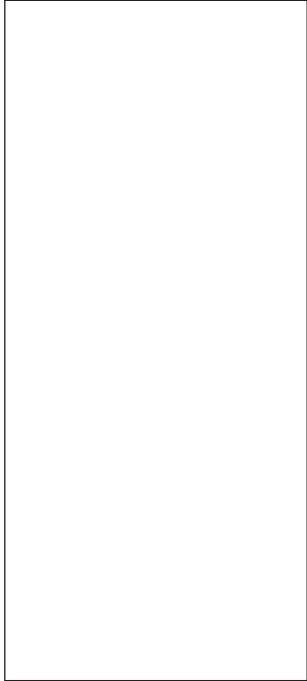


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Muslim Insurance Company Ltd.



HALF YEARLY
REPORT
June 30, 2004



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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
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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.
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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, 2004.

The Economy

The year 2003-04 performed quite well. The year saw consistent growth in GDP, foreign exchange reserves and exports. The GDP growth was 6.4% against the target of 5.3%. Manufacturing and service sector registered growth rate at 13.4% and 5.2% respectively. Imports stood at over \$15 billion, up 19% as compared to 17.9% last year mainly through higher import of capital goods and raw materials amid increasing economic activity. Exports stood at over \$12.5 billion, up 13% as compared to 8.4% target. Foreign exchange reserves upped to \$12.5 billion by the year end as compared to \$11.08 billion, last year. The total investment rose to \$950 million, up 18.1% of GDP against 16.7%, last year. The rupees dollar parity remained stable.

Company Results

Your company too did quite well during the half year under review. The gross premium at Rs. 158.050m was higher than Rs. 115.199m of the corresponding previous half year, resulting in higher net premium of Rs. 75.677m as compared to Rs. 62.306m of the same period, last year. The underwriting profit rose to Rs. 37m from Rs. 30.676m of last year, up 20.6%. The investment income however stood lower at Rs. 21.218m than Rs. 32.866m for the same period last year. The profit before tax was thus Rs. 53.344m as against Rs. 62.302m last year. After a tax provision of Rs. 16.528m for the current period against Rs. 37.115m last year for the same period, the profit after tax stood at Rs. 36.816m against Rs. 25.187m of the last year.

Future Outlook

The world economy is getting stable and Pakistan economy is responding. Due investment friendly policies of the government the country would be able to achieve the GDP growth target over 6% set for the current financial year. Trade is expected with neighbouring country as the cross border relationships are improving. Your management is fully equipped to benefit from all such environment.

عزیز نگاہ بلند سخن دینواں جاں پر سوز
یہی ہے رخت سفر میر کارواں کے لئے

(It is the leadership which counts and nothing else!)

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 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, 2004.

The overall business figures are:

	June 30 2004	June 30 2003
	(Rupees in thousand)	
Net Premium	75,677	62,306
Net Claims	14,181	8,272
Investment and other income	21,590	33,706
Net Commission	17,674	12,409
Expenses of Management	42,170	35,767

Financial Results are as follows:

Profit before Tax	53,344	62,302
Less:		
Provision for Taxation - current period	12,800	20,715
Provision for Taxation - prior period	992	16,400
Deferred Tax	2,736	-
	16,528	37,115
Profit after Tax	36,816	25,187
Add: Last year's Un-appropriated Profit	-	106
Balances carried to Balance Sheet	36,816	25,293

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 28, 2004

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, 2004** 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, 2004 and 2003 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2004.

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.

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Lahore: August 28, 2004

BALANCE SHEET

	Notes	June 30 2004 (Un-audited) (Rupees in thousand)	December 31 2003 (Audited)
Share Capital and Reserves			
Authorised Share Capital		150,000	150,000
Paid-up share capital		101,823	88,542
Retained earnings		36,816	-
Reserves		38,064	51,345
		176,703	139,887
Underwriting Provisions			
Provision for outstanding claims (including IBNR)		93,522	71,755
Provision for unearned premium		81,960	70,031
Commission income unearned		11,592	5,737
Total underwriting provisions		187,074	147,523
Deferred Liabilities			
Staff Retirement Benefits		4,014	3,506
Deferred Tax liability		2,736	-
Creditors and Accruals			
Premiums Received in Advance		1,447	381
Amounts due to other insurers/reinsurers		62,499	47,477
Accrued Expenses		9,583	13,333
Taxation - Provision less payments		33,930	28,347
Other Creditors and Accruals		15,066	4,329
		122,525	93,867
Other Liabilities			
Deposits against performance bonds		1,391	1,391
Dividend		1,728	15,003
Obligations against assets subject to finance lease		4,007	4,847
		7,126	21,241
TOTAL LIABILITIES		323,475	266,137
TOTAL EQUITY AND LIABILITIES		500,178	406,024
CONTINGENCIES AND COMMITMENTS	4	-	-

