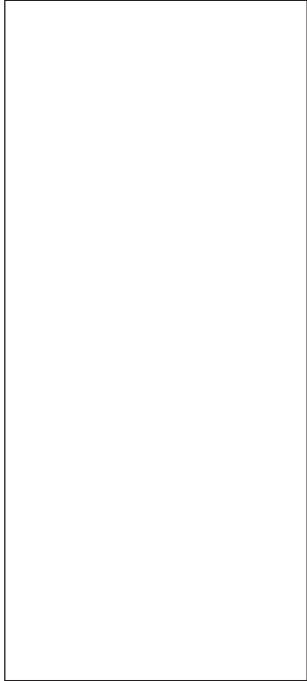


Printed Matter

BOOK POST

UNDER CERTIFICATE OF POSTING



If undelivered, please return to:

Muslim Insurance Company Limited

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

Muslim Insurance Company Ltd.



QUARTERLY
REPORT
September 30, 2004



CONTENTS

Company Information	2
Chairman's Review	4
Directors' Report	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	21

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

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

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
----------	--

Legal Advisors	Mohsin Tayebaly & Co. Ch. Maqsood Advocate
----------------	---

Tax Advisor	Ford Rhodes Sidat Hyder & Co. 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 un-audited accounts of your company for the 9 months ended September 30, 2004.

The Economy

Pakistan's economy is picking up year after year for sometime now. The growth momentum attained last year is well maintained. All economic indicators are positive, more improvements are expected in the days to come. Globally the economic conditions are stabilizing and cross border relationships with neighbour countries improving. The exports during the first quarter of this fiscal year were recorded at \$3.47b showing 16.9% increase over exports worth \$2.97b in the same period last year. Imports also witnessed 38.41% growth to \$4.31b from \$3.11b for the same period last year, leading to increase in trade deficit of \$839.25m as against \$144.790m of the same period of the last fiscal year. Remittances from abroad registered \$0.67b during July and August 2004, up 14% over the corresponding period last year, resultantly foreign exchange reserves stood at \$12.20 billion.

Company's Result

Your company did quite well for the nine months ended 30th September 2004. The gross premium underwritten was at Rs. 236.04m compared to Rs. 147.70m for the same period last year. The net premium underwritten for the period was Rs. 101.35m compared to Rs. 83.16m for the corresponding period of the last year. The underwriting profits rose to Rs. 34.26m from Rs. 30.90m of the same period of last year, up 10.9%. Investment income however declined to Rs. 34.33m against Rs. 54.17m of the corresponding period because of slow capital market. Management expenses increased to Rs. 59.95m compared to Rs. 56.98m for the corresponding period last year. The profit before tax was Rs. 61.55m against Rs. 82.49m last year. The net profit after tax improved to Rs. 44.74m compared to Rs. 40.53m for the corresponding period and earnings per share Rs. 4.39 against Rs. 3.98 of the last year.

PACRA has maintained the company's Insurer Financial Strength (IFS) rating of "A" for the third consecutive year.

Future outlook

The pace of economic growth and impact of global economic activities is providing us all indications of prosperity and growth. More stability in the political environment will lead further strengthening of the economy. The pace of monetary expansion that had substantially accelerated during the last few years is continued in the current fiscal year and showed a growth of 17.4% (till July 2004). Your management is fully aware of the current situation and keeping a watchful eye on the available opportunities to benefit from all such environments.

عز تو شاہیں ہے پرواز ہے کام تیرا

(Let us continue to keep our flag flying higher and higher)

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.

Yusuf H. Shirazi

DIRECTORS' REPORT

The Directors have pleasure in submitting the Quarterly Report of the Company together with the Financial Statements for the period ended 30 September, 2004.

