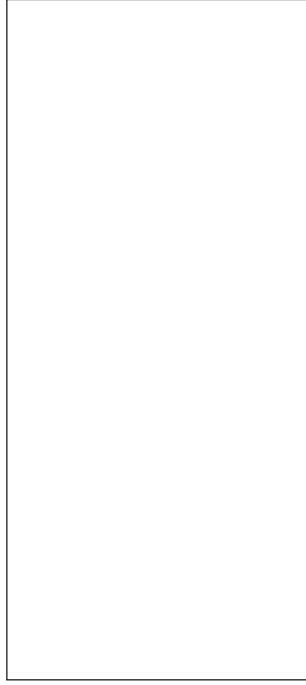


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QUARTERLY REPORT
SEPTEMBER 30, 2002



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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
	Saquist H. Shirazi

GROUP EXECUTIVE COMMITTEE

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

GROUP PERSONNEL COMMITTEE

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

BOARD AUDIT COMMITTEE

Chairman	Jawaid Iqbal Ahmed	(Non-Executive Director)
Members	Iftikhar H. Shirazi	(Non-Executive Director)
	Saquist H. Shirazi	(Non-Executive Director)

COMPANY MANAGEMENT

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

CHAIRMAN'S REVIEW

I feel pleasure in presenting to you the third quarter report on performance of your company for the period ended September 30, 2002.

The Economy

During the quarter under review the foreign exchange reserves increased to US \$ 8.192 billion. The exports at US \$ 2.581 billion were up, 14.0% over the same period of last year and imports at US \$ 2.782 billion, up 11.1%. The first quarter recorded 16.0% reduction in trade deficit to US \$ 201.2 million as compared to the corresponding period of last year. The remittances at US \$ 700 million were received in the first two months against US \$ 182 million in the same period of the last year. In addition, the company results are pouring in with substantial improved results and better dividend announcements. The Stock Exchange is thus buoyant, and, as such economic indicators promising.

Company Results

I am happy to state that Pakistan Credit Rating Agency (PACRA) has assigned an IFS rating of 'A' (Single A) to your Company, a privilege, just a couple companies can claim. The rating denotes strong capacity to meet policy holder and contract obligations. We are focusing on a better rating not in the distant future.

On the other hand, your company did quite well for the third quarter under review. The gross premium was Rs.158.058million as against Rs.138.216million of the previous quarter, up 14.36%. The net premium was Rs.78.344million as against Rs.73.459million last year, up 6.64%. The underwriting profit rose to Rs.26.431million from Rs.17.421million last year. The investment portfolio at book value was Rs.119.777million against Rs.86.943million for the same period last year, an increase by 37.76%. The market value was Rs.152.776million as at October 22, 2002. The investment income was Rs.14.074million against Rs.5.837million of last corresponding period.

The improved underwriting profit helped to raise net profit before tax to Rs.40.670million from Rs.20.794million of the last year. However, a prudent tax provision of Rs.11.441million for the current year and Rs.17.114million for prior period led the net profit after tax to Rs.12.115m. against Rs.14.985m. of the corresponding period.

We have filed appeals against the assessment orders against the demand raised resulting into the provision and are hopeful that tax demand raised arbitrarily shall be knocked off and provisions reversed in due course of time.

Future Outlook

Continuity in the economic policies and restoration of investors' confidence being critical for economic revival is the key challenge faced by the Government. The economy is showing resilience and I hope steps taken by the Government will put the economy back on the track. On the company level we are focusing on diversification of the customer base and targeting good corporate clients to build a sound portfolio. We are also focusing on a good portfolio of investment and aiming to maintain the investment to equity ratio 1:1, which we have achieved during the last year. I thus see brighter prospects for your company.

عَرِّ نِيَا زَمَانَةً، نَتَّعِ صَبْحًا وَشَامًا پِيدَا كَرِّ!
(Let there be a new day every day:
And new opportunities to embark upon)

May I thank the Group President, Mr. Aamir H. Shirazi, the Chief Executive Officer, Mr. S.C. Subjally and their team for their commitment to maintaining the company's growth to an acceptable level. May I thank the SECP, the bankers and the clients for their continued trust in the company's management.

