



HALF YEARLY REPORT  
JUNE 30, 2003



Muslim Insurance Company Ltd.

## CONTENTS

Company Information	1
Chairman's Review	3
Directors' Report	4
Auditors' Review Report to the Members	5
Balance Sheet	6
Profit and Loss Account	8
Cash Flow Statement	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	S. C. Subjally
Directors	Aamir H. Shirazi
	Frahim Ali Khan
	Iftikhar H. Shirazi
	Jawaid Iqbal Ahmed
	Muhammad Faruque
Company Secretary	Muhammad Zafar Riaz

**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

**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



# Muslim Insurance Company Ltd.

## 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	Fariq M. K. Rohilla
Senior Manager Administration	Pervaiz I. Malik

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

It is my pleasure to present unaudited accounts of your company for the half year ended June 30, 2003.

### The Economy

The year 2002-03 witnessed improvement in the economy. Most macro-economic indicators registered increase in comparison to the previous year. The GDP growth was 5.10% against 3.60% of last year. The agriculture sector registered growth of 4.20% against negative growth last year. Major crops - wheat, sugarcane and rice grew 5.50%, 8.33% and 15.40% respectively. The large-scale manufacturing grew 8.70% as against 4.0% last year. The service sector grew 5.3%, against last year growth of 5.10%. Imports stood at \$ 12.18 billion, up 17.9% from \$10.34 billion last year. Exports increased to \$11.03 billion from \$9.13 billion of the previous year, up 20.8%. The trade balance deficit reduced to 1.15 billion, whereas the current account balance stood at a surplus of \$2.56 billion, almost double of the last year of \$1.34 billion.

The inflation continued to remain below 5.0%. The year witnessed major surge in foreign remittances increasing to \$4.20 billion, almost double of the last year's remittances of \$2.30 billion. Net foreign direct investment stood at \$798 million against \$484 million of last year. The foreign currency reserves of the country crossed the unprecedented \$11 billion. The rupee dollar parity remained stable. All this led to unique macro-economic stability.

### Company's Result

Although gross premium at Rs. 115.199m was less than Rs.124.649m of the previous half year your company did well for the half year under review on the whole. The net premium at Rs. 62.306m was higher than Rs. 57.224m of last year, up 8.88%. The underwriting profit rose to Rs. 30.676m from Rs. 23.475m of last year, up 30.67%. The investment income was Rs. 32.866m against Rs. 8.723m of last year. The profit before tax was thus Rs. 62.302m as against Rs. 30.740m last year. After making tax provision of Rs. 20.715m, for the current year and Rs. 16.400m for prior years, the profit after tax stood at Rs. 25.187m as against Rs. 4.826m of the last year.

### Future Outlook

The macro economic stability has started bearing fruit. The economy is steadily growing healthier. The rupee continues to be stable, foreign currency reserves are growing steadily, remittances from abroad are encouraging and crops seem good. It is hoped that the GDP growth rate for 2003-04 will surpass the previous year. These are all positive indicators and your management is fully equipped to take advantage of the situation.

ع دیتے ہیں بادہ ظرفِ قدحِ خوارِ دیکھ کر  
(Performance depends on capacity to perform!)

I thank the financial institutions, re-insurers, valued clients and shareholders who have reposed confidence in the company. I also thank the securities & Exchange Commission of Pakistan for their guidance and support. My thanks are due to the CEO Mr. S.C. Subjally, his team, Group Director Fahim Ali Khan for their commitment and hard work and the Group President Aamir H. Shirazi for his guidance and commitment.