	September 30 2004	September 30 2003
(Rupees in thousand)		

The overall business figures are:

Net Premium	101,349	83,158
Net Claims	32,620	13,342
Investment and other income	35,070	55,213
Net Commission	25,481	18,065
Expenses of Management	67,730	60,604

Financial Results are as follows:

Profit before Tax	61,550	82,490
Less:		
Provision for Taxation - current period	13,174	24,762
Provision for Taxation - prior period	992	17,200
Deferred Tax	2,645	-
	16,811	41,962
Profit after Tax	44,739	40,528
Add: Last year's Un-appropriated Profit	-	106
Balances carried to Balance Sheet	44,739	40,634

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: October 23, 2004

BALANCE SHEET

Notes	September 30 2004 (Un-audited) (Rupees in thousand)	December 31 2003 (Audited)
Share Capital and Reserves		
Authorized Share Capital	150,000	150,000
Paid-up share capital	101,823	88,542
Retained earnings	44,739	-
Reserves	38,064	51,345
	184,626	139,887
Underwriting Provisions		
Provision for outstanding claims (including IBNR)	79,471	71,755
Provision for unearned premium	100,990	70,031
Commission income unearned	13,177	5,737
Total underwriting provisions	193,638	147,523
Deferred Liabilities		
Staff Retirement Benefits	3,060	3,506
Deferred Tax liability	2,645	-
Creditors and Accruals		
Premiums Received in Advance	9,252	381
Amounts due to other insurers/reinsurers	44,824	47,477
Accrued Expenses	12,337	13,333
Taxation - Provision less payments	11,315	28,347
Other Creditors and Accruals	3,185	4,329
	80,913	93,867
Other Liabilities		
Deposits against performance bonds	1,391	1,391
Dividend	1,722	15,003
Obligations against assets subject to finance lease	3,532	4,847
	6,645	21,241
TOTAL LIABILITIES	286,901	266,137
TOTAL EQUITY AND LIABILITIES	471,527	406,024
CONTINGENCIES AND COMMITMENTS	3	-

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

AS AT SEPTEMBER 30, 2004

Notes	September 30 2004 (Un-audited) (Rupees in thousand)	December 31 2003 (Audited)
Cash and Bank Deposits		
Cash and other equivalent Current and other accounts	90 30,291	- 15,890
	30,381	15,890
Loans-Secured		
To employees	384	1,009
Investments		
	187,812	172,057
Other Assets		
Premiums due but unpaid-unsecured, Considered good	38,769	37,203
Amounts due from other insurers/reinsurers	57,662	59,294
Accrued investment income	11,197	3,359
Reinsurance recoveries against outstanding claims	65,968	61,568
Deferred commission expense	5,343	3,698
Prepayments	48,560	38,660
Deferred cost	7,034	-
Sundry receivables	6,274	1,182
	240,807	204,964
Fixed assets		
Tangibles		
Land and Buildings	5,166	5,321
Furniture, Fixtures and Office Equipment	2,336	2,566
Motor Vehicles	4,641	4,217
	12,143	12,104
TOTAL ASSETS	471,527	406,024

