



HALF YEARLY REPORT
JUNE 30, 2002



Muslim Insurance Company Ltd.

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Muslim Insurance Company Limited

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
	Saqib H. Shirazi

GROUP EXECUTIVE COMMITTEE

President	Aamir H. Shirazi
Members	Frahim Ali Khan
	Iftikhar H. Shirazi
	Jawaid Iqbal Ahmed
	Saqib 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)
	Saqib 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

It is my pleasure to present the un-audited accounts of your company for the half-year ended June 30, 2002.

Economic Background

The half-year under review started in the backdrop of September 11, and December 13 events which had an adverse impact on the economy as a whole. The insurance industry was particularly hit. The reinsurers all over the world became too cautious resulting in reduction of capacity and much tighter terms and conditions. The reinsurers' attitude hardened particularly towards Pakistan being closer to Afghanistan. Pakistan insurance companies had thus to face a difficult time. Reinsurance arrangements became difficult and expensive. Reinsurers reduced coverage, lines and commission rates. As a result not all the companies could get satisfactory reinsurance arrangements. It is a matter of satisfaction that your Company continues to enjoy reinsurance arrangements with A-class reinsurers.

On the other hand, Pakistan economy showed mixed trend; it achieved a 3.6% GDP growth in 2001-02, despite a decline in revenues, exports, and production of wheat, rice and cotton crops. The 3.6 percent growth was possible due to 1.4% growth in agriculture, 4.4% in the manufacturing and 5.1% in the service sector. Major crops registered a negative growth of 0.5 percent, while minor crops were slightly up by 1.0%. Major crops witnessed decline – wheat 2.9%, rice 19.2% and cotton 1.1%. The sugarcane production, however, increased by 10.2%. The manufacturing sector registered a growth of 4% in large-scale manufacturing. Export, on the other hand, received a setback causing a decline of 2.7% in the first nine months. As a result, the textile sector declined by 0.9% over the last year.

Low inflation rate at 2.6%, decline in the interest rates, removal of economic sanctions, trade concession, and Paris club debt rescheduling were the positive signs.

The current account balance at the end of outgoing year was surplus to the extent of \$331 million as against a deficit of \$217 million of the previous year. Foreign exchange reserves crossed the unprecedented level of \$7.0 billion. With the help of external debt re-profiling, foreign debt has declined from \$38 billion to \$ 36 billion. The economy now seems to be back on the track.

Company Results

Your company did quite well for the half-year under review. The gross premium was Rs. 124.649m as against Rs. 109.104m of the previous half, up 14.25%. The net premium was Rs. 59.959m as against Rs. 54.540m last year, up 9.94%. The underwriting profit rose to Rs. 24.568m from 14.766m last year. The investment portfolio was Rs.117.795m against Rs. 71.773m, up 64.12%. The investment income was Rs. 5.336m, against Rs. 2.527m of last corresponding period. The improved underwriting profit helped to raise net profit before tax to Rs. 30.740m from Rs. 15.280m of the last year. However, a prudent tax provision of Rs. 8.800m for the current year and Rs. 17.114m for prior period led the net profit after tax to Rs. 4.825m against Rs. 9.986m of the corresponding period.

Given the general level of economic activity, market conditions and social order, your company made satisfactory progress during the first half of the year under review. We have, however, had some unusual tax assessments made against us which have adversely affected our bottom line. We have filed appeals against the assessment orders and are hopeful that tax demand raised arbitrarily shall be knocked off!

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. I see brighter prospects for your company.

وہ تو شاہیں ہے، پرواز ہے کام تیرا

(Vision knoweth no horizons)

I thank all the financial institutions, Re-insurers, our valued clients and the shareholders who have reposed confidence in your company. I also thank the Securities & Exchange Commission of Pakistan for their guidance and support. My thanks are also due to all the staff members for their commitment and hard work.

Yusuf H. Shirazi



Muslim Insurance Company Limited

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, 2002.