Karachi: October 23, 2002

Yusuf H. Shirazi

BALANCE SHEET (UNAUDITED) AS AT SEPTEMBER 30, 2002

	September 30 2002	December 31 2001
	(Rupees in 000's)	
Property and Assets		
Fixed Assets at Cost less Depreciation		
Office Equipment, Furniture & Fixture	10,237	8,370
Land & Building	5,599	5,770
	15,836	14,140
Investments at Cost		
Statutory deposit with SBP.	350	350
Shares of joint stock companies	119,427	105,954
	119,777	106,304
Current Assets		
Agents' Balances	23,864	13,297
Amount due from Ins. Companies	54,518	56,898
Other Current Assets	8,289	4,708
Advances, Deposits & Prepayments	4,669	6,608
Cash & Bank Balances	16,704	16,268
	108,044	97,779
	243,657	218,223
Capital and Liabilities		
Shareholders' Equity:		
Share Capital	88,542	80,493
Capital Reserve	2,251	2,251
General Reserve	15,950	15,950
Investment Fluctuation Reserve	3,000	3,000
Reserve for Bonus Shares	-	8,049
Reserve for exceptional losses	2,164	2,164
Unappropriated Profits	12,136	21
	35,501	31,435
	124,043	111,928
Reserve for unexpired Risks	41,047	38,837
Liabilities & Provisions		
Other Payables	18,481	19,736
Amount due to Other Ins. Companies	25,328	31,943
Provision for outstanding claims	10,286	7,439
Provision for taxation	24,472	8,340
	78,567	67,458
	243,657	218,223

Dated: October 23, 2002

S. C. Subjally
Chief Executive

Iftikhar H. Shirazi
Director

Yusuf H. Shirazi
Chairman

**CONSOLIDATED REVENUE ACCOUNT (UNAUDITED)**
FOR THE 3RD QUARTER ENDED SEPTEMBER 30, 2002

	September 30 2002	September 30 2001
	(Rupees in 000's)	
Reserve for unexpired risks as on 1st January	38,837	32,886
Premium less re-insurance	78,344	73,459
	117,181	106,345
Commission and discount	(4,538)	2,371
Claims Incurred	17,222	12,952
Expenses of Management	37,018	35,995
Reserve for unexpired risks as on 30th Sept.	41,047	37,607
	90,749	88,925
Underwriting Profit: Carried down	26,432	17,420

PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE 3RD QUARTER ENDED SEPTEMBER 30, 2002

	September 30 2002	September 30 2001
	(Rupees in 000's)	
Underwriting Profit: Carried down	26,432	17,420
Investment Income	14,074	5,837
Provision for Diminution on Investments	5,080	-
Profit on sale of Fixed Assets, Rental Income etc.	792	976
	19,946	6,813
	46,378	24,233
Expenses of Management (not applicable to revenue accounts):	3,942	2,837
Depreciation on Assets	1,766	602
	5,708	3,439
Net Profit for the quarter before taxation	40,670	20,794
Provision for taxation	28,555	5,809
	12,115	14,985
Unappropriated Profit	21	39
Unappropriated Profit : carried to B.Sheet	12,136	15,024
Earning per Share After Tax	1.37	1.69

Dated: October 23, 2002

S. C. Subjally
Chief ExecutiveIftikhar H. Shirazi
DirectorYusuf H. Shirazi
Chairman**CASH FLOW STATEMENT (UNAUDITED)**
FOR THE 3RD QUARTER ENDED SEPTEMBER 30, 2002

	September 30 2002	September 30 2001
	(Rupees in 000's)	
Cash flow from operating activities		
Net profit before taxation	40,670	20,794
Adjustment for:		
Depreciation	1,766	602
Investment Income	(14,074)	(5,367)
Provision for gratuity	112	113
Profit on disposal of fixed assets	(356)	(457)
(Profit)/Loss on sale of investments	-	(470)
Increase in reserve for unexpired risks	2,210	4,721
Provision for permanent diminution in value of investment	(5,080)	-
	(15,422)	(858)
Operating profit before working capital changes	25,248	19,936
(Increase)/Decrease in operating assets:		
Agents' Balances and outstanding premium	(10,567)	(51,427)
Amounts due from other persons or bodies carrying on insurance business	2,380	34,535
Advances, Deposits and Prepayments	1,940	(853)
	(6,247)	(17,745)
Increase/(Decrease) in operating liabilities:		
Outstanding Claims	2,847	758
Amounts due to other persons or bodies carrying on insurance business	(6,615)	17,197
Sundry creditors	5,679	405
Premium received in advance and deposits	308	6
	2,219	18,366
Cash generated from operations	21,220	20,557
Gratuity Paid	(110)	-
Income tax paid	(12,429)	(9,142)
Net cash from operating activities	8,681	11,415
Cash flow from investing activities		
Purchase of fixed assets	(1,603)	(389)
Sale proceeds of fixed assets	382	911
Purchase of investments	(8,407)	(18,993)
Sale proceeds of investments	-	1,141
Interest Received	4,980	519
Dividend Received	5,002	5,678
Net cash used in investing activities	354	(11,133)
Payments of Dividend	(8,049)	-
	986	282
Cash flow from financing activities		
Repayment of Lease finance	(549)	-
Net cash used in financing activities	(549)	-
Net increase/(decrease) in cash & cash equivalents	437	282
Cash and cash equivalents at the beginning of the year	16,267	13,037
Cash and cash equivalents at the end of the year	16,704	13,319