Arshad P. Rana
Chief Executive

Frahim Ali Khan
Director

Aamir H. Shirazi
Director

Yusuf H. Shirazi
Chairman

PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2004

Notes	Quarter ended September 30, 2004					Quarter ended September 30, 2003	
	Fire and Property	Marine, Aviation and Transport	Motor	Misc.	September 30 2004 Aggregate	September 30 2003 Aggregate	
(Rupees in thousand)							
Revenue Account							
Net Premium Revenue	5,299	10,740	8,489	1,144	25,672	20,852	
Net Claims	(12,525)	(1,032)	(4,880)	(2)	(18,439)	(5,070)	
Expenses	(3,542)	(8,024)	(5,452)	(759)	(17,777)	(21,213)	
Net Commission	1,190	6,585	(102)	134	7,807	5,656	
Underwriting result	<u>(9,578)</u>	<u>8,269</u>	<u>(1,945)</u>	<u>517</u>	<u>(2,737)</u>	<u>225</u>	
Investment Income					13,115	21,303	
Rental Income					190	216	
Other Income					175	(12)	
Financial Charges					(203)	(258)	
General and administration expenses					(2,334)	(1,286)	
					<u>10,943</u>	<u>19,963</u>	
Profit before tax					<u>8,206</u>	<u>20,188</u>	
Provision for Taxation	6						
Current Period					(374)	(4,047)	
Prior Period					-	(800)	
Deferred					91	-	
Profit after tax					<u>7,923</u>	<u>15,341</u>	
Nine months ended September 30, 2004							
						Nine months ended September 30, 2003 Aggregate	
Revenue Account							
Net Premium Revenue	15,294	60,418	22,258	3,379	101,349	83,158	
Net Claims	(15,342)	(5,244)	(11,328)	(706)	(32,620)	(13,342)	
Expenses	(9,241)	(35,604)	(13,062)	(2,040)	(59,947)	(56,980)	
Net Commission	6,467	18,419	(182)	777	25,481	18,065	
Underwriting result	<u>(2,822)</u>	<u>37,989</u>	<u>(2,314)</u>	<u>1,410</u>	<u>34,263</u>	<u>30,901</u>	
Investment Income					34,333	54,169	
Rental Income					562	594	
Other Income					175	450	
Financial Charges					(678)	(831)	
General and administration expenses					(7,105)	(2,793)	
					<u>27,287</u>	<u>51,589</u>	
Profit before tax					<u>61,550</u>	<u>82,490</u>	
Provision for Taxation	6						
Current Period					(13,174)	(24,762)	
Prior Period					(992)	(17,200)	
Deferred					(2,645)	-	
Profit after tax					<u>44,739</u>	<u>40,528</u>	
Earnings Per share-Basic	7				4.39	3.98	
Profit and Loss Appropriation Account							
Balance at commencement of period					-	106	
Profit after tax for the period					44,739	40,528	
Balance Unappropriated Profit at end of period					<u>44,739</u>	<u>40,634</u>	

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

Arshad P. Rana
Chief Executive

Frahim Ali Khan
Director

Aamir H. Shirazi
Director

Yusuf H. Shirazi
Chairman

Arshad P. Rana
Chief Executive

Frahim Ali Khan
Director

Aamir H. Shirazi
Director

Yusuf H. Shirazi
Chairman

STATEMENT OF CASH FLOW (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2004

	September 30 2004	September 30 2003
(Rupees in thousand)		
Operating Cash Flows		
(a) Underwriting activities		
Premiums received	243,574	176,496
Re-insurance premiums paid	(116,979)	(88,263)
Claims paid	(62,991)	(56,796)
Re-insurance and other recoveries received	33,687	40,987
Commission paid	(9,808)	(15,549)
Commission received	33,644	26,998
Net cash flow from underwriting activities	<u>121,127</u>	<u>83,873</u>
(b) Other operating activities		
Income tax paid	(32,851)	(25,161)
General management expenses paid	(67,649)	(57,582)
Other operating receipts	-	11
Loans advanced	(1,166)	(698)
Loans repayments received	658	789
Net cash flow from other operating activities	<u>(101,008)</u>	<u>(82,641)</u>
Total cash flow from all operating activities	<u>20,119</u>	<u>1,232</u>
Investment activities		
Dividend received	15,169	47,992
Rentals received	562	594
Payments for investments	(51,626)	(90,459)
Proceeds from disposal of investments	47,120	61,172
Proceeds from disposal of fixed assets	176	919
Fixed Capital Expenditure	(1,762)	(497)
Total cash flow from investing activities	<u>9,639</u>	<u>19,721</u>
Financing activities		
Dividends paid	(13,275)	(13,322)
Financial charges paid	(678)	(831)
Payments on finance leases	(1,314)	(1,017)
Total cash flow from financing activities	<u>(15,267)</u>	<u>(15,170)</u>
Net cash inflow from all activities	<u>14,491</u>	<u>5,783</u>
Cash at the beginning of the period	15,890	13,229
Cash at the end of the period	<u>30,381</u>	<u>19,012</u>
Reconciliation to profit and loss account		
Operating cash flows	20,119	1,232
Depreciation expense	(1,633)	(1,769)
Financial charges	(678)	(831)
Amortization of Deferred cost	(2,344)	-
Profit on disposal of fixed assets	175	439
Gain on Investments	34,333	54,169
Increase in assets other than cash	45,536	42,306
(Increase) in liabilities other than running finance	(50,769)	(55,018)
Profit after taxation	<u>44,739</u>	<u>40,528</u>
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.		