Yusuf H. Shirazi



# 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, 2003.

June 30                  June 30  
2003                      2002

(Rupees in thousand)

The overall Business figures are:

Net Premium	62,306	57,224
Net Claims	8,272	12,789
Investment and other income	33,706	9,354
Net Commission	12,409	11,439
Expenses of Management	35,767	32,399

Financial Results are as follows:

Profit before Tax	62,302	30,740
Less:		
Provision for Taxation - current period	20,715	8,800
Provision for Taxation - prior period	16,400	17,114
Profit after Tax	25,187	4,826
Add: Last year's Un-appropriated Profit	106	21
Balances carried to Balance Sheet	25,293	4,847

### 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

S.C. SUBJALLY  
Chief Executive

Lahore: August 28, 2003

## AUDITORS' REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed financial statements comprising of:

- (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, 2003, 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.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. The 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's personnel and analytical procedures applied to financial data and thus provides 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.

Without qualifying our report, we draw attention towards the figures of the profit and loss account and the related statements of premium, claims, expenses and investment income in respect of the quarter ended June 30, 2003 and June 30, 2002 were not subject to our review as we were only required to review the cumulative figures for the half year then ended.

Lahore: August 28, 2003

Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants

**BALANCE SHEET**

	Notes	June 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		25,293	106
Reserves		23,365	23,365
		137,200	112,013
<b>Underwriting Provisions</b>			
Provision for outstanding claims (including IBNR)		64,643	42,540
Provision for unearned premium		75,980	84,661
Commission income unearned		10,214	15,219
Total underwriting provisions		150,837	142,420
<b>Deferred Liabilities</b>			
Staff Retirement Benefits		3,331	2,651
<b>Creditors and Accruals</b>			
Premiums Received in Advance		175	212
Amounts due to other insurers/reinsurers		46,948	37,667
Accrued Expenses		1,355	3,786
Taxation - Provision less payments		26,562	8,277
Other Creditors and Accruals		11,551	10,129
		86,591	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		5,135	4,891
		7,883	20,961
<b>TOTAL LIABILITIES</b>		<b>248,642</b>	<b>226,103</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>385,842</b>	<b>338,116</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>4</b>		

The annexed notes form an integral part of these accounts.



## AS AT June 30, 2003

	Notes	June 30 2003 (Un-audited)	December 31 2002 (Audited)
(Rupees in thousand)			
<b>Cash and Bank Deposits</b>			
Cash and other equivalent		90	1
Current and other accounts		7,950	11,627
Deposits maturing within 12 months		-	1,601
		8,040	13,229
<b>Investments</b>		157,071	138,496
<b>Other Assets</b>			
Premiums due but unpaid		36,236	18,592
Amounts due from other insurers/reinsurers		53,776	64,939
Accrued investment income		4,124	3,538
Reinsurance recoveries against outstanding claims		56,637	31,715
Prepayments		52,700	49,888
Sundry receivables		1,390	1,351
		204,863	170,023
<b>Fixed assets</b>			
Land and Buildings		5,431	5,540
Furniture, Fixtures and Office Equipment		4,329	3,752
Motor Vehicles		5,981	6,821
Intangible (License fee for software)		127	255
		15,868	16,368
<b>TOTAL ASSETS</b>		385,842	338,116

