,860
Commission paid	(10,237)	(6,553)
Commission received	29,043	22,764
Net cash flow from underwriting activities	152,085	80,776
(b) Other operating activities		
Income tax paid	(8,716)	(8,209)
General management expenses paid	(41,806)	(39,994)
Other operating receipts	5,062	-
Loans advanced	(694)	(1,057)
Loans repayments received	539	566
Net cash flow from other operating activities	(45,615)	(48,694)
Total cash flow from all operating activities	106,470	32,082
Investment activities		
Dividend received	10,329	9,316
Rentals received	389	372
Payments for investments	(106,948)	(51,356)
Proceeds from disposal of investments	28,383	35,876
Proceeds from disposal of fixed assets	2,109	-
Payments for short term investments	(31,600)	-
Proceeds from disposal of short term investments	18,385	-
Fixed capital expenditure	(3,434)	(530)
Total cash flow from investing activities	(82,387)	(6,322)
Financing activities		
Dividends paid	(20,369)	(13,275)
Financial charges paid	(304)	(475)
Payments on finance leases	(1,951)	(839)
Total cash flow from financing activities	(22,624)	(14,589)
Net cash inflow/(outflow) from all activities	1,459	11,171
Cash at the beginning of the period	17,706	15,890
Cash at the end of the period	19,165	27,061
Reconciliation to profit and loss account		
Operating cash flows	106,470	32,082
Depreciation expense	(1,284)	(961)
Financial charges	(304)	(475)
Amortization of deferred cost	(1,565)	(1,562)
Profit on disposal of fixed assets	432	-
Gain on investments	18,820	21,218
Increase in assets other than cash	16,467	20,135
(Increase) in liabilities other than running finance	(72,873)	(33,621)
Profit after taxation	66,163	36,816
Definition of cash		

Cash for the purpose of cash flow is constituted of cash in hand, balance with banks, stamps in hand and short term placements with banks.

The annexed notes form an integral part of these financial statements.

Arshad P. Rana
Chief Executive

Jawaid Iqbal Ahmed
Director

Muhammad Faruque
Director

Yusuf H. Shirazi
Chairman

STATEMENT OF PREMIUMS (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2005

		Quarter ended			June 30, 2005					Quarter ended	
		Premiums	Unearned premium reserve		Premiums	Re-insurance	Prepaid re-insurance		Re-insurance	Net	Quarter ended
Business underwritten inside Pakistan		Written	Opening	Closing	earned	ceded	Opening	Closing	expense	premium	June 30,
Class										Revenue	2004
											Net premium
											Revenue
(R u p e e s i n t h o u s a n d)											
Direct and											
Facultative	1. Fire and Property Damage	48,654	37,184	63,064	22,774	45,080	30,289	57,071	18,298	4,476	4,336
	2. Marine, Aviation and Transport	74,556	30,468	30,325	74,699	20,244	14,058	7,196	27,106	47,593	30,054
	3. Other Motor Business	38,098	29,066	50,235	16,929	1,289	1,687	804	2,172	14,757	7,051
	4. Miscellaneous	1,532	4,652	3,665	2,519	704	2,268	1,736	1,236	1,283	916
	Total	<u>162,840</u>	<u>101,370</u>	<u>147,289</u>	<u>116,921</u>	<u>67,317</u>	<u>48,302</u>	<u>66,807</u>	<u>48,812</u>	<u>68,109</u>	<u>42,357</u>
Treaty	5. Proportional										
	Fire	13	-	-	13	-	-	-	-	13	28
	Marine	11	-	-	11	-	-	-	-	11	11
	Miscellaneous	(6)	-	-	(6)	-	-	-	-	(6)	-
	Total	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>39</u>
	Grand Total	<u>162,858</u>	<u>101,370</u>	<u>147,289</u>	<u>116,939</u>	<u>67,317</u>	<u>48,302</u>	<u>66,807</u>	<u>48,812</u>	<u>68,127</u>	<u>42,396</u>