	June 30 2002 Rupees	December 31 2001 Rupees
The overall Business figures are:		
Net Premium	59,958,910	54,540,347
Net Claims	12,792,706	9,925,917
Interest and other income	5,966,940	2,854,833
Net Commission	(3,576,627)	2,411,337
Expenses of Management - Net	24,791,009	24,404,277
Balance of Fire, Marine, Motor and Miscellaneous Accounts	38,836,551	32,886,170
Financial Results:		
Profit before Tax	30,740,156	15,280,597
Less:		
Provision for Taxation - current period	8,800,000	5,294,000
Provision for Taxation - prior period	17,114,366	-
Profit after Tax	<u>4,825,790</u>	<u>9,986,597</u>
Add:		
Last year's Un-appropriated Profit	21,382	33,483
Balances carried to Balance Sheet	<u>4,847,172</u>	<u>10,020,080</u>

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.

PATTERN OF SHAREHOLDING:

The pattern of shareholding of the Company is annexed.

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 Muslim's Officers, Staff and Field Force.

FOR THE BOARD OF DIRECTORS

S.C. SUBJALLY
Chief Executive

AUDITORS' REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of Muslim Insurance Company Ltd., as at June 30, 2002, and the related Fire, Marine, Motor and Miscellaneous Business Revenue Accounts, Profit and Loss Account, Profit and Loss Appropriation Account, Cash Flow Statement and Statement of Changes in Equity, together with the notes forming part thereof (here-in-after refer to as "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 Standards 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 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.

Lahore: August 21, 2002

Ford Rhodes Robson Morrow
Chartered Accountants

BALANCE SHEET

Note	June 30 2002 Rupees	December 31 2001 Rupees
Capital and Liabilities		
Authorised -		
15,000,000 (2001: 15,000,000) ordinary shares of Rs. 10/- each	150,000,000	150,000,000
Issued, subscribed and paid-up capital - 250,000 (2001: 250,000) ordinary shares of Rs. 10/- each fully paid in cash	2,500,000	2,500,000
8,604,213 (2001: 7,799,285) ordinary shares of Rs. 10/- each issued as fully paid bonus shares	86,042,130	77,992,850
	88,542,130	80,492,850
Reserves and Surplus		
Capital Reserve	2,250,789	2,250,789
General Reserve	15,950,000	15,950,000
Reserve for Bonus Shares	-	8,049,280
Exceptional Losses Reserve	2,164,460	2,164,460
Investment Fluctuation Reserve	3,000,000	3,000,000
	23,365,249	31,414,529
Profit and Loss Appropriation Account	4,847,172	21,382
	28,212,421	31,435,911
	116,754,551	111,928,761
Balance of Funds and Accounts		
Fire Insurance Business Account	11,456,851	9,295,727
Marine Insurance Business Account	21,477,966	21,212,300
Motor Insurance Business Account	9,040,281	7,052,594
Miscellaneous Insurance Business Account	1,426,741	1,275,930
	43,401,839	38,836,551
	160,156,390	150,765,312
Long term Liabilities		
Obligation under finance lease	2,652,293	2,384,638
Liabilities and Provisions		
Estimated liability in respect of outstanding claims whether due or intimated	10,786,905	7,438,779
Amounts due to other persons or bodies carrying on insurance business	51,094,713	31,942,829
Sundry creditors (including outstanding and accruing expenses)	10,408,050	6,341,992
Current portion of obligation under finance lease	722,325	532,342
Premium received in advance and deposits	489,778	96,365
Provision for Taxation less payments	26,413,533	8,340,003
Deposits against Performance Bonds	1,391,044	1,391,044
Proposed Dividend	-	8,049,290
Un-claimed Dividend	939,911	939,911
	102,246,259	65,072,555
Contingencies and Commitments		
	3	-
	265,054,942	218,222,505

This Balance Sheet should be read in conjunction with the annexed notes.
As per our report annexed.