**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FINANCIAL PERIOD ENDED JUNE 30, 2003**

	Quarter ended June 30, 2003					Quarter ended	
	Notes	Fire and Property	Marine, Aviation and Transport	Motor	Miscellaneous	June 30 2003 Aggregate	June 30 2002 Aggregate
( R u p e e s i n t h o u s a n d )							
Revenue Account							
Net Premium Revenue		7,212	30,484	6,234	865	44,795	38,438
Net Claims		(2,675)	(1,698)	(1,485)	(878)	(6,736)	(9,302)
Expenses		(3,892)	(8,964)	(5,170)	(909)	(18,935)	(16,935)
Net Commission		3,110	5,216	68	142	8,536	8,448
Underwriting result		3,755	25,038	(353)	(780)	27,660	20,649
Investment Income		-	-	-	-	21,402	3,948
Rental Income		-	-	-	-	230	148
Other Income		-	-	-	-	25	-
Financial Charges		-	-	-	-	(255)	-
General and administration expenses		-	-	-	-	(847)	(1,115)
		-	-	-	-	20,555	2,981
Profit before tax		-	-	-	-	48,215	23,630
Provision for Taxation							
Current Period	5	-	-	-	-	(17,130)	(7,339)
Prior Period		-	-	-	-	(16,400)	(17,114)
Profit/(Loss) after tax		-	-	-	-	14,685	(823)
Six months ended June 30, 2003							Six months ended June 30 2002 Aggregate
Revenue Account							
Net Premium Revenue		9,527	41,442	10,038	1,299	62,306	57,224
Net Claims		(2,962)	(2,095)	(2,300)	(915)	(8,272)	(12,789)
Expenses		(6,214)	(19,474)	(8,862)	(1,217)	(35,767)	(32,399)
Net Commission		4,487	7,590	73	259	12,409	11,439
Underwriting result		4,838	27,463	(1,051)	(574)	30,676	23,475
Investment Income		-	-	-	-	32,866	8,723
Rental Income		-	-	-	-	378	287
Other Income		-	-	-	-	462	344
Financial Charges		-	-	-	-	(573)	(330)
General and administration expenses		-	-	-	-	(1,507)	(1,759)
		-	-	-	-	31,626	7,265
Profit/(Loss) before tax		-	-	-	-	62,302	30,740
Provision for Taxation							
Current Period	5	-	-	-	-	(20,715)	(8,800)
Prior Period		-	-	-	-	(16,400)	(17,114)
Profit after tax		-	-	-	-	25,187	4,826
Earnings Per Share-Basic		-	-	-	-	2.84	0.55
Profit and Loss Appropriation Account							
Balance at commencement of period		-	-	-	-	106	21
Profit after tax for the period		-	-	-	-	25,187	4,826
Balance Unappropriated Profit at end of period		-	-	-	-	25,293	4,847

The annexed notes form an integral part of these accounts.

## CASH FLOW STATEMENT (UN-AUDITED) FINANCIAL PERIOD ENDED JUNE 30, 2003

	June 30 2003	June 30 2002
	(Rupees in thousand)	
Operating Cash Flow		
(a) Underwriting activities		
Premiums received	115,939	92,149
Re-insurance premiums paid	(65,237)	(54,868)
Claims paid	(50,330)	(39,324)
Re-insurance and other recoveries received	39,240	29,884
Commission paid	(10,913)	(5,270)
Commission received	18,302	21,321
Net cash flow from underwriting activities	47,001	43,892
(b) Other operating activities		
Income tax paid	(18,830)	(7,841)
General management expenses paid	(36,021)	(27,381)
Other operating receipts	2,044	1,832
Loans advanced	(567)	(401)
Loans repayments received	529	429
Net cash flow from other operating activities	(52,845)	(33,362)
Total cash flow from all operating activities	(5,844)	10,530
Investment activities		
Dividends received	32,280	7,446
Rentals received	378	287
Payments for investments	(18,575)	(8,104)
Fund Capital Expenditure	(371)	(1,394)
Proceeds from disposal of fixed assets	919	543
Total cash flow from investing activities	14,631	(1,222)
Financing activities		
Dividends paid	(13,322)	(8,049)
Payments on finance leases	(654)	(314)
Total cash flow from financing activities	(13,976)	(8,363)
Net cash inflow/(outflow) from all activities	(5,189)	945
Cash at the beginning of the period	13,229	16,267
Cash at the end of the period	8,040	17,212
Reconciliation to profit and loss account		
Operating cash flow	(5,844)	10,530
Depreciation expense	(1,163)	(1,025)
Financial charges	(573)	(330)
Profit on disposal of fixed assets	439	340
Increase in assets other than cash	54,867	37,318
(Increase) in liabilities other than running finance	(22,539)	(42,007)
Profit after taxation	25,187	4,826