		Half-year ended			June 30, 2005					Half-year ended	
		Premiums	Unearned premium reserve		Premiums	Re-insurance	Prepaid re-insurance		Re-insurance	Net	Half-year ended
Business underwritten inside Pakistan		Written	Opening	Closing	earned	ceded	Opening	Closing	expense	premium	June 30,
Class										Revenue	2004
											Net premium
											Revenue
(R u p e e s i n t h o u s a n d)											
Direct and											
Facultative	1. Fire and Property Damage	64,289	42,342	63,064	43,567	57,991	32,306	57,071	33,226	10,341	9,849
	2. Marine, Aviation and Transport	147,728	16,104	30,325	133,507	59,811	11,967	7,196	64,582	68,925	49,617
	3. Other Motor Business	53,479	26,712	50,235	29,956	1,842	2,675	804	3,713	26,243	13,769
	4. Miscellaneous	2,946	5,088	3,665	4,369	1,323	2,993	1,736	2,580	1,789	1,914
	Total	<u>268,442</u>	<u>90,246</u>	<u>147,289</u>	<u>211,399</u>	<u>120,967</u>	<u>49,941</u>	<u>66,807</u>	<u>104,102</u>	<u>107,298</u>	<u>75,149</u>
Treaty	5. Proportional										
	Fire	13	-	-	13	-	-	-	-	13	146
	Marine	11	-	-	11	-	-	-	-	11	61
	Miscellaneous	(6)	-	-	(6)	-	-	-	-	(6)	321
	Total	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>528</u>
	Grand Total	<u>268,460</u>	<u>90,246</u>	<u>147,289</u>	<u>211,417</u>	<u>120,967</u>	<u>49,941</u>	<u>66,807</u>	<u>104,102</u>	<u>107,316</u>	<u>75,677</u>

The annexed notes form an integral part of these financial statements.

Arshad P. Rana
Chief Executive

Jawaid Iqbal Ahmed
Director

Muhammad Faruque
Director

Yusuf H. Shirazi
Chairman

STATEMENT OF CLAIMS (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2005

		Q u a r t e r e n d e d			J u n e 3 0 , 2 0 0 5					Quarter ended	
Business underwritten inside Pakistan		Claims paid	Outstanding Claims		Claims expense	Re-insurance and other recoveries received	Re-insurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries revenue	Net claim expense	June 30, 2004
Class			Opening	Closing			Opening	Closing			Net claim expense
		(R u p e e s i n t h o u s a n d)									
Direct and											
Facultative	1. Fire and Property Damage	2,513	42,101	39,136	(452)	2,187	41,242	38,047	(1,008)	556	2,393
	2. Marine, Aviation and Transport	16,648	20,322	12,951	9,277	11,900	16,737	10,817	5,980	3,297	2,422
	3. Other Motor Business	10,522	6,695	6,328	10,155	979	602	485	862	9,293	2,799
	4. Miscellaneous	413	17,198	17,331	546	54	14,867	15,315	502	44	401
	Total	30,096	86,316	75,746	19,526	15,120	73,448	64,664	6,336	13,190	8,015
Treaty	5. Proportional										
	Fire	68	1,756	1,756	68	-	-	-	-	68	166
	Marine	54	1,939	1,939	54	-	-	-	-	54	442
	Miscellaneous	32	86	86	32	-	-	-	-	32	-
	Total	154	3,781	3,781	154	-	-	-	-	154	608
	Grand Total	30,250	90,097	79,527	19,680	15,120	73,448	64,664	6,336	13,344	8,623

		H a l f - y e a r e n d e d			J u n e 3 0 , 2 0 0 5					Half-year ended	
Business underwritten inside Pakistan		Claims paid	Outstanding Claims		Claims expense	Re-insurance and other recoveries received	Re-insurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries revenue	Net claim expense	June 30, 2004
Class			Opening	Closing			Opening	Closing			Net claim expense
		(R u p e e s i n t h o u s a n d)									
Direct and											
Facultative	1. Fire and Property Damage	8,710	43,962	39,136	3,884	5,944	42,775	38,047	1,216	2,668	2,518
	2. Marine, Aviation and Transport	17,221	22,546	12,951	7,626	12,023	18,669	10,817	4,171	3,455	3,528
	3. Other Motor Business	15,789	4,728	6,328	17,389	1,565	518	485	1,532	15,857	6,448
	4. Miscellaneous	474	16,976	17,331	829	62	14,837	15,315	540	289	454
	Total	42,194	88,212	75,746	29,728	19,594	76,799	64,664	7,459	22,269	12,948
Treaty	5. Proportional										
	Fire	68	1,756	1,756	68	-	-	-	-	68	299
	Marine	54	1,939	1,939	54	-	-	-	-	54	684
	Miscellaneous	32	86	86	32	-	-	-	-	32	250
	Total	154	3,781	3,781	154	-	-	-	-	154	1,233
	Grand Total	42,348	91,993	79,527	29,882	19,594	76,799	64,664	7,459	22,423	14,181

The annexed notes form an integral part of these financial statements.