Dated: August 21, 2002

S. C. Subjally
Chief Executive

AS AT JUNE 30, 2002

	June 30 2002 Rupees	December 31 2001 Rupees
Property and Assets		
Investments at Book Value		
Deposits with State Bank of Pakistan -		
National Investment Trust Units	350,000	350,000
Cash	151	151
	350,151	350,151
Ordinary Shares, TFCs and Bonds of Concerns incorporated in Pakistan (Market Value 2002: 139,272,398)	117,444,761	105,953,622
	117,794,912	106,303,773
Deferred cost	382,169	509,558
Current Assets		
Agents' Balances and outstanding premium Dividend and interest outstanding	38,547,814	13,297,219
Dividend and interest accruing but not due	1,463,098	2,687,087
Amounts due from other persons or bodies carrying on insurance business	624,820	1,510,783
Advances, Deposits and Prepayments	69,261,100	56,898,324
	4,692,921	6,608,534
Cash and Bank Balances	17,211,749	16,267,501
	131,801,502	97,269,448
	249,978,583	204,082,779
Administrative Fixed Assets		
At cost less accumulated depreciation	15,076,359	14,139,726
	265,054,942	218,222,505

Certificate of the Directors and Principal Officer required under regulation 7 (a) and (b) Part-1 of the First Schedule of Insurance Act, 1938 (repealed). Subject to the annexed notes on the accounts, we certify that:

1. The Investments shown in the Balance Sheet have been valued as indicated therein at cost or at book value.

The market value of investments has been ascertained from last published market reports and official quotations of JUNE 30 2002 and where official quotations were not available these have been valued at cost, at book value or at face value or break up value.

2. The value of all the assets have been reviewed as at JUNE 30 2002 and in our belief the assets set forth in the balance sheet are shown in the aggregate at amounts not exceeding their realisable or market values under the several headings given therein.

Iftikhar H. Shirazi
Director

Yusuf H. Shirazi
Chairman

PROFIT AND LOSS ACCOUNT

	Note	2002 Rupees	2001 Rupees
Provision for taxation - Current period		8,689,178	5,205,900
Provision for taxation - prior period	4	17,114,366	-
Expenses of Management (Not applicable to any particular fund or account)		2,152,390	1,685,500
Directors' fee		2,500	1,500
Donation		750	200,300
Zakat		-	35,000
Depreciation:			
Furniture, fixture and office equipment		530,688	197,804
Motor vehicles		379,744	101,834
Building		115,054	118,618
		1,025,486	418,256
Provision for diminution in value of investments		(3,386,682)	-
Profit for the period carried to Profit and Loss Appropriation Account		4,825,790	9,986,597
		<u>30,423,778</u>	<u>17,533,053</u>
Earnings per share - Basic	7	<u>0.55</u>	<u>1.13</u>

PROFIT AND LOSS APPROPRIATION ACCOUNT

Proposed dividend	-	-
Transferred to Reserve for Bonus Shares	-	-
Transferred to General Reserve	-	-
Balance carried to Balance Sheet	4,847,172	10,020,080
	<u>4,847,172</u>	<u>10,020,080</u>

FOR THE HALF YEAR ENDED JUNE 30, 2002

	Note	2002 Rupees	2001 Rupees
Dividends and profit on investment		5,335,756	2,057,401
Less: Income tax thereon		110,822	88,100
		<u>5,224,934</u>	<u>1,969,301</u>
Profit/(Loss) transferred from -			
Fire Insurance Business Revenue Account		6,768,666	1,228,150
Marine Insurance Business Revenue Account		17,068,653	11,286,099
Motor Insurance Business Revenue Account		532,579	2,219,262
Miscellaneous Insurance Business Revenue Account		197,762	32,809
		<u>24,567,660</u>	<u>14,766,320</u>
Profit on sale of fixed assets		340,264	122,334
Profit / (Loss) on sale of investments		-	470,450
Miscellaneous Income		290,920	204,648
		<u>30,423,778</u>	<u>17,533,053</u>

FOR THE HALF YEAR ENDED JUNE 30, 2002

Balance brought forward from previous year	21,382	33,483
Profit for the period brought down from -		
Profit and Loss Account	4,825,790	9,986,597
	<u>4,847,172</u>	<u>10,020,080</u>