### 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.

**STATEMENT OF PREMIUMS (UN-AUDITED)**  
FINANCIAL PERIOD ENDED JUNE 30, 2003

		Q u a r t e r e n d e d			J u n e 3 0 , 2 0 0 3				Quarter ended June 30 2002 Net premium		
Class	Premium Written	Unearned premium reserve		Premium earned	Re-insurance ceded	Prepaid re-insurance ceded	Premium ceded	Re-insurance expense	Net premium		
		Opening	Closing								( R u p e e s i n t h o u s a n d )
Direct and Facultative	1. Fire and Property Damage	34,596	23,557	41,229	16,924	27,240	20,670	37,180	10,730	6,194	10,628
	2. Marine, Aviation and Transport	26,227	37,574	9,514	54,287	15,698	19,078	8,341	26,435	27,852	14,522
	3. Other Motor Business	14,356	8,847	16,383	6,820	2,038	1,637	3,089	586	6,234	8,702
	4. Miscellaneous	3,444	2,249	3,981	1,712	3,075	1,699	3,332	1,442	270	979
	<b>Total</b>	<u>78,623</u>	<u>72,227</u>	<u>71,107</u>	<u>79,743</u>	<u>48,051</u>	<u>43,084</u>	<u>51,942</u>	<u>39,193</u>	<u>40,550</u>	<u>34,831</u>
Treaty	5. Proportional Fire	2,056	1,221	2,259	1,018	-	-	-	-	1,018	667
	Marine	2,792	1,563	1,723	2,632	-	-	-	-	2,632	2,425
	Miscellaneous	1,074	412	891	595	-	-	-	-	595	515
	<b>Total</b>	<u>5,922</u>	<u>3,196</u>	<u>4,873</u>	<u>4,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,245</u>	<u>3,607</u>
	<b>Grand Total</b>	<u>84,545</u>	<u>75,423</u>	<u>75,980</u>	<u>83,988</u>	<u>48,051</u>	<u>43,084</u>	<u>51,942</u>	<u>39,193</u>	<u>44,795</u>	<u>38,438</u>
		S i x m o n t h s e n d e d			J u n e 3 0 , 2 0 0 3				Six months ended June 30, 2002 Net premium		
Direct and Facultative	1. Fire and Property Damage	41,003	28,066	41,229	27,840	31,780	25,138	37,180	19,738	8,102	14,432
	2. Marine, Aviation and Transport	46,605	39,541	9,514	76,632	27,588	19,096	8,341	38,343	38,289	25,724
	3. Other Motor Business	17,720	10,057	16,383	11,394	2,519	1,926	3,089	1,356	10,038	12,098
	4. Miscellaneous	3,949	2,736	3,981	2,704	3,350	2,119	3,332	2,137	567	1,363
	<b>Total</b>	<u>109,277</u>	<u>80,400</u>	<u>71,107</u>	<u>118,570</u>	<u>65,237</u>	<u>48,279</u>	<u>51,942</u>	<u>61,574</u>	<u>56,996</u>	<u>53,617</u>
Treaty	5. Proportional Fire	2,056	1,628	2,259	1,425	-	-	-	-	1,425	667
	Marine	2,792	2,084	1,723	3,153	-	-	-	-	3,153	2,425
	Miscellaneous	1,074	549	891	732	-	-	-	-	732	515
	<b>Total</b>	<u>5,922</u>	<u>4,261</u>	<u>4,873</u>	<u>5,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,310</u>	<u>3,607</u>
	<b>Grand Total</b>	<u>115,199</u>	<u>84,661</u>	<u>75,980</u>	<u>123,880</u>	<u>65,237</u>	<u>48,279</u>	<u>51,942</u>	<u>61,574</u>	<u>62,306</u>	<u>57,224</u>

The annexed notes form an integral part of these accounts.

