



Q U A R T E R L Y
R E P O R T
September 30, 2005



Muslim Insurance Company Ltd.

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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

GROUP 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
Secretary	Muhammad Zafar Riaz

UNDERWRITING COMMITTEE

Chairman	Frahim Ali Khan
Members	Arshad P. Rana
	Muhammad Munir
Secretary	Asad Mahmood Awan

COMPANY INFORMATION**CLAIMS SETTLEMENT COMMITTEE**

Chairman	Frahim Ali Khan
Members	Arshad P. Rana Muhammad Munir
Secretary	Asad Mahmood Awan

REINSURANCE & 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 Hasan Advocate

Tax Advisor	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
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Bankers	Allied Bank Ltd. Atlas Investment Bank Ltd. Bank Alflah Ltd. Habib Bank Ltd. MCB Bank Ltd. National Bank of Pakistan Standard Chartered Bank The Bank of Tokyo-Mitsubishi Ltd. United Bank Ltd.
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Registered & Head Office	3-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore. Telephone: (92-42) 7320542-43, 7322271,73 Fax: (92-42) 7234742 Email: info@musliminsurance.com.pk Website: www.musliminsurance.com.pk
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CHAIRMAN'S REVIEW

It is my pleasure to present un-audited accounts of your company for the period ended September 30, 2005.

The Economy

Pakistan's economy continues to grow. During the period July to September 2005, the import increased to \$6.554 billion, up 52.04%, compared to corresponding period, last year. Exports recorded a growth of 19.93% and increased to \$4.179 billion. The surge in imports was attributable to increase in the purchase of machinery, metals and petroleum products. Consequently, the trade deficit for July-September 2005 period also increased to \$2.374 billion as compared with \$825.7 million in the same period, last year. Tax collection for July-August improved to Rs.147.7 billion compared to Rs.145.5 billion in the corresponding period, last year. Foreign remittances in July-September 2005 stood at \$1.003 billion vis-à-vis \$983.15 million of the same period, last year. Foreign direct investment improved to \$225.8 million during July-August 2005 period. Foreign exchange reserves remained at \$12.02 billion on October 1, 2005 despite heavy payments including the oil bills.

Inflationary pressure toned down during July to September 2005 to 8.64% against 9.19% of the corresponding period recorded last year despite continuous rise in costs more pronounced due to oil prices. This was primarily due to tight monetary policy and increasing interest rates.

The stock market remained sluggish till the middle of August when the Continuous Funding System - CFS - was introduced. Thereafter it has been on a continuous rise. The index rose to 8,225.66 on September 30, 2005 and has surpassed 8,800 points on October 14, 2005 with expected higher index.

Company's Results

Overall the company performed quite well during the period under review. The gross premium at Rs.405.27m was higher than Rs.236.04m of the previous year for the same period, up 72%. The net premium increased to Rs.187.43m as against Rs.101.35m of the same period last year, up 85%. The underwriting profit rose to Rs.113.18m from Rs.34.26m of the last year posting an increase of 230.36%. The Investment income of the company stood at Rs.80.74m against Rs.34.33m of the last year. The profit before tax was Rs.193.48m against Rs.61.55m of last year. After making tax provision of Rs.37.25m, the profit after tax stood at record Rs.156.23m against Rs.44.74m of the last year, up 249.20%.

Future Outlook

The economic indicators are positive; opportunities of growth in the business are visible. The stock markets have regained the momentum of growth, indicating the revival of investors' confidence in the economic reforms and policies of the present government. Keeping in view the present momentum of the current economic growth the future prospects of the insurance industry look bright.

The nine months results of your company are a record. The management of the company is well equipped to take advantage of the current economic conditions and show better overall year end results.

ع ذرا نم ہو تو یہ مٹی بڑی زرخیز ہے ساتی
(Fertility yields to bumper crop)

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, 2005.

	<u>September 30,</u> 2005	<u>September 30,</u> 2004
	(Rupees in thousand)	
The overall business figures are:		
Net premium	187,433	101,349
Net claims	40,801	32,620
Investment and other income	88,169	35,070
Net commission	27,620	25,481
Expenses of management	68,940	67,730
Financial results are as follows:		
Profit before tax	193,481	61,550
Less:		
Provision for taxation - current period	43,956	13,174
Provision for taxation - prior period	(5,886)	992
Deferred tax	(821)	2,645
	37,249	16,811
Profit after tax	156,231	44,739
Add: Last year's un-appropriated profit	970	-
Balances carried to balance sheet	157,201	44,739