CONSOLIDATED REVENUE ACCOUNT

Note	2002 Rupees	2001 Rupees
Claims under policies, less reinsurances: Paid during the period	9,444,390	8,267,786
Estimated liability in respect of outstanding claims at the end of the period whether due or intimated	10,787,095	6,247,000
	<u>20,231,485</u>	<u>14,514,786</u>
Less: Outstanding at the end of the previous period	7,438,779	4,588,869
	<u>12,792,706</u>	<u>9,925,917</u>
Commission	(3,576,627)	2,411,337
Expenses of Management (less administrative surcharge)	21,609,883	22,063,721
Profit transferred to Profit and Loss Account	24,567,660	14,766,320
Balance of account at the end of the period - Reserve for unexpired risks	2(b) 43,401,839	38,259,222
	<u>98,795,461</u>	<u>87,426,517</u>

FIRE INSURANCE BUSINESS REVENUE ACCOUNT

Claims under policies, less reinsurances: Paid during the period	1,466,473	1,151,866
Estimated liability in respect of outstanding claims at the end of the period whether due or intimated	2,411,062	1,310,000
	<u>3,877,535</u>	<u>2,461,866</u>
Less: Outstanding at the end of the previous period	1,362,249	848,354
	<u>2,515,286</u>	<u>1,613,512</u>
Commission	(2,101,406)	1,829,998
Expenses of Management (less administrative surcharge)	7,678,800	7,720,612
Profit transferred to Profit and Loss Account	6,768,666	1,228,150
Balance of account at the end of the period - Reserve for unexpired risks	2(b) 11,456,851	9,623,234
	<u>26,318,197</u>	<u>22,015,506</u>

FOR THE HALF YEAR ENDED JUNE 30, 2002

Note	2002 Rupees	2001 Rupees
Balance of account at the beginning of the period - Reserve for unexpired risks	38,836,551	32,886,170
Premiums less Reinsurances	59,958,910	54,540,347
	<u>98,795,461</u>	<u>87,426,517</u>

FOR THE HALF YEAR ENDED JUNE 30, 2002

Balance of account at the beginning of the period - Reserve for unexpired risks	9,295,727	8,170,317
Premiums less Reinsurances	17,022,470	13,845,189
	<u>26,318,197</u>	<u>22,015,506</u>

As per Section 40C(2) of the Insurance Act, 1938 (repealed), we certify that all expenses of management wherever incurred whether directly or indirectly and all charges incurred in respect of Fire Insurance Business have been fully debited in the revenue account as expenses.

MARINE INSURANCE BUSINESS REVENUE ACCOUNT

	Note	2002 Rupees	2001 Rupees
Claims under policies, less reinsurances: Paid during the period		1,438,362	1,983,010
Estimated liability in respect of outstanding claims at the end of the period whether due or intimated		2,615,285	1,436,000
		<u>4,053,647</u>	<u>3,419,010</u>
Less: Outstanding at the end of the previous period		1,497,168	1,415,544
		<u>2,556,479</u>	<u>2,003,466</u>
Commission		(1,581,277)	(37,293)
Expenses of Management (less administrative surcharge)		8,870,020	9,650,280
Profit transferred to Profit and Loss Account		17,068,653	11,286,099
Balance of account at the end of the period - Reserve for unexpired risks	2(b)	21,477,966	17,677,497
		<u><u>48,391,841</u></u>	<u><u>40,580,049</u></u>

FOR THE HALF YEAR ENDED JUNE 30, 2002

	Note	2002 Rupees	2001 Rupees
Balance of account at the beginning of the period - Reserve for unexpired risks		21,212,300	14,454,779
Premiums less Reinsurances		27,179,541	26,125,270
		<u><u>48,391,841</u></u>	<u><u>40,580,049</u></u>

As per Section 40C(2) of the Insurance Act, 1938 (repealed), we certify that all expenses of management wherever incurred whether directly or indirectly and all charges incurred in respect of Marine Insurance Business have been fully debited in the revenue account as expenses.