STATEMENT OF PREMIUMS (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2004

		Q u a r t e r e n d e d			S e p t e m b e r 3 0 , 2 0 0 4				Q u a r t e r e n d e d		
Business underwritten inside Pakistan		Premiums	Unearned premium reserve		Premiums	Re-insurance	Prepaid re-insurance		Re-insurance	Net	Q u a r t e r e n d e d
Class		Written	Opening	Closing	earned	ceded	Opening	Closing	expense	premium	September 30
		(R u p e e s i n t h o u s a n d)									
Direct and											
Facultative	1. Fire and Property Damage	16,342	48,627	45,301	19,668	7,900	40,702	34,233	14,369	5,299	1,026
	2. Marine, Aviation and Transport	43,474	7,909	24,034	27,349	17,728	6,803	7,922	16,609	10,740	12,821
	3. Other Motor Business	12,095	21,960	24,308	9,747	1,496	2,192	2,430	1,258	8,489	4,854
	4. Miscellaneous	6,308	3,464	7,347	2,425	3,362	1,894	3,975	1,281	1,144	23
	Total	78,219	81,960	100,990	59,189	30,486	51,591	48,560	33,517	25,672	18,724
Treaty	5. Proportional										
	Fire	-	-	-	-	-	-	-	-	-	345
	Marine	-	-	-	-	-	-	-	-	-	1,761
	Miscellaneous	-	-	-	-	-	-	-	-	-	22
	Total	-	-	-	-	-	-	-	-	-	2,128
	Grand Total	78,219	81,960	100,990	59,189	30,486	51,591	48,560	33,517	25,672	20,852

		N i n e m o n t h s e n d e d			S e p t e m b e r 3 0 , 2 0 0 4				Net	Nine months	
Business underwritten inside Pakistan		Premiums	Unearned premium reserve		Premiums	Re-insurance	Prepaid re-insurance		Re-insurance	premium	ended
Class		Written	Opening	Closing	earned	ceded	Opening	Closing	expense	Revenue	September 30
		(R u p e e s i n t h o u s a n d)									
Direct and											
Facultative	1. Fire and Property Damage	66,661	32,760	45,301	54,120	52,084	21,121	34,233	38,972	15,148	9,128
	2. Marine, Aviation and Transport	126,795	15,206	24,034	117,967	54,536	10,996	7,922	57,610	60,357	51,110
	3. Other Motor Business	33,538	16,758	24,308	25,988	4,479	1,681	2,430	3,730	22,258	14,891
	4. Miscellaneous	9,049	5,005	7,347	6,707	4,859	2,765	3,975	3,649	3,058	591
	Total	236,043	69,729	100,990	204,782	115,958	36,563	48,560	103,961	100,821	75,720
Treaty	5. Proportional										
	Fire	134	12	-	146	-	-	-	-	146	1,770
	Marine	61	-	-	61	-	-	-	-	61	4,914
	Miscellaneous	31	290	-	321	-	-	-	-	321	754
	Total	226	302	-	528	-	-	-	-	528	7,438
	Grand Total	236,269	70,031	100,990	205,310	115,958	36,563	48,560	103,961	101,349	83,158