Arshad P. Rana
Chief Executive

Jawaid Iqbal Ahmed
Director

Muhammad Faruque
Director

Yusuf H. Shirazi
Chairman

STATEMENT OF EXPENSES (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2005

		Q u a r t e r e n d e d			J u n e 3 0 , 2 0 0 5				Q u a r t e r e n d e d	
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	June 30, 2004 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	2,692	3,463	4,320	1,835	975	2,810	4,867	(2,057)	(2,107)
	2. Marine, Aviation and Transport	1,930	1,143	638	2,435	14,445	16,880	8,861	8,019	7,755
	3. Other Motor Business	1,161	1,471	1,934	698	3,780	4,478	328	4,150	3,803
	4. Miscellaneous	116	337	286	167	417	584	247	337	(48)
	Total	<u>5,899</u>	<u>6,414</u>	<u>7,178</u>	<u>5,135</u>	<u>19,617</u>	<u>24,752</u>	<u>14,303</u>	<u>10,449</u>	<u>9,403</u>
Treaty	5. Proportional									
	Fire	28	-	-	28	-	28	-	28	12
	Marine	27	-	-	27	-	27	-	27	4
	Miscellaneous	4	-	-	4	-	4	-	4	-
	Total	<u>59</u>	<u>-</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>59</u>	<u>16</u>
	Grand Total	<u>5,958</u>	<u>6,414</u>	<u>7,178</u>	<u>5,194</u>	<u>19,617</u>	<u>24,811</u>	<u>14,303</u>	<u>10,508</u>	<u>9,419</u>

		H a l f - y e a r e n d e d			J u n e 3 0 , 2 0 0 5				H a l f - y e a r e n d e d	
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	June 30, 2004 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	4,114	3,724	4,320	3,518	3,880	7,398	8,428	(1,030)	357
	2. Marine, Aviation and Transport	3,682	659	638	3,703	24,808	28,511	19,387	9,124	15,597
	3. Other Motor Business	2,076	1,190	1,934	1,332	9,380	10,712	714	9,998	7,690
	4. Miscellaneous	306	273	286	293	698	991	514	477	626
	Total	<u>10,178</u>	<u>5,846</u>	<u>7,178</u>	<u>8,846</u>	<u>38,766</u>	<u>47,612</u>	<u>29,043</u>	<u>18,570</u>	<u>24,270</u>
Treaty	5. Proportional									
	Fire	28	-	-	28	-	28	-	28	65
	Marine	27	-	-	27	-	27	-	27	149
	Miscellaneous	4	-	-	4	-	4	-	4	11
	Total	<u>59</u>	<u>-</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>59</u>	<u>225</u>
	Grand Total	<u>10,237</u>	<u>5,846</u>	<u>7,178</u>	<u>8,905</u>	<u>38,766</u>	<u>47,671</u>	<u>29,043</u>	<u>18,629</u>	<u>24,495</u>

The annexed notes form an integral part of these financial statements.

Arshad P. Rana
Chief Executive

Jawaid Iqbal Ahmed
Director

Muhammad Faruque
Director

Yusuf H. Shirazi
Chairman

STATEMENT OF INVESTMENT INCOME (UN-AUDITED)
FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2005

	Quarter ended		Half-year ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
(Rupees in thousand)				
Income from Non-Trading Investments				
Held to Maturity				
Others, Term Finance Certificates	435	1,240	926	2,576
Available for Sale				
Dividend Income	4,008	4,251	10,336	7,348
	<u>4,443</u>	<u>5,491</u>	<u>11,262</u>	<u>9,924</u>
Gain on sale of Non Trading Investments				
- Available for sale	-	11,249	7,558	11,294
	<u>4,443</u>	<u>16,740</u>	<u>18,820</u>	<u>21,218</u>
Net Investment Income				

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2005

	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 January 01, 2004	88,542	2,251	2,164	13,281	30,649	3,000	-	139,887
Bonus shares issued during the period	13,281	-	-	(13,281)	-	-	-	-
Net profit for the period	-	-	-	-	-	-	36,816	36,816
Balance as on June 30, 2004	<u>101,823</u>	<u>2,251</u>	<u>2,164</u>	<u>-</u>	<u>30,649</u>	<u>3,000</u>	<u>36,816</u>	<u>176,703</u>
Balance as on January 01, 2005	101,823	2,251	2,164	20,365	71,649	3,000	970	202,222
Bonus shares issued during the period	20,365	-	-	(20,365)	-	-	-	-
Net Profit for the period	-	-	-	-	-	-	66,163	66,163
Balance as on June 30, 2005	<u>122,188</u>	<u>2,251</u>	<u>2,164</u>	<u>-</u>	<u>71,649</u>	<u>3,000</u>	<u>67,133</u>	<u>268,385</u>

The annexed notes form an integral part of these financial statements.