**STATEMENT OF CLAIMS (UN-AUDITED)**  
FINANCIAL PERIOD ENDED JUNE 30, 2003

		Q u a r t e r e n d e d			J u n e 3 0 , 2 0 0 3						
1. Business underwritten inside Pakistan		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	Quarter ended June 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 )									
Direct and Facultative	1. Fire and Property Damage	9,632	15,939	44,618	38,311	7,788	15,410	44,117	36,495	1,816	1,318
	2. Marine, Aviation and Transport	3,790	9,155	6,982	1,617	3,055	8,114	6,008	949	668	1,086
	3. Other Motor Business	4,979	6,131	2,766	1,614	774	1,064	419	129	1,485	5,073
	4. Miscellaneous	224	7,134	7,165	255	86	6,037	6,093	142	113	13
	<b>Total</b>	<u>18,625</u>	<u>38,359</u>	<u>61,531</u>	<u>41,797</u>	<u>11,703</u>	<u>30,625</u>	<u>56,637</u>	<u>37,715</u>	<u>4,082</u>	<u>7,490</u>
Treaty	5. Proportional Fire	859	698	698	859	-	-	-	-	859	250
	Marine	1,030	1,886	1,886	1,030	-	-	-	-	1,030	1,032
	Miscellaneous	765	528	528	765	-	-	-	-	765	530
	<b>Total</b>	<u>2,654</u>	<u>3,112</u>	<u>3,112</u>	<u>2,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,654</u>	<u>1,812</u>
	<b>Grand Total</b>	<u>21,279</u>	<u>41,471</u>	<u>64,643</u>	<u>44,451</u>	<u>11,703</u>	<u>30,625</u>	<u>56,637</u>	<u>37,715</u>	<u>6,736</u>	<u>9,302</u>
		S i x m o n t h s e n d e d			J u n e 3 0 , 2 0 0 3						Six months ended June 30, 2002 Net claims expense
Direct and Facultative	1. Fire and Property Damage	12,106	17,267	44,618	39,457	9,907	16,670	44,117	37,354	2,103	2,265
	2. Marine, Aviation and Transport	4,466	9,059	6,982	2,389	3,408	8,092	6,008	1,324	1,065	1,523
	3. Other Motor Business	5,876	5,972	2,766	2,670	867	916	419	370	2,300	7,071
	4. Miscellaneous	306	7,130	7,165	341	135	6,037	6,093	191	150	118
	<b>Total</b>	<u>22,754</u>	<u>39,428</u>	<u>61,531</u>	<u>44,857</u>	<u>14,317</u>	<u>31,715</u>	<u>56,637</u>	<u>39,239</u>	<u>5,618</u>	<u>10,977</u>
Treaty	5. Proportional Fire	859	698	698	859	-	-	-	-	859	250
	Marine	1,030	1,886	1,886	1,030	-	-	-	-	1,030	1,032
	Miscellaneous	765	528	528	765	-	-	-	-	765	530
	<b>Total</b>	<u>2,654</u>	<u>3,112</u>	<u>3,112</u>	<u>2,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,654</u>	<u>1,812</u>
	<b>Grand Total</b>	<u>25,408</u>	<u>42,540</u>	<u>64,643</u>	<u>47,511</u>	<u>14,317</u>	<u>31,715</u>	<u>56,637</u>	<u>39,239</u>	<u>8,272</u>	<u>12,789</u>

The annexed notes form an integral part of these accounts.