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

Arshad P. Rana
Chief Executive

Frahim Ali Khan
Director

Aamir H. Shirazi
Director

Yusuf H. Shirazi
Chairman

STATEMENT OF CLAIMS (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2004

		Q u a r t e r e n d e d			S e p t e m b e r 3 0 , 2 0 0 4					Q u a r t e r e n d e d	
		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	September 30 2003 Net claim expense
Class			Opening	Closing			Opening	Closing			
		(R u p e e s i n t h o u s a n d)									
Business underwritten inside Pakistan											
Direct and											
Facultative											
	1. Fire and Property Damage	27,647	68,411	45,294	4,530	14,549	65,740	43,196	(7,995)	12,525	735
	2. Marine, Aviation and Transport	412	11,856	18,698	7,254	20	9,952	16,154	6,222	1,032	1,174
	3. Other Motor Business	3,126	2,124	4,415	5,417	302	264	499	537	4,880	2,897
	4. Miscellaneous	1,947	7,350	7,283	1,880	1,956	6,197	6,119	1,878	2	233
	Total	33,132	89,741	75,690	19,081	16,827	82,153	65,968	642	18,439	5,039
Treaty											
	5. Proportional										
	Fire	-	1,756	1,756	-	-	-	-	-	-	31
	Marine	-	1,939	1,939	-	-	-	-	-	-	-
	Miscellaneous	-	86	86	-	-	-	-	-	-	-
	Total	-	3,781	3,781	-	-	-	-	-	-	31
	Grand Total	33,132	93,522	79,471	19,081	16,827	82,153	65,968	642	18,439	5,070

		N i n e m o n t h s e n d e d			S e p t e m b e r 3 0 , 2 0 0 4					N i n e m o n t h s e n d e d	
		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	September 30 2003 Net claim expense
Class			Opening	Closing			Opening	Closing			
		(R u p e e s i n t h o u s a n d)									
Business underwritten inside Pakistan											
Direct and											
Facultative											
	1. Fire and Property Damage	32,568	42,789	45,294	35,073	18,979	42,145	43,196	20,030	15,043	2,838
	2. Marine, Aviation and Transport	14,527	13,844	18,698	19,381	11,170	12,503	16,154	14,821	4,560	2,239
	3. Other Motor Business	11,949	3,813	4,415	12,551	1,188	464	499	1,223	11,328	5,197
	4. Miscellaneous	2,714	7,528	7,283	2,469	2,350	6,456	6,119	2,013	456	383
	Total	61,758	67,974	75,690	69,474	33,687	61,568	65,968	38,087	31,387	10,657
Treaty											
	5. Proportional										
	Fire	299	1,756	1,756	299	-	-	-	-	299	890
	Marine	684	1,939	1,939	684	-	-	-	-	684	1,030
	Miscellaneous	250	86	86	250	-	-	-	-	250	765
	Total	1,233	3,781	3,781	1,233	-	-	-	-	1,233	2,685
	Grand Total	62,991	71,755	79,471	70,707	33,687	61,568	65,968	38,087	32,620	13,342

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

Arshad P. Rana
Chief Executive

Frahim Ali Khan
Director

Aamir H. Shirazi
Director

Yusuf H. Shirazi
Chairman

STATEMENT OF EXPENSES (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2004

		Q u a r t e r e n d e d			S e p t e m b e r 3 0 , 2 0 0 4				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	September 30 2003 Net underwriting expense
Class		(R u p e e s i n t h o u s a n d)								
Direct and										
Facultative	1. Fire and Property Damage	1,785	3,401	3,600	1,586	3,542	5,128	2,776	2,352	539
	2. Marine, Aviation and Transport	777	507	343	941	8,024	8,965	7,526	1,439	13,162
	3. Other Motor Business	510	1,011	1,095	426	5,452	5,878	324	5,554	1,539
	4. Miscellaneous	183	242	305	120	759	879	254	625	263
	Total	<u>3,255</u>	<u>5,161</u>	<u>5,343</u>	<u>3,073</u>	<u>17,777</u>	<u>20,850</u>	<u>10,880</u>	<u>9,970</u>	<u>15,503</u>
Treaty	5. Proportional									
	Fire	-	-	-	-	-	-	-	-	28
	Marine	-	-	-	-	-	-	-	-	26
	Miscellaneous	-	-	-	-	-	-	-	-	1
	Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55</u>
	Grand Total	<u>3,255</u>	<u>5,161</u>	<u>5,343</u>	<u>3,073</u>	<u>17,777</u>	<u>20,850</u>	<u>10,880</u>	<u>9,970</u>	<u>15,558</u>
		N i n e m o n t h s e n d e d			S e p t e m b e r 3 0 , 2 0 0 4				N i n e m o n t h s 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	September 30 2003 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	4,956	2,669	3,600	4,025	9,241	13,266	10,557	2,709	1,325
	2. Marine, Aviation and Transport	2,662	225	343	2,544	35,604	38,148	21,112	17,036	23,960
	3. Other Motor Business	1,563	560	1,095	1,028	13,062	14,090	846	13,244	10,328
	4. Miscellaneous	402	244	305	341	2,040	2,381	1,129	1,251	856
	Total	<u>9,583</u>	<u>3,698</u>	<u>5,343</u>	<u>7,938</u>	<u>59,947</u>	<u>67,885</u>	<u>33,644</u>	<u>34,240</u>	<u>36,469</u>
Treaty	5. Proportional									
	Fire	65	-	-	65	-	65	-	65	969
	Marine	149	-	-	149	-	149	-	149	1,112
	Miscellaneous	11	-	-	11	-	11	-	11	365
	Total	<u>225</u>	<u>-</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>225</u>	<u>2,446</u>
	Grand Total	<u>9,808</u>	<u>3,698</u>	<u>5,343</u>	<u>8,163</u>	<u>59,947</u>	<u>68,110</u>	<u>33,644</u>	<u>34,465</u>	<u>38,915</u>