Muslim Insurance Company Ltd.

NOTES TO THE ACCOUNTS (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2005

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 listed on Lahore and Karachi stock exchanges. The company is engaged in general insurance business. The registered office of the company is situated at 3 - Bank Square, Lahore.

2. STATEMENT OF COMPLIANCE

These financial statements are unaudited but subject to limited scope review by auditors and being presented to the shareholders as required under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting", Insurance Ordinance, 2000 and relevant provisions of S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan in December, 2002.

3. BASIS OF PREPARATION

Accounting policies adopted and applied for the preparation of these accounts are the same as those adopted and applied in the preparation of the preceding annual accounts as at December 31, 2004.

4. CONTINGENCIES AND COMMITMENTS

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

5. INVESTMENTS

HELD TO MATURITY

TERM FINANCE CERTIFICATES

Number of Certificates 30-06-2005	31-12-2004	Face Value (Rupees)	Company's Name	Book Value	
				30-06-2005	31-12-2004

ASSOCIATED UNDERTAKING

2,004	2,004	5,000	Atlas Investment Bank Limited	5,109	6,779
OTHERS					
600	600	5,000	Bank Al-Falah Limited	2,997	2,998
1,000	1,000	5,000	Dewan Salman Fiber Limited	636	1,260
-	500	5,000	Orix Leasing Company Limited	-	1,048
-	1,000	5,000	KASB Leasing Company Limited	-	4,373
-	1,000	5,000	Pak Arab Refinery Limited	-	75
1,000	-	5,000	Chanda Oil & Gas	5,000	-
-	400	5,000	Union Leasing Limited	-	999
				8,633	10,753
				13,742	17,532

AVAILABLE FOR SALE

OTHERS

Number of Units					
218	218	5,000	Unit Trust of Pakistan	1,273	1,273
375,282	375,282	10	National Investment Trust units (Refer Note 5.1)	5,507	5,507
				6,780	6,780

ORDINARY QUOTED SHARES

Number of Shares

ASSOCIATED UNDERTAKINGS

724,268	724,268	10	Atlas Honda Limited Equity Held : 2.835 % (2004: 2.835%)	7,033	7,033
354,420	141,768	10	Allwin Engineering Industries Limited Equity Held : 2.970% (2004: 2.873 %)	3,676	1,549
80,178	80,178	10	Atlas Battery Limited Equity Held : 1.744% (2004: 1.744%)	221	221
236,852	236,852	10	Atlas Investment Bank Limited Equity Held : 0.562 % (2004: 0.562 %)	2,831	2,831
250,000	250,000	10	Honda Atlas Cars Pakistan Limited Equity Held : 0.595% (2004: 0.595%)	3,933	3,932
98,676	98,676	10	Cherat Cement Company Limited Equity Held : 0.148% (2004: 0.148%)	2,881	2,881
68,400	68,400	10	Cherat Paper Sack Limited Equity Held : 1.397% (2004: 1.397%)	3,264	3,264
20,058	20,058	10	Sui Southern Gas Company Limited Equity Held : 0.0299% (2004: 0.0299%)	287	287
				24,124	21,998