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

AS AT JUNE 30, 2004

	Notes	June 30 2004 (Un-audited) (Rupees in thousand)	December 31 2003 (Audited)
Cash and Bank Deposits			
Cash and other equivalent		90	-
Current and other accounts		26,971	15,890
		27,061	15,890
Loans-Secured			
To employees		867	1,009
Investments	5	198,786	172,057
Other Assets			
Premiums due but unpaid-unsecured, Considered good		53,463	37,203
Amounts due from other insurers/reinsurers		54,136	59,294
Accrued investment income		3,967	3,359
Reinsurance recoveries against outstanding claims		82,153	61,568
Deferred commission expense		5,161	3,698
Prepayments		51,591	38,660
Deferred cost	6	7,816	-
Sundry receivables		3,501	1,182
		261,788	204,964
Fixed assets			
Tangibles			
Land and Buildings		5,218	5,321
Furniture, Fixtures and Office Equipment		2,612	2,566
Motor Vehicles		3,846	4,217
		11,676	12,104
TOTAL ASSETS		500,178	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 JUNE 30, 2004

Notes	Quarter ended June 30, 2004					June 30 2004	Quarter ended June 30 2003
	Fire and Property	Marine, Aviation and Transport	Motor	Misc.	Aggregate	Aggregate	
	(Rupees in thousand)						
Revenue Account							
Net Premium Revenue	4,364	30,065	7,051	916	42,396	44,795	
Net Claims	(2,559)	(2,864)	(2,799)	(401)	(8,623)	(6,736)	
Expenses	(2,426)	(16,334)	(3,744)	(518)	(23,022)	(18,935)	
Net Commission	4,521	8,575	(59)	566	13,603	8,536	
Underwriting result	3,900	19,442	449	563	24,354	27,660	
Investment Income					16,740	21,402	
Rental Income					186	230	
Other Income					-	25	
Financial Charges					(239)	(255)	
General and administration expenses					(3,055)	(847)	
					13,632	20,555	
Profit before tax					37,986	48,215	
Provision for Taxation	7				(8,354)	(17,130)	
Current Period					(992)	(16,400)	
Prior Period					(2,736)	-	
Deferred							
Profit after tax					25,904	14,685	
	Half-year ended June 30, 2004					Half-year ended June 30 2003	Aggregate
Revenue Account							
Net Premium Revenue	9,995	49,678	13,769	2,235	75,677	62,306	
Net Claims	(2,817)	(4,212)	(6,448)	(704)	(14,181)	(8,272)	
Expenses	(5,699)	(27,580)	(7,610)	(1,281)	(42,170)	(35,767)	
Net Commission	5,277	11,834	(80)	643	17,674	12,409	
Underwriting result	6,756	29,720	(369)	893	37,000	30,676	
Investment Income					21,218	32,866	
Rental Income					372	378	
Other Income					-	462	
Financial Charges					(475)	(573)	
General and administration expenses					(4,771)	(1,507)	
					16,344	31,626	
Profit before tax					53,344	62,302	
Provision for Taxation	7				(12,800)	(20,715)	
Current Period					(992)	(16,400)	
Prior Period					(2,736)	-	
Deferred							
Profit after tax					36,816	25,187	
Earnings Per share-Basic	8				3.62	2.47	
Profit and Loss Appropriation Account							
Balance at commencement of period					-	106	
Profit after tax for the period					36,816	25,187	
Balance Unappropriated Profit at end of period					36,816	25,293	

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

Arshad P. Rana Chief Executive Frahim Ali Khan Director Ammir H. Shirazi Director Yusuf H. Shirazi Chairman

STATEMENT OF CASH FLOW (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2004