**STATEMENT OF EXPENSES (UN-AUDITED)**  
FINANCIAL PERIOD ENDED JUNE 30, 2003

		Q u a r t e r e n d e d			J u n e 3 0 , 2 0 0 3					
1. 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	Quarter ended June 30, 2002 Net underwriting 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	270	-	-	270	3,892	4,162	4,321	(159)	4,702
	2. Marine, Aviation and Transport	5	-	-	5	8,964	8,969	6,307	2,662	1,160
	3. Other Motor Business	352	-	-	352	5,170	5,522	420	5,102	3,673
	4. Miscellaneous	132	-	-	132	909	1,041	638	403	70
	<b>Total</b>	<u>759</u>	<u>-</u>	<u>-</u>	<u>759</u>	<u>18,935</u>	<u>19,694</u>	<u>11,686</u>	<u>8,008</u>	<u>9,605</u>
Treaty	5. Proportional									
	Fire	941	-	-	941	-	941	-	941	607
	Marine	1,086	-	-	1,086	-	1,086	-	1,086	1,379
	Miscellaneous	364	-	-	364	-	364	-	364	345
	<b>Total</b>	<u>2,391</u>	<u>-</u>	<u>-</u>	<u>2,391</u>	<u>-</u>	<u>2,391</u>	<u>-</u>	<u>2,391</u>	<u>2,331</u>
	<b>Grand Total</b>	<u>3,150</u>	<u>-</u>	<u>-</u>	<u>3,150</u>	<u>18,935</u>	<u>22,085</u>	<u>11,686</u>	<u>10,399</u>	<u>11,936</u>
		S i x m o n t h s e n d e d			J u n e 3 0 , 2 0 0 3					
Direct and Facultative	1. Fire and Property Damage	1,549	-	-	1,549	6,214	7,763	6,977	786	1,591
	2. Marine, Aviation and Transport	1,249	-	-	1,249	19,474	20,723	9,925	10,798	9,009
	3. Other Motor Business	538	-	-	538	8,862	9,400	611	8,789	7,254
	4. Miscellaneous	167	-	-	167	1,217	1,384	790	594	991
	<b>Total</b>	<u>3,503</u>	<u>-</u>	<u>-</u>	<u>3,503</u>	<u>35,767</u>	<u>39,270</u>	<u>18,303</u>	<u>20,967</u>	<u>18,845</u>
Treaty	5. Proportional									
	Fire	941	-	-	941	-	941	-	941	390
	Marine	1,086	-	-	1,086	-	1,086	-	1,086	1,379
	Miscellaneous	364	-	-	364	-	364	-	364	345
	<b>Total</b>	<u>2,391</u>	<u>-</u>	<u>-</u>	<u>2,391</u>	<u>-</u>	<u>2,391</u>	<u>-</u>	<u>2,391</u>	<u>2,114</u>
	<b>Grand Total</b>	<u>5,894</u>	<u>-</u>	<u>-</u>	<u>5,894</u>	<u>35,767</u>	<u>41,661</u>	<u>18,303</u>	<u>23,358</u>	<u>20,959</u>

The annexed notes form an integral part of these accounts.

**STATEMENT OF INVESTMENT INCOME (UN-AUDITED)**  
**FINANCIAL PERIOD ENDED JUNE 30, 2003**

	Quarter ended		Six months ended	
	June 30 2003	June 30 2002	June 30 2003	June 30 2002
	( R u p e e s i n t h o u s a n d )			
<b>Income from Non-Trading Investments</b>				
Held to Maturity	-	-	-	-
Return on Government Securities	-	362	-	362
Return on Other Fixed Income Securities and Deposits	73	336	396	365
Others, Term Finance Certificates	1,633	1,151	3,103	2,755
	1,706	1,849	3,499	3,482
Available for Sale				
Dividend Income	2,437	405	4,429	1,854
	4,143	2,254	7,928	5,336
Gain on Sale of Non Trading Investments				
- Available for Sale	17,259	-	24,938	-
Provision for Impairment in Value of Investments				
Provision for Portfolio Available for Sale	-	1,694	-	3,387
<b>Net Investment Income</b>	<u>21,402</u>	<u>3,948</u>	<u>32,866</u>	<u>8,723</u>

The annexed notes form an integral part of these accounts.

## STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2003

	Share Capital	CAPITAL RESERVES			REVENUE RESERVES			Total
		Capital Reserve	Exceptional Losses Reserve	Reserve for Bonus Share	General Reserve	Investment Fluctuation Reserve	Unappropriated 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	-	-	-	-	-	-	4,826	4,826
Balance as on 30-06-2002	<u>88,542</u>	<u>2,251</u>	<u>2,164</u>	<u>-</u>	<u>15,950</u>	<u>3,000</u>	<u>4,847</u>	<u>116,754</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	-	-	-	-	-	-	25,187	25,187
Balance as on 30-06-2003	<u>88,542</u>	<u>2,251</u>	<u>2,164</u>	<u>-</u>	<u>15,950</u>	<u>3,000</u>	<u>25,293</u>	<u>137,200</u>



**NOTES TO THE ACCOUNTS (UN-AUDITED)  
FOR THE FINANCIAL PERIOD ENDED JUNE 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 Reserve shall be recognized as liability to meet the deficit.