MOTOR & MISCELLANEOUS INSURANCE BUSINESS REVENUE ACCOUNT

	Note	Motor Rupees	Miscella- neous Rupees	Total 2002 Rupees	Total 2001 Rupees
Claims under policies, less reinsurances:					
Paid during the period		5,747,723	791,832	6,539,555	5,132,910
Estimated liability in respect of outstanding claims at the end of the period whether due or intimated		3,971,406	1,789,342	5,760,748	3,501,000
		<u>9,719,129</u>	<u>2,581,174</u>	<u>12,300,303</u>	<u>8,633,910</u>
Less: Outstanding at the end of the previous period		2,647,381	1,931,981	4,579,362	2,324,971
		<u>7,071,748</u>	<u>649,193</u>	<u>7,720,941</u>	<u>6,308,939</u>
Commission		(131,476)	237,532	106,056	618,632
Expenses of Management (less administrative surcharge)		4,324,421	736,642	5,061,063	4,692,829
Profit transferred to Profit & Loss Account		532,579	197,762	730,341	2,252,071
Balance of Account at the end of the period -					
Reserve for unexpired risks	2(b)	9,040,281	1,426,741	10,467,022	10,958,491
		<u>20,837,553</u>	<u>3,247,870</u>	<u>24,085,423</u>	<u>24,830,962</u>

FOR THE HALF YEAR ENDED JUNE 30, 2002

	Note	Motor Rupees	Miscella- neous Rupees	Total 2002 Rupees	Total 2001 Rupees
Balance of account at the beginning of the period -					
Reserve for unexpired risks		7,052,594	1,275,930	8,328,524	10,261,074
Premiums less reinsurances		13,784,959	1,971,940	15,756,899	14,569,888
		<u>20,837,553</u>	<u>3,247,870</u>	<u>24,085,423</u>	<u>24,830,962</u>

As per Section 40C(2) of the Insurance Act, 1938 (repealed), we certify that all expenses of management wherever incurred whether directly or indirectly and all charges incurred in respect of Motor and Miscellaneous Insurance Business have been fully debited in the revenue account as expenses.

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED JUNE 30, 2002

	Share Capital	Capital Reserve	General Reserve	Reserve for Bonus Shares	Exceptional Losses Reserve	Investment Fluctuation Reserve	Unappropriated Profit	Total
	(R u p e e s)							
Balance as on 01-01-2001	67,077,380	2,250,789	13,550,000	13,415,470	2,164,460	3,000,000	33,483	101,491,582
Issuance of bonus shares	13,415,470	-	-	(13,415,470)	-	-	-	-
Net profit for the year	-	-	-	-	-	-	18,486,469	18,486,469
Transfer to reserves	-	-	2,400,000	8,049,280	-	-	(10,449,280)	-
Proposed Dividend	-	-	-	-	-	-	(8,049,290)	(8,049,290)
Opening Balance as on 01-01-2002	80,492,850	2,250,789	15,950,000	8,049,280	2,164,460	3,000,000	21,382	111,928,761
Issuance of bonus shares	8,049,280	-	-	(8,049,280)	-	-	-	-
Net profit for the half year ended June 30, 2002	-	-	-	-	-	-	4,825,790	4,825,790
Transfer to reserves	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-
	<u>88,542,130</u>	<u>2,250,789</u>	<u>15,950,000</u>	<u>-</u>	<u>2,164,460</u>	<u>3,000,000</u>	<u>4,847,172</u>	<u>116,754,551</u>

CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED JUNE 30, 2002

	2002 Rupees	2001 Rupees
Cash flow from operating activities		
Net profit before taxation	30,740,156	15,280,597
Adjustment for:		
Depreciation	1,025,486	418,256
Investment Income	(5,335,756)	(2,057,401)
Provision for gratuity	8,350	75,000
Profit on disposal of fixed assets	(340,264)	(326,982)
(Profit)/Loss on sale of investments	-	(470,450)
Amortization of Deferred Cost	127,389	-
Increase in reserve for unexpired risks	4,565,288	5,374,125
Provision for permanent diminution in value of investment	(3,386,682)	-
	(3,336,189)	3,012,548
Operating profit before working capital changes	27,403,967	18,293,145
(Increase)/Decrease in operating assets:		
Agents' Balances and outstanding premium	(25,250,595)	(16,658,875)
Amounts due from other persons or bodies carrying on insurance business	(12,362,776)	(11,764,045)
Advances, Deposits and Prepayments	1,915,613	3,684,955
	(35,697,758)	(24,737,965)
Increase/(Decrease) in operating liabilities:		
Outstanding Claims	3,348,126	1,658,148
Amounts due to other persons or bodies carrying on insurance business	19,151,884	17,549,852
Sundry creditors	4,150,457	(5,132,450)
Premium received in advance and deposits	393,413	-
	27,043,880	14,075,550
Cash generated from operations	18,750,089	7,630,730
Gratuity Paid	(80,809)	(278,382)
Income tax paid	(7,840,836)	(2,336,500)
Net cash from operating activities	10,828,444	5,015,848
Cash flow from investing activities		
Purchase of fixed assets	(1,394,460)	(166,665)
Sale proceeds of fixed assets	452,100	335,000
Purchase of investments	(8,104,457)	(3,824,450)
Sale proceeds of investments	-	1,141,140
Interest Received	3,280,287	252,135
Dividend Received	4,244,486	4,824,865
Net cash used in investing activities	(1,522,044)	2,562,025
Payments of Dividend	(8,049,290)	-
	1,257,110	7,577,873
Cash flow from financing activities		
Repayment of Lease finance	(312,862)	-
Net cash used in financing activities	(312,862)	-
Net increase/(decrease) in cash & cash equivalents	944,248	7,577,873
Cash and cash equivalents at the beginning of the year	16,267,501	13,037,156
Cash and cash equivalents at the end of the year	17,211,749	20,615,029

NOTES TO THE ACCOUNTS FOR THE HALF YEAR ENDED JUNE 30, 2002

1. STATUS AND NATURE OF BUSINESS

Muslim Insurance Company Limited was incorporated as a public limited company 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 Insurance Ordinance, 2000 and International Accounting Standards applicable in Pakistan. However, in the absence of a specific format under the Ordinance, these accounts have been prepared in the format prescribed in the Schedules to the repealed Insurance Act, 1938, in accordance with clarification received from the Securities and Exchange Commission of Pakistan.

These accounts have been presented as required by Section 245 of Companies Ordinance, 1984 and International Accounting Standard IAS 34 (Interim Financial Reporting) as required by clause (xxi) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

b) Accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the preceding annual accounts except for the calculation of Reserve for un-expired risks which is calculated as the aggregate of :

- i. 40% of Net premium of the six months and
- ii. 50% of the opening reserve for un-expired risk as on 1st January

c) As per normal market practice the renewal of most of the policies becomes due on June 30, the financial effect of that has been taken into account while preparing the half yearly accounts.

3. CONTINGENCIES AND COMMITMENTS

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

4. TAXATION

Prior year taxation represents the un-usual add backs by the Income Tax Department for assessment year 2001-2002. Most of the add backs have been made in compliance of Rule 5-c of the 4th Schedule and Sec 52/86 of the Income Tax Ordinance 1979. The decision of the DCIT 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 company's favour.