	June 30 2004	June 30 2003
(Rupees in thousand)		
Operating Cash Flows		
(a) Underwriting activities		
Premiums received	142,856	115,939
Re-insurance premiums paid	(65,292)	(65,237)
Claims paid	(29,859)	(50,330)
Re-insurance and other recoveries received	16,860	39,240
Commission paid	(6,553)	(10,913)
Commission received	22,764	18,302
Net cash flow from underwriting activities	80,776	47,001
(b) Other operating activities		
Income tax paid	(8,209)	(18,830)
General management expenses paid	(39,994)	(36,021)
Other operating receipts	-	2,044
Loans advanced	(1,057)	(567)
Loans repayments received	566	529
Net cash flow from other operating activities	(48,694)	(52,845)
Total cash flow from all operating activities	32,082	(5,844)
Investment activities		
Dividend received	9,316	7,341
Rentals received	372	378
Payments for investments	(51,356)	(61,899)
Proceeds from disposal of investments	35,876	68,263
Proceeds from disposal of fixed assets	-	919
Fixed Capital Expenditure	(530)	(371)
Total cash flow from investing activities	(6,322)	14,631
Financing activities		
Dividends paid	(13,275)	(13,322)
Financial charges paid	(475)	(573)
Payments on finance leases	(839)	(654)
Total cash flow from financing activities	(14,589)	(14,549)
Net cash inflow/(outflow) from all activities	11,171	(5,762)
Cash at the beginning of the period	15,890	13,229
Cash at the end of the period	27,061	7,467
Reconciliation to profit and loss account		
Operating cash flows	32,082	(5,844)
Depreciation expense	(961)	(1,163)
Financial charges	(475)	(573)
Amortization of Deferred cost	(1,562)	-
Profit on disposal of fixed assets	-	439
Gain on Investments	21,218	32,866
Increase in assets other than cash	20,135	22,001
(Increase) in liabilities other than running finance	(33,621)	(22,539)
Profit after taxation	36,816	25,187
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 Frahim Ali Khan Director Ammir H. Shirazi Director Yusuf H. Shirazi Chairman		

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 Frahim Ali Khan Director Ammir H. Shirazi Director Yusuf H. Shirazi Chairman

STATEMENT OF PREMIUMS (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2004

		Quarter ended			June 30, 2004						
Business underwritten inside Pakistan		Premiums Written	Unearned premium reserve		Premiums earned	Re-insurance ceded	Prepaid re-insurance Premium ceded		Re-insurance expense	Net premium Revenue	Quarter ended June 30 2003 Net premium Revenue
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	35,352	31,547	48,627	18,272	32,425	22,213	40,702	13,936	4,336	6,194
	2. Marine, Aviation and Transport	46,297	17,147	7,909	55,535	18,948	13,336	6,803	25,481	30,054	27,852
	3. Other Motor Business	16,653	13,651	21,960	8,344	2,121	1,364	2,192	1,293	7,051	6,234
	4. Miscellaneous	1,049	4,423	3,464	2,008	909	2,077	1,894	1,092	916	270
	Total	99,351	66,768	81,960	84,159	54,403	38,990	51,591	41,802	42,357	40,550
Treaty	5. Proportional										
	Fire	28	-	-	28	-	-	-	-	28	1,018
	Marine	11	-	-	11	-	-	-	-	11	2,632
	Miscellaneous	-	-	-	-	-	-	-	-	-	595
	Total	39	-	-	39	-	-	-	-	39	4,245
	Grand Total	99,390	66,768	81,960	84,198	54,403	38,990	51,591	41,802	42,396	44,795

		Half-year ended			June 30, 2004						
Business underwritten inside Pakistan		Premiums Written	Unearned premium reserve		Premiums earned	Re-insurance ceded	Prepaid re-insurance Premium ceded		Re-insurance expense	Net premium Revenue	Half-year ended June 30 2003 Net premium Revenue
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	50,319	32,760	48,627	34,452	44,184	21,121	40,702	24,603	9,849	8,102
	2. Marine, Aviation and Transport	83,321	15,206	7,909	90,618	36,808	10,996	6,803	41,001	49,617	38,289
	3. Other Motor Business	21,443	16,758	21,960	16,241	2,983	1,681	2,192	2,472	13,769	10,038
	4. Miscellaneous	2,741	5,005	3,464	4,282	1,497	2,765	1,894	2,368	1,914	567
	Total	157,824	69,729	81,960	145,593	85,472	36,563	51,591	70,444	75,149	56,996
Treaty	5. Proportional										
	Fire	134	12	-	146	-	-	-	-	146	1,425
	Marine	61	-	-	61	-	-	-	-	61	3,153
	Miscellaneous	31	290	-	321	-	-	-	-	321	732
	Total	226	302	-	528	-	-	-	-	528	5,310
	Grand Total	158,050	70,031	81,960	146,121	85,472	36,563	51,591	70,444	75,677	62,306