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

Arshad P. Rana
Chief Executive

Frahim Ali Khan
Director

Aamir H. Shirazi
Director

Yusuf H. Shirazi
Chairman

STATEMENT OF INVESTMENT INCOME (UN-AUDITED)
FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2004

	Quarter ended		Nine months ended	
	September 30 2004	September 30 2003	September 30 2004	September 30 2003
	(Rupees in thousand)			
Income from Non-Trading Investments				
Held to Maturity	-	-	-	-
Return on Government Securities	-	-	-	-
Return on Other Fixed Income Securities and Deposits	-	51	-	447
Others, Term Finance Certificates	1,352	1,540	3,928	4,643
	1,352	1,591	3,928	5,090
Available for Sale				
Dividend Income	11,731	9,045	19,079	13,474
	13,083	10,636	23,007	18,564
Gain on sale of Non Trading Investments				
- Available for sale	32	10,667	11,326	35,605
Provision for Impairment in Value of Investments				
Provision for Portfolio Available for Sale	-	-	-	-
Net Investment Income	<u>13,115</u>	<u>21,303</u>	<u>34,333</u>	<u>54,169</u>

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

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2004

	Share Capital	CAPITAL RESERVES			REVENUE RESERVES			Total
		Capital Reserve	Exceptional Losses Reserve	Reserve for Bonus Share	General Reserve	Investment Fluctuation Reserve	Unappro- -priated Profit	
	(Rupees in thousand)							
Balance as on January 01, 2003	88,542	2,251	2,164	-	15,950	3,000	106	112,013
Net Profit for the period	-	-	-	-	-	-	40,528	40,528
Balance as on September 30, 2003	<u>88,542</u>	<u>2,251</u>	<u>2,164</u>	<u>-</u>	<u>15,950</u>	<u>3,000</u>	<u>40,634</u>	<u>152,541</u>
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	-	-	-	-	-	-	44,739	44,739
Balance as on September 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>44,739</u>	<u>184,626</u>

The annexed notes form an integral part of these accounts.

NOTES TO THE ACCOUNTS (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2004

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 ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

These financial statements are unaudited 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.

2.2 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, 2003, except for the adoption of the following policy of deferred cost:

"The cost of compensation / benefits under the Voluntarily Retirement Scheme offered to employees is accounted for as deferred cost in accordance with the Technical Release (TR-28) "Golden Handshake - Accounting For" issued by the Institute of Chartered Accountants of Pakistan as the management considers that it is probable that the future economic benefits associated with the scheme will flow to the company. The deferred cost is being amortized over a period of three years. The carrying amount of the deferred cost is reviewed at each balance sheet date to assess whether the future economic benefits as envisaged in the scheme are still available to the company and any resulting decline is charged to income immediately".

3. CONTINGENCIES AND COMMITMENTS

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

4. ADDITIONS / DELETIONS

Following additions / deletions have been made in the fixed assets during the period ended September 30, 2004.