Number of Share		Face Value	Company's Name	Book Value	
30-06-2005	31-12-2004			30-06-2005	31-12-2004
				(Rupees in thousand)	
<u>OTHERS</u>					
<u>INVESTMENT COMPANIES / BANKS</u>					
185,056	154,214	10	Askari Commercial Bank Limited	9,282	9,282
565,673	447,173	10	Muslim Commercial Bank Limited	23,685	21,840
60,500	55,000	10	Faysal Bank Limited	1,958	1,958
60,000	50,000	10	The Bank of Punjab	2,840	2,840
				37,765	35,920
<u>TEXTILE COMPOSITE</u>					
100,000	-	10	Nishat Mills Limited	7,390	-
				7,390	-
<u>FUEL AND ENERGY</u>					
14,000	14,000	10	National Refinery Limited	4,158	4,158
30,000	30,000	10	Pakistan State Oil Company Limited	7,041	7,041
645,000	645,000	10	Hub Power Company Limited	22,965	22,965
10,000	10,000	10	Pakistan Oil Fields Limited	2,080	2,080
50,000	-	10	Pakistan Petroleum Limited	15,354	-
173,406	73,406	10	Oil and Gas Development Company Limited	28,452	4,093
				80,050	40,337
<u>TRANSPORT AND COMMUNICATION</u>					
805,000	425,000	10	Pakistan Telecommunication Company Ltd.	38,978	20,318
				38,978	20,318
<u>CHEMICAL AND PHARMACEUTICAL</u>					
76,032	63,360	10	Abbott Laboratories Pakistan Limited	7,240	7,240
1,380	1,380	10	BOC Pakistan Limited	91	91
854,392	533,000	10	Fauji Fertilizer Company Limited	73,526	55,547
9,504	9,504	10	Glaxosmithkline (Pakistan) Limited	248	248
				81,105	63,126
<u>PAPER AND BOARD</u>					
52,015	35,385	10	Packages Limited	6,889	4,643
				6,889	4,643
<u>FOOD AND ALLIED</u>					
11,200	11,200	10	Rafhan Maize Products Company Limited	4,357	4,357
2,000	2,000	50	Unilever Pakistan Limited	1,816	1,816
				6,173	6,173
<u>MISCELLANEOUS</u>					
64,500	64,500	10	Tri Pack Films Limited	2,710	2,710
				2,710	2,710
<u>UN-QUOTED</u>					
<u>ASSOCIATED UNDERTAKING</u>					
50,000	50,000	10	Arabian Sea Country Club (Refer Note 5.2)	500	500
				500	500
				285,683	195,725
Less : Provision for diminution in the value of shares				500	500
Cost of shares of concerns incorporated in Pakistan				285,183	195,225
Cost of investments of concerns incorporated in Pakistan				305,705	219,537
Aggregated market value of Investments as on June 30 (December 31)				630,009	472,606

5.1 This includes 28,000 (2004: 28,000) units held as Statutory deposit with State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

5.2 The name of the Chief Executive is Javed Barki.

Half Yearly Report 2005



	<u>June 30,</u> 2005	<u>December 31,</u> 2004
	(Rupees in thousand)	
6. DEFERRED COST		
Compensation under voluntary retirement scheme		
Opening Balance	7,815	9,378
Less: Amortized during the period	(1,565)	(1,563)
Closing Balance	<u>6,250</u>	<u>7,815</u>

7. TAXATION

Provision for taxation has been calculated on estimated basis and is subject to adjustments at year end.

8. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period:

	Half Year Ended	
	<u>June 30,</u> 2005	<u>June 30,</u> 2004
	(Rupees in thousand)	
Net Profit after tax for the period	<u>66,163</u>	<u>36,816</u>
	(Number of Shares)	
Weighted Average number of shares	<u>12,218,812</u>	<u>12,218,812</u>
	(Rupees per Share)	
Basic/Adjusted earnings per share (Rs.)	<u>5.41</u>	<u>3.01</u>

No figure of diluted earnings per share has been presented as the company has not issued any instruments which would have an impact on earnings per share when exercised.

9. RELATED PARTY TRANSACTIONS

	<u>June 30,</u> 2005	<u>December 31,</u> 2004
	(Rupees in thousand)	
Premium underwritten	180,742	197,747
Premium collected	149,875	210,988
Claims paid	15,592	28,146
Lease rentals	2,089	2,326
Vehicles purchased	102	1,541
Rent received	207	415
Interest received	501	1,185
Dividend received	137	6,749
Fixed deposits	31,600	-
Brokerage paid for purchase & sale of shares	600	1,195

The transactions were carried out at the arm's length in accordance with the policy of the company.

Contribution to and accruals in respect of staff retirement plans are made in accordance with actuarial valuation / terms of the contribution plan.

Remuneration to chief executive and certain executives were paid in accordance with the terms of their employment.