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 JUNE 30, 2004

		Q u a r t e r e n d e d			J u n e 3 0 , 2 0 0 4					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 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)									
Direct and											
Facultative	1. Fire and Property Damage	3,331	38,060	68,411	33,682	2,895	37,346	65,740	31,289	2,393	1,816
	2. Marine, Aviation and Transport	11,733	16,830	11,856	6,759	9,236	14,851	9,952	4,337	2,422	668
	3. Other Motor Business	4,373	3,452	2,124	3,045	403	421	264	246	2,799	1,485
	4. Miscellaneous	346	7,199	7,350	497	47	6,148	6,197	96	401	113
	Total	19,783	65,541	89,741	43,983	12,581	58,766	82,153	35,968	8,015	4,082
Treaty	5. Proportional										
	Fire	166	1,756	1,756	166	-	-	-	-	166	859
	Marine	442	1,939	1,939	442	-	-	-	-	442	1,030
	Miscellaneous	-	86	86	-	-	-	-	-	-	765
	Total	608	3,781	3,781	608	-	-	-	-	608	2,654
	Grand Total	20,391	69,322	93,522	44,591	12,581	58,766	82,153	35,968	8,623	6,736

		H a l f - y e a r e n d e d			J u n e 3 0 , 2 0 0 4					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 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)									
Direct and											
Facultative	1. Fire and Property Damage	4,921	42,789	68,411	30,543	4,430	42,145	65,740	28,025	2,518	2,103
	2. Marine, Aviation and Transport	14,115	13,844	11,856	12,127	11,150	12,503	9,952	8,599	3,528	1,065
	3. Other Motor Business	8,823	3,813	2,124	7,134	886	464	264	686	6,448	2,300
	4. Miscellaneous	767	7,528	7,350	589	394	6,456	6,197	135	454	150
	Total	28,626	67,974	89,741	50,393	16,860	61,568	82,153	37,445	12,948	5,618
Treaty	5. Proportional										
	Fire	299	1,756	1,756	299	-	-	-	-	299	859
	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	2,654
	Grand Total	29,859	71,755	93,522	51,626	16,860	61,568	82,153	37,445	14,181	8,272

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 JUNE 30, 2004

		Q u a r t e r e n d e d			J u n e 3 0 , 2 0 0 4					
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 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	1,943	2,740	3,401	1,282	2,426	3,708	5,815	(2,107)	(159)
	2. Marine, Aviation and Transport	1,246	265	507	1,004	16,334	17,338	9,583	7,755	2,662
	3. Other Motor Business	745	594	1,011	328	3,744	4,072	269	3,803	5,102
	4. Miscellaneous	152	205	242	115	518	633	681	(48)	403
	Total	<u>4,086</u>	<u>3,804</u>	<u>5,161</u>	<u>2,729</u>	<u>23,022</u>	<u>25,751</u>	<u>16,348</u>	<u>9,403</u>	<u>8,008</u>
Treaty	5. Proportional									
	Fire	12	-	-	12	-	12	-	12	941
	Marine	4	-	-	4	-	4	-	4	1,086
	Miscellaneous	-	-	-	-	-	-	-	-	364
	Total	<u>16</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>16</u>	<u>2,391</u>
	Grand Total	<u>4,102</u>	<u>3,804</u>	<u>5,161</u>	<u>2,745</u>	<u>23,022</u>	<u>25,767</u>	<u>16,348</u>	<u>9,419</u>	<u>10,399</u>

		H a l f - y e a r e n d e d			J u n e 3 0 , 2 0 0 4					
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	Half-year ended June 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	3,171	2,669	3,401	2,439	5,699	8,138	7,781	357	786
	2. Marine, Aviation and Transport	1,885	225	507	1,603	27,580	29,183	13,586	15,597	10,798
	3. Other Motor Business	1,053	560	1,011	602	7,610	8,212	522	7,690	8,789
	4. Miscellaneous	219	244	242	221	1,281	1,502	875	626	594
	Total	<u>6,328</u>	<u>3,698</u>	<u>5,161</u>	<u>4,865</u>	<u>42,170</u>	<u>47,035</u>	<u>22,764</u>	<u>24,270</u>	<u>20,967</u>
Treaty	5. Proportional									
	Fire	65	-	-	65	-	65	-	65	941
	Marine	149	-	-	149	-	149	-	149	1,086
	Miscellaneous	11	-	-	11	-	11	-	11	364
	Total	<u>225</u>	<u>-</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>225</u>	<u>2,391</u>
	Grand Total	<u>6,553</u>	<u>3,698</u>	<u>5,161</u>	<u>5,090</u>	<u>42,170</u>	<u>47,260</u>	<u>22,764</u>	<u>24,495</u>	<u>23,358</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 JUNE 30, 2004