Keeping in view the adequacy of the reserves on 30th June, 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 un-earned premium to 1/24th method during the current period. Previously, at the end of half-year, the amount was calculated by taking 50 % of the provision of unearned premium as at 1st January and 40% of the net premium underwritten during the period.

Had the previous method for calculating the unearned premium been consistently

### 3. INVESTMENTS

The aggregate market value of the investments amounts to Rs. 238.780m (December 31, 2002 Rs. 195.196m).

### 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 six months ended June 30,2003.

	Additions (Rupees in thousand)	Deletions
Furniture	18	-
Office equipment	102	2
Computers	123	-
Computers on lease finance	898	-
Vehicles	127	533
Total additions and deletions	1,268	535

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 Recieved	Fixed Deposits	TFCs 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.	27,154	20,377	1,143	-	127	-	-	-	-	-	-	-	48,801
2	Allwin Engineering Ind. Ltd.	1,217	2,245	446	-	-	-	-	-	-	-	-	-	3,908
3	Atlas Battery Ltd.	4,573	3,263	1,077	-	-	-	-	-	-	-	-	-	8,913
4	Shirazi Trading Co. (Pvt.) Ltd.	1,499	1,466	577	-	-	207	-	-	-	-	-	-	3,749
5	Shirazi Investment Co. (Pvt.) Ltd.	121	112	-	-	-	-	-	-	-	-	-	-	233
6	Atlas Investment Bank Ltd.	1,698	284	322	1,072	-	-	397	-	43,327	-	388	445	47,933
7	Honda Atlas Power Product (Pvt.) Ltd.	257	354	(24)	-	-	-	-	-	-	-	-	-	587
8	Total Atlas Lubricants Pakistan (Pvt.) Ltd.	647	590	28	-	-	-	-	-	-	-	-	-	1,265
9	Honda Atlas Cars (Pakistan) Ltd.	34,404	25,223	471	-	-	-	-	-	-	-	-	-	60,098
10	Cherat Papersack Ltd.	71	134	-	-	-	-	-	285	-	-	-	-	490
11	Cherat Cement Company Ltd.	1,280	1,054	27	-	-	-	-	-	-	-	-	-	2,361
12	Cherat Electric	(2)	27	32	-	-	-	-	-	-	-	-	-	57
13	Mirpur Khas Sugar Mills Ltd.	44	45	-	-	-	-	-	-	-	-	-	-	89
14	Shirazi Foundation	-	-	209	-	-	-	-	-	-	-	-	-	209
15	Atlas Warehousing(Pvt) Ltd.	-	-	23	-	-	-	-	-	-	-	-	-	23
16	Atlas Lease Ltd.	-	-	(1)	-	-	-	-	-	-	-	-	-	(1)
17	Greaves Cotton	5	-	-	-	-	-	-	-	-	-	-	-	5
	June 30, 2003	72,968	55,174	4,330	1,072	127	207	397	285	43,327	-	388	445	178,720
	June 30, 2002	74,858	45,802	6,278	735	-	166	398	71	7,556	1,010	28	-	136,902

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	
June 30 2003	Dec. 31 2002	June 30 2003	Dec. 31 2002	June 30 2003	Dec. 31 2002	June 30 2003	Dec. 31 2002	June 30 2003	Dec. 31 2002

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

OTHER INFORMATION

Segment assets	115,286	71,105	52,604	68,258	17,334	12,765	13,368	11,397	198,591	163,525
Unallocated corporate assets	-	-	-	-	-	-	-	-	187,251	174,591
Consolidated total assets	-	-	-	-	-	-	-	-	385,842	338,116
Segment Liabilities	106,532	60,870	40,058	71,090	26,360	21,895	16,012	12,405	188,962	166,260
Unallocated corporate Liabilities	-	-	-	-	-	-	-	-	57,765	59,844
Consolidated total Liabilities	-	-	-	-	-	-	-	-	246,727	226,104
Capital expenditure-according to above ratios	479	896	539	896	195	314	56	60	1,268	2,165
Depreciation/Amortization-according to above ratios	487	424	548	424	198	149	57	28	1,290	1,025

9. AUTHORISATION FOR ISSUE

These accounts were authorised for issue on August 28, 2003 in accordance with a resolution of the Board of Directors.