5. TRANSACTIONS WITH ASSOCIATED COMPANIES

	Half Year ended	
	2002 Rupees	2001 Rupees
1 Premium Underwritten	74,857,852	67,554,165
2 Premium Collected	45,801,980	42,731,388
3 Claims Paid	6,278,018	3,490,182
4 Commission Paid	-	10,848,740
5 Lease Rentals	734,830	711,717
6 Rent Paid	-	107,276
7 Rent Received	165,888	193,536
8 Interest Received	397,748	238,725
9 Dividend Received	71,143	1,435,531
10 Fixed Deposits	7,555,741	8,982,244
11 TFCs Purchased	1,010,000	-
12 Brokerage Paid for Purchase of shares	27,900	16,800
13 Brokerage Paid for Sale of shares	-	8,000

6. 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 & MISCELLANEOUS		TOTAL	
	2002	2001	2002	2001	2002	2001	2002	2001
OTHER INFORMATION								
Segment assets	45,312,087	24,077,071	43,791,980	35,413,651	18,704,847	10,704,821	107,808,914	70,195,543
Unallocated corporate assets							157,246,028	148,026,962
Consolidated total assets							265,054,942	218,222,505
Segment Liabilities	26,008,844	12,318,639	25,136,314	17,612,325	12,127,504	10,841,688	63,272,662	40,772,652
Unallocated corporate Liabilities							41,625,890	18,635,251
Consolidated total Liabilities							104,898,552	59,407,903
Capital expenditure-according to above ratios	909,930	66,966	879,405	71,499	375,620	28,200	2,164,955	166,665
Depreciation-according to above ratios	431,012	168,055	416,552	179,431	177,922	70,769	1,025,486	418,255

7. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the period.

	2002	2001
Profit after tax for the period (Rupees)	4,825,790	9,986,597
Weighted Average number of shares	8,854,213	8,854,213
Basic / Adjusted earnings per share	0.55	1.13

7.1 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. AUTHORISATION FOR ISSUE

These accounts were authorised for issue on August 21, 2002 in accordance with a resolution of the Board of Directors.

9. GENERAL

- a) Figures in the accounts are rounded off to the nearest Rupee.
- b) Previous year's figures have been rearranged, wherever necessary for the purpose of comparison.

PATTERN OF SHAREHOLDINGS AS ON JUNE 30, 2002

Number of Shareholders		Shareholders				Total Shares held
86	From	1	to	100	Shares	2,727
90	From	101	to	500	Shares	24,481
55	From	501	to	1000	Shares	39,777
119	From	1001	to	5000	Shares	287,295
22	From	5001	to	10000	Shares	159,500
10	From	10001	to	15000	Shares	118,552
7	From	15001	to	20000	Shares	121,196
2	From	20001	to	25000	Shares	45,160
2	From	25001	to	30000	Shares	55,361
1	From	30001	to	35000	Shares	30,047
2	From	35001	to	40000	Shares	70,820
2	From	40001	to	45000	Shares	85,514
2	From	50001	to	55000	Shares	103,255
1	From	55001	to	60000	Shares	58,975
2	From	200001	to	205000	Shares	400,296
1	From	215001	to	220000	Shares	219,568
1	From	625001	to	630000	Shares	626,909
1	From	630001	to	635000	Shares	631,863
1	From	635001	to	640000	Shares	636,833
1	From	645001	to	650000	Shares	648,099
1	From	4485001	to	4490000	Shares	4,487,985
<hr/>						
409						8,854,213
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CATEGORIES OF SHAREHOLDERS AS ON JUNE 30, 2002

	Number	Shares held	Percentage
- Individual	402	4,569,987	51.61
- Investment Companies	6	4,064,658	45.91
- Administrator of Abandoned Properties Govt. of Pakistan	1	219,568	2.48
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	409	8,854,213	100.00
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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
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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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MULTAN

BASHIR AHMED GHAURI 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
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Muslim Insurance Company Limited

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
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
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ABDUL AZIZ
Branch Manager

Corporate Branch 2620081-5
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Campbell Street, Direct: 2636576
P.O.Box: 5126, Karachi Fax : 2625651

M. FAROOQ KANDLAWALA
Branch Manager

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

HYDERABAD

ZAFAR AHMAD GHOURI
Chief Manager

Akbar Chamber, Saddar, 782659
P.O.Box: 284, Hyderabad. Fax: 782660

SUKKUR

ABDUL MAJEED QURESHI
Chief Manager

House No.C-631/13, 25965
Minara Road, Sukkur. Fax: 25977