	Quarter ended		Half-year ended	
	June 30 2004	June 30 2003	June 30 2004	June 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	1,240	73	-	396
Others, Term Finance Certificates	1,240	1,633	2,576	3,103
	1,240	1,706	2,576	3,499
Available for Sale				
Dividend Income	4,251	2,437	7,348	4,429
	5,491	4,143	9,924	7,928
Gain on sale of Non Trading Investments				
- Available for sale	11,249	17,259	11,294	24,938
Provision for Impairment in Value of Investments				
Provision for Portfolio Available for Sale	-	-	-	-
Net Investment Income	<u>16,740</u>	<u>21,402</u>	<u>21,218</u>	<u>32,866</u>

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, 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	-	-	-	-	-	-	25,187	25,187
Balance as on June 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>25,293</u>	<u>137,200</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	-	-	-	-	-	-	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>

The annexed notes form an integral part of these accounts.

NOTES TO THE ACCOUNTS (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED JUNE 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. STATEMENT OF COMPLIANCE

These financial statements are unaudited but subject to limited scope review by the 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".

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

"The cost of compensation / benefits under the Voluntarily Retirement Scheme offered to the 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 the future economic benefits 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 is still available to the company and any resulting decline is charged to income immediately."

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 30-06-2004	31-12-2003	Face Value (Rupees)	Company's Name	Book Value	
				30-06-2004	31-12-2003

ASSOCIATED UNDERTAKING

2,004	2,004	5,000	Atlas Investment Bank Limited	8,447	10,116
OTHERS					
600	600	5,000	Bank Al-Falah Limited	2,998	2,999
1,000	1,000	5,000	Dewan Salman Fiber Limited	2,508	3,756
1,338	1,338	5,000	Engro Chemical Limited	6,683	6,685
500	500	5,000	Orix Leasing Company Limited	2,066	2,453
2,000	2,000	5,000	Pakistan PTA Limited	8,327	9,992
1,000	1,000	5,000	KASB Leasing Company Limited	4,999	4,999
1,000	1,000	5,000	Pak Arab Refinery Limited	2,573	5,071
400	400	5,000	Union Leasing Limited	1,998	1,999
				32,152	37,954
				40,599	48,070

AVAILABLE FOR SALE

OTHERS

180	180	10	Unit Trust of Pakistan	1,004	1,004
350,387	350,387	10	National Investment Trust units (Refer Note 5.1)	4,701	4,701
				5,705	5,705

ORDINARY QUOTED SHARES

Number of Shares 30-06-2004	31-12-2003	Face Value (Rupees)	Company's Name	Book Value	
				30-06-2004	31-12-2003

ASSOCIATED UNDERTAKINGS

579,415	579,415	10	Atlas Honda Limited Equity Held : 2.835 % (2003: 2.835 %)	7,033	7,033
141,768	141,768	10	Allwin Engineering Industries Limited Equity Held : 2.873% (2003: 2.873%)	1,549	1,549
57,270	57,270	10	Atlas Battery Limited Equity Held : 1.744% (2003: 1.744%)	220	220
197,377	197,377	10	Atlas Investment Bank Limited Equity Held : 0.562 % (2003: 0.562 %)	2,831	2,831
250,000	250,000	10	Honda Atlas Cars Pakistan Limited Equity Held : 0.595% (2003: 0.595%)	3,932	3,932
78,941	78,941	10	Cherat Cement Company Limited Equity Held : 0.148% (2003: 0.148%)	2,881	2,881
57,000	57,000	10	Charat Paper Sack Limited Equity Held : 1.397% (2003: 1.397%)	3,264	3,264
20,058	20,058	10	Sui Southern Gas Company Limited Equity Held : 0.0299% (2003: 0.0299%)	287	287
				21,997	21,997