10. 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

3 Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	PABX: Direct:	7320542-7320543-7322271 & 73 7310658-7234757 7234812-7314241
	Fax:	7234742
S.C.SUBJALLY Chief Executive	Direct: Extension:	7310658 313
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
A. A. RIZVI Chief Manager	Hafeez Chambers, 85-Shahrah-e-Quaid-e-Azam, Lahore.	6305595
ZAFAR HUSSAIN JAMAL Branch Manager	Hafeez Chambers, 85-Shahrah-e-Quaid-e-Azam, Lahore.	6305595
SAJJAD AHMED SHEIKH Chief 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

#### FAISALABAD BRANCH-I

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

#### FAISALABAD BRANCH-II

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

#### 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

### SAHIWAL

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

### SIALKOT

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

### BAHAWALPUR

MUHAMMAD MASOOD CH. C.A-480, Railway Road, 880802  
Branch Manager Bahawalpur.

### SOUTH ZONE OFFICE

2nd Floor, Ameerjee Chambers, PABX: 2620081-5  
Campbell Street, Direct: 2629531, 2621924  
P.O.Box: 5126, Karachi. 2621925, 2625697

Fax: 2629532

S.C. SUBJALLY Direct: 2629531  
Chief Executive Extension: 305

FARIQ M.K. ROHILLA Direct: 2621924  
Senior Manager Extension: 302

S. MUBARAK AHMED Extension: 316  
Manager Administration

JAWAID IRSHAD Extension : 303  
Manager Claims

MUHAMMAD IMRAN Extension : 309  
Manager Claims

ALI ASGHAR Extension : 312  
Manager Customer Service

### SOUTH ZONE BRANCHES

#### KARACHI

AIJAZ ALI KHAN Karachi Branch 2620081-5  
Senior Manager 2nd Floor Ameerjee Chambers Ext. 313  
Campbell Street, Direct: 2621925  
P.O.Box: 5126, Karachi Fax: 2621925

ABDUL AZIZ Corporate Branch 2620081-5  
Branch Manager 4th Floor Ameerjee Chambers Ext. 301 & 308  
Campbell Street, Direct: 2636576  
P.O.Box: 5126, Karachi Fax : 2625651

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

IMRAN SATTAR Plaza Branch 7729339  
Branch Manager 3rd Floor, Rimpa Plaza 7720852  
M.A. Jinnah Road Karachi.

#### HYDERABAD

ZAFAR AHMAD GHOURI Akbar Chamber, Saddar, 782659  
Chief Manager P.O.Box: 284, Hyderabad. Fax: 782660

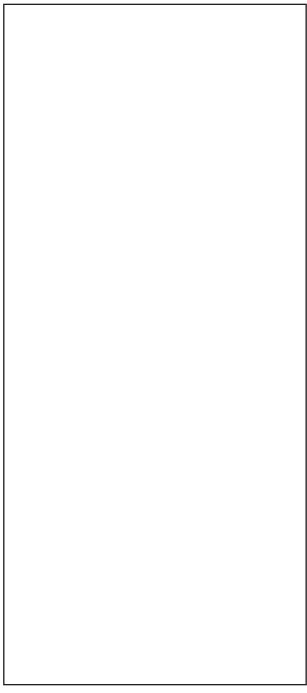
#### SUKKUR

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

**Printed Matter**

**BOOK POST**

UNDER CERTIFICATE OF POSTING



If undelivered, please return to:

**Muslim Insurance Company Limited**

3 Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.