	Additions	Deletions
	(Rupees in thousand)	
Vehicles	1,243	15
Furniture & Fixtures	13	-
Office Equipments	56	-
Computers	465	-
	1,777	15

5. DEFERRED COST

	September 30 2004	December 31 2003
	(Rupees in thousand)	
Compensation under voluntary retirement scheme	9,378	-
Less: Amortized during the period	(2,344)	-
Closing Balance	7,034	-

6. TAXATION

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

7. 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:

	September 30 2004	September 30 2003
	(Rupees in thousand)	
Net Profit after tax for the period	44,739	40,528
	(Number of Shares)	
Weighted Average number of shares	10,182,345	10,182,345
	(Rupees per Share)	
Basic/Adjusted earnings per share (Rs.)	4.39	3.98

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.

8. RELATED PARTY TRANSACTIONS

	September 30 2004	December 31 2003
	(Rupees in thousand)	
Associated Companies		
Premium underwritten	154,327	72,968
Premium collected	147,494	55,174
Claims paid	17,838	4,330
Lease rentals	1,772	1,072
Vehicles purchased	114	127
Rent received	311	207
Interest received	1,377	397
Dividend received	242	285
Fixed deposits	-	43,327
Brokerage paid for purchase of shares	421	388
Brokerage paid for sale of shares	53	445

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.

9. 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	
Sep. 30 2004	Dec. 31 2003	Sep. 30 2004	Dec. 31 2003	Sep. 30 2004	Dec. 31 2003	Sep. 30 2004	Dec. 31 2003	Sep. 30 2004	Dec. 31 2003
(R u p e e s i n t h o u s a n d)									

OTHER INFORMATION

Segment assets	108,615	89,187	70,122	69,340	18,917	15,275	13,305	13,304	210,959	187,106
Unallocated corporate assets									260,568	218,918
Consolidated total assets									<u>471,527</u>	<u>406,024</u>
Segment Liabilities	106,847	91,100	66,074	55,385	36,155	28,950	17,600	14,792	226,676	190,227
Unallocated corporate Liabilities									60,225	75,910
Consolidated total Liabilities									<u>286,901</u>	<u>266,137</u>
Capital expenditure-according to above ratios	<u>831</u>	<u>534</u>	<u>514</u>	<u>939</u>	<u>281</u>	<u>276</u>	<u>137</u>	<u>93</u>	<u>1,762</u>	<u>1,842</u>
Depreciation/Amortization -according to above ratio	<u>1,875</u>	<u>746</u>	<u>1,159</u>	<u>1,319</u>	<u>634</u>	<u>378</u>	<u>309</u>	<u>117</u>	<u>3,977</u>	<u>2,560</u>

10. GENERAL

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

Arshad P. Rana
Chief Executive

Frahim Ali Khan
Director

Aamir H. Shirazi
Director

Yusuf H. Shirazi
Chairman

COMPANY OFFICES

HEAD OFFICE

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

PABX: 7310658-7234757
Direct: 7234812-7314241
Fax: 7234742

ARSHAD P. RANA
Chief Executive

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 MEHMOOD
Chief Internal Auditor

Extension: 302

NORTH ZONE OFFICES & BRANCHES

LAHORE

MUHAMMAD MUNIR QAZI
Chief Manager

Nawa-i-Waqat 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

FAISALABAD BRANCH - II

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

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 GHOURI
Branch Manager
Atlas Honda Building,
Azmat Wasti Road, Multan. 544494

SOUTH ZONE OFFICE

2nd Floor, Ameejee Chambers,
Campbell Street,
P.O. Box: 5126, Karachi. PABX: 2620081-5
Direct: 2629531-2621924
2625697
Fax: 2629532-2621925

ARSHAD P. RANA
Chief Executive
Direct: 2639673
Fax: 2621925

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
2nd Floor, Ameejee Chambers,
Campbell Street,
P.O. Box: 5126, Karachi. 2620081-5
Ext: 313
Direct: 2621925
Fax: 2621925

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

M. FAROOQ KANDLAWALA
Branch 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: 782660

SUKKUR

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