10. 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 Damages		Marine, Aviation & Transport		Other Motor Business		Miscellaneous		Total	
	June 30, 2005	Dec. 31, 2004	June 30, 2005	Dec. 31, 2004	June 30, 2005	Dec. 31, 2004	June 30, 2005	Dec. 31, 2004	June 30, 2005	Dec. 31, 2004

(R u p e e s i n t h o u s a n d)

OTHER INFORMATION

Segment assets	119,571	93,288	74,199	69,460	21,627	13,271	18,174	20,008	233,571	196,027
Unallocated corporate assets									415,304	313,812
Consolidated total assets									<u>648,875</u>	<u>509,839</u>
Segment Liabilities	124,922	100,143	93,388	66,355	74,001	39,520	23,081	23,595	315,391	229,614
Unallocated corporate Liabilities									65,099	78,003
Consolidated total Liabilities									<u>380,490</u>	<u>307,617</u>
Capital expenditure	<u>1,401</u>	<u>1,228</u>	<u>1,047</u>	<u>2,619</u>	<u>830</u>	<u>680</u>	<u>259</u>	<u>147</u>	<u>3,537</u>	<u>4,674</u>
Depreciation/Amortization	<u>509</u>	<u>720</u>	<u>380</u>	<u>1,535</u>	<u>302</u>	<u>398</u>	<u>94</u>	<u>86</u>	<u>1,285</u>	<u>2,739</u>

11. AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on August 25, 2005 in accordance with a resolution of Board of Directors.

12. GENERAL

The corresponding figures, wherever necessary, have been rearranged for the purpose of comparison. However, no significant rearrangement has been made.

Figures in the Financial statements are rounded off to the nearest thousand.

COMPANY OFFICES

HEAD OFFICE

3 - Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	PABX:	7320542, 7320543 7322271, 7322273
	Fax:	7234742
ARSHAD P. RANA Chief Executive Officer	Direct:	7234812
	Extension:	301
MUHAMMAD ZAFAR RIAZ Chief Financial Officer	Direct:	7234757
	Extension:	307
MUHAMMAD MUNIR Sr. Manager Technical	Direct:	7314241
	Extension:	309
PERVAIZ I. MALIK Company Secretary	Direct:	7314241
	Extension:	308
ASAD MAHMOOD AWAN Manager Marketing	Direct:	7234757
	Extension:	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
AZHAR M. PIRACHA Chief Manager	3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.	7212365-6 Fax: 7212367
ZAFAR HUSSAIN JAMAL Branch Manager	Hafeez Chambers, 85-Shahrah-e-Quaid-e-Azam, Lahore.	6305595
KH. MUHAMMAD NADEEM Branch Manager	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

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

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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Muslim Insurance Company Ltd.

COMPANY OFFICES

SIALKOT

AHMED SAEED RANA
Branch Manager
Allama Iqbal Market,
Shahrah-e-Aiwan-e-Sannat-o-Tijarat,
Sialkot. 594520
Fax: 592863

SAHIWAL

HABIB-UR-REHMAN CH.
Branch Manager
147-Railway Road, Sahiwal. 66044
Fax: 66044

MULTAN

BASHIR AHMED GHAURI
Branch Manager
Atlas Honda Building,
Azmat Wasti Road, Multan. 544494

SOUTH ZONE OFFICE

Ground Floor, Federation House,
Shahrah-e-Firdousi, Clifton,
Karachi PABX: 5378806-7
5369394-6
Fax: 5378515

ARSHAD P. RANA
Chief Executive Officer
Direct: 5378757
Extension: 201

JAWAID IRSHAD
Manager Motor Claims
Extension: 215

MUHAMMAD IMRAN
Manager Fire & Marine Claims
Extension: 217

ALI ASGHAR
Manager Underwriting
Extension: 216

SOUTH ZONE BRANCHES

KARACHI

ABDUL AZIZ
Chief Manager
Corporate Branch
1/10, Arkey Square, 1st Floor,
Shahrah-e-Liaquat, Karachi 2421030, 2422911
Fax: 2421387

M. FAROOQ KANLAWALA
Chief Manager
Tower Branch
State Life Building No. 7
Room No. 101, 1st Floor
G. Allana Road, Karachi. 2201471
2316503, 2315248
Fax: 2315248

IMRAN SATTAR
Branch Manager
Plaza Branch
3/3 Rimpa Plaza
M.A. Jinah Road, Karachi. 7720852, 7729339

HYDERABAD

ZAFAR AHMAD GHOURI
Chief Manager
Akbar Chamber, Saddar,
P.O. Box: 284, Hyderabad. 782659
Fax: 786410

SUKKUR

ABDUL MAJEED QURESHI
Chief Manager
House No. C-631/13,
Minara Road, Sukkur. 25965
Fax: 25977