Number of Share		Face Value (Rupees)	Company's Name	Book Value	
30-06-2004	31-12-2003			30-06-2004	31-12-2003
OTHERS					
INVESTMENT COMPANIES / BANKS					
99,214	90,195	10	Askari Commercial Bank Limited	4,464	2,407
447,173	406,521	10	Muslim Commercial Bank Limited	21,840	16,266
55,000	-	10	Faysal Bank Limited	1,958	-
				28,262	18,673
FUEL AND ENERGY					
14,000	14,000	10	National Refinery Limited	446	446
30,000	30,000	10	Pakistan State Oil Company Limited	7,041	7,041
510,000	410,000	10	Hub Power Company Limited	18,898	15,173
10,000	-	10	Pakistan Oil Fields Limited	2,080	-
23,406	23,406	10	Oil and Gas Development Company Limited	749	749
				29,214	23,409
TRANSPORT AND COMMUNICATION					
475,000	425,000	10	Pakistan Telecommunication Company Ltd.	15,236	13,254
				15,236	13,254
CHEMICAL AND PHARMACEUTICAL					
63,360	52,800	10	Abbott Laboratories Pakistan Limited	3,665	3,665
1,380	1,380	10	BOC Pakistan Limited	91	91
420,000	295,000	10	Fauji Fertilizer Company Limited	40,243	23,419
7,920	7,920	10	Glaxosmithkline (Pakistan) Limited	248	248
				44,247	27,423
PAPER AND BOARD					
35,385	35,385	10	Packages Limited	4,643	4,643
				4,643	4,643
FOOD AND ALLIED					
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
MISCELLANEOUS					
64,500	64,500	10	Tri Pack Films Limited	2,710	2,710
				2,710	2,710
UN-QUOTED					
ASSOCIATED UNDERTAKING					
50,000	50,000	10	Arabian Sea Country Club (Refer Note 5.2)	500	500
				500	500
				152,982	118,782
Less : Provision for diminution in the value of shares				500	500
Cost of shares of concerns incorporated in Pakistan				152,482	118,282
Cost of investments of concerns incorporated in Pakistan				198,786	172,057
Aggregated market value of Investments as on June 30 (December 31)				367,995	296,610

5.1 This includes 28,000 (2003: 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.

6. DEFERRED COST

	June 30 2004	December 31 2003
Compensation under voluntary retirement scheme	9,378	-
Less: Amortized during the period	(1,562)	-
Closing Balance	7,816	-

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	
	June 30 2004	June 30 2003
Net Profit after tax for the period	36,816	25,187
	(Number of Shares)	
Weighted Average number of shares	10,182,345	10,182,345
	(Rupees per Share)	
Basic/Adjusted earnings per share (Rs.)	3.62	2.47

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

	June 30 2004	December 31 2003
Premium underwritten	113,219	72,968
Premium collected	91,072	55,174
Claims paid	13,375	4,330
Lease rentals	1,163	1,072
Vehicles purchased	-	127
Rent received	207	207
Interest received	175	397
Dividend received	242	285
Fixed deposits	-	43,327
Brokerage paid for purchase of shares	421	388
Brokerage paid for sale of shares	11	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.

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.

	Fire and Property Damages		Marine, Aviation & Transport		Other Motor Business		Miscellaneous		Total	
	June 30 2004	Dec. 31 2003	June 30 2004	Dec. 31 2003	June 30 2004	Dec. 31 2003	June 30 2004	Dec. 31 2003	June 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	141,240	89,187	68,134	69,340	20,296	15,275	11,674	13,304	241,343	187,106
Unallocated corporate assets									258,835	218,918
Consolidated total assets									<u>500,178</u>	<u>406,024</u>
Segment Liabilities	139,006	91,100	51,547	55,385	34,446	28,950	14,372	14,792	239,372	190,227
Unallocated corporate Liabilities									84,103	75,910
Consolidated total Liabilities									<u>323,475</u>	<u>266,137</u>
Capital expenditure-according to above ratios	<u>308</u>	<u>534</u>	<u>114</u>	<u>939</u>	<u>76</u>	<u>276</u>	<u>32</u>	<u>93</u>	<u>530</u>	<u>1,842</u>
Depreciation/Amortization - according to above ratio	<u>558</u>	<u>746</u>	<u>207</u>	<u>1,319</u>	<u>138</u>	<u>378</u>	<u>58</u>	<u>117</u>	<u>961</u>	<u>2,560</u>

11. AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on August 28, 2004 in accordance with a resolution of Board of Directors.

12. GENERAL

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

Arshad P. Rana
Chief Executive

Frahim Ali Khan
Director

Amir 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 Fax: 6371186
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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SIALKOT

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

COMPANY OFFICES

SAHIWAL

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

MULTAN

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

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. MUBARAK AHMED Extension: 316
Manager Admin.

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

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

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