S. C. Subjally
Chief ExecutiveIftikhar H. Shirazi
DirectorYusuf H. Shirazi
Chairman

NOTES TO THE ACCOUNTS

STATEMENT OF CHANGES IN EQUITY

FOR THE 3RD QUARTER ENDED SEPTEMBER 30, 2002

	September 30 2002	September 30 2001
	(Rupees in 000's)	
Share Capital	88,542	80,493
Capital Reserve	2,251	2,251
General Reserve	15,950	13,550
Reserve for Bonus Shares	-	-
Exceptional Losses Reserve	2,164	2,164
Investment Fluctuation Reserve	3,000	3,000
	23,365	20,965
Unappropriated (Loss)/ Profit	21	39
Net Profit / (Loss) for the period	12,115	14,985
Balance as on 30.09.2002	<u>124,043</u>	<u>116,482</u>

NOTES:-

These accounts are subject to audit and are presented as required under Section 245 of the Companies Ordinance 1984.

Figures have been rearranged where necessary

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 Nine months, and
- b. 25% of the reserves as on 1st January

SEGMENT REPORTING

The Company has three 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		MARINE		MOTOR & MISC.		TOTAL	
	2002	2001	2002	2001	2002	2001	2002	2001
	(R u p e e s i n 0 0 0 ' s)							
OTHER INFORMATION								
Segment assets	27,794	30,589	37,083	47,676	13,505	15,826	78,382	94,092
Unallocated corporate assets							165,275	122,201
Consolidated total assets							243,657	216,293
Segment liabilities	12,629	13,195	16,849	20,565	7,527	8,218	37,005	41,977
Unallocated corporate liabilities							41,562	20,227
Consolidated total liabilities							78,567	62,204
Capital expenditure-according to above ratios	568	126	758	197	276	65	1,603	389
Depreciation-according to above ratios	626	196	835	305	304	101	1,766	602



COMPANY OFFICES

HEAD OFFICE

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

PABX: 7320542-7320543-7322271 & 73
Direct: 7310658-7234757
7234812-7314241
Fax: 7234742

S.C.SUBJALLY
Chief Executive
Direct: 7310658
Extension: 313

ARSHAD P. RANA
Chief Operating Officer
Direct: 7234812
Extension: 301

MUHAMMAD ZAFAR RIAZ
Sr. Manager Accounts
Direct: 7234757
Extension: 306

NASIM AHMED KHAN
Sr. Manager Accounts
Direct: 7234757
Extension: 307

MUHAMMAD MUNIR
Sr. Manager Technical
Direct: 7314241
Extension: 309

PERVAIZ I. MALIK
Sr. Manager Admin.
Direct: 7314241
Extension: 308

ASAD MEHMOOD AWAN
Manager Marketing
Extension: 318

NORTH ZONE OFFICES & BRANCHES

LAHORE

SHEIKH MUHAMMAD ASHRAF
Chief Manager
Nairobi Mansion
Napier Road, Lahore. 7352560
7358190

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

KHALID MAHMOOD
Branch Manager
Alnoor Building,
Bank Square, Shahrah-e-Quaid-e-Azam,
Lahore. 7358805

FAISALABAD

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

M. AKRAM KHAWAJA
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

PESHAWAR

MANZAR ALI NAQVI
Branch Manager
15-Saddar Road,
Peshawar Cantt. 275705
Fax : 275705

SAHIWAL

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

SIALKOT

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

BAHAWALPUR

MUHAMMAD MASOOD CH.
Branch Manager
2nd Floor, Gulf Plaza,
Near Erum Hotel, Circular Road, Bahawalpur. 880802

SOUTH ZONE OFFICE

2nd Floor, Ameerjee Chambers,
Campbell Street,
P.O.Box: 5126, Karachi.

PABX: 2620081-5
Direct: 2629531, 2621924
2621925, 2625697
2629532
Fax: 2629532

S.C. SUBJALLY
Chief Executive
PABX: 2620081-5 Extension:305
Direct: 2629531

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

S. MUBARAK AHMED
Manager Admin.
Extension: 316

JAWAID IRSHAD
Manager Claims
Extension : 303

MUHAMMAD IMRAN
Manager Claims
Extension : 309

ALI ASGHAR
Manager Customer Service
Extension : 312

SOUTH ZONE BRANCHES

KARACHI

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

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

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

HYDERABAD

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

SUKKUR

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