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 24, 2005

BALANCE SHEET

	Notes	September 30, 2005 (Un-audited)	December 31, 2004 (Audited)
(Rupees in thousand)			
Share Capital and Reserves			
Authorized share capital		150,000	150,000
Paid-up share capital		122,188	101,823
Retained earnings		157,201	970
Reserves		79,064	99,429
		358,453	202,222
Underwriting Provisions			
Provision for outstanding claims (including IBNR)		78,430	91,993
Provision for unearned premium		153,942	90,246
Commission income unearned		11,968	12,450
Total underwriting provisions		244,340	194,689
Deferred Liabilities			
Deferred tax liability		2,017	2,840
Staff retirement benefits		251	2,356
		2,268	5,196
Creditors and Accruals			
Premiums received in advance		1,746	2,141
Amounts due to other insurers/reinsurers		95,855	45,984
Accrued expenses		13,458	16,437
Taxation - provision less payments		19,589	9,536
Other creditors and accruals		8,855	6,547
		139,503	80,645
Other Liabilities			
Deposits against performance bonds		1,391	1,391
Dividend		2,234	22,603
Obligations against assets subject to finance lease		902	3,093
		4,527	27,087
TOTAL LIABILITIES		390,639	307,617
TOTAL EQUITY AND LIABILITIES		749,092	509,839
CONTINGENCIES AND COMMITMENTS	3	-	-

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

AS AT SEPTEMBER 30, 2005

	<u>Notes</u>	<u>September 30,</u> 2005 (Un-audited)	<u>December 31,</u> 2004 (Audited)
(Rupees in thousand)			
Cash and Bank Deposits			
Cash and other equivalent		137	2
Current and other accounts		12,230	17,704
		12,367	17,706
Loans-Secured			
To employees		908	522
Investments			
		282,524	219,537
Other Assets			
Premiums due but unpaid-unsecured, Considered good		75,617	29,882
Amounts due from other insurers/reinsurers		51,238	39,405
Accrued investment income		13,303	3,628
Reinsurance recoveries against outstanding claims		59,381	76,799
Deferred commission expense		7,933	5,846
Short term placements		74,401	38,700
Prepayments		57,707	53,298
Deferred cost	5	5,467	7,815
Sundry receivables		88,153	1,163
		433,200	256,536
Fixed assets			
Tangibles			
Land and buildings		4,966	5,114
Furniture, fixtures and office equipment		4,091	2,403
Motor vehicles		6,346	6,482
		15,403	13,999
Intangible			
Capital work in progress		4,690	1,539
TOTAL ASSETS		749,092	509,839

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, 2005

Notes	Quarter ended September 30, 2005					Quarter ended September 30, 2004
	Fire and Property	Marine, Aviation and Transport	Motor	Misc.	September 30, 2005 Aggregate	September 30, 2004 Aggregate
	(Rupees in thousand)					
Revenue Account						
Net Premium Revenue	2,892	55,695	19,620	1,910	80,117	25,672
Net Claims	(38)	(3,470)	(14,112)	(758)	(18,378)	(18,439)
Expenses	(654)	(15,623)	(5,453)	(577)	(22,307)	(17,777)
Net Commission	2,354	5,790	(776)	114	7,482	7,807
Underwriting Result	<u>4,554</u>	<u>42,392</u>	<u>(721)</u>	<u>689</u>	<u>46,914</u>	<u>(2,737)</u>
Investment Income					61,920	13,115
Rental Income					196	190
Other Income					1,782	175
Financial Charges					(76)	(203)
General and Administration Expenses					(2,585)	(2,334)
					<u>61,237</u>	<u>10,943</u>
Profit Before Tax					108,150	8,206
Provision for Taxation	6					
Current Period					(18,356)	(374)
Prior Period					-	-
Deferred					274	91
Profit After Tax					<u>90,068</u>	<u>7,923</u>

	Nine months ended September 30, 2005					Nine months ended September 30, 2004
Revenue Account						
Net Premium Revenue	13,245	124,630	45,864	3,694	187,433	101,349
Net Claims	(2,774)	(6,979)	(29,969)	(1,079)	(40,801)	(32,620)
Expenses	(4,534)	(40,431)	(14,833)	(1,275)	(61,073)	(59,947)
Net Commission	7,236	21,447	(1,394)	331	27,620	25,481
Underwriting Result	<u>13,173</u>	<u>98,667</u>	<u>(332)</u>	<u>1,671</u>	<u>113,179</u>	<u>34,263</u>
Investment Income					80,740	34,333
Rental Income					585	562
Other Income					6,844	175
Financial Charges					(380)	(678)
General and Administration Expenses					(7,487)	(7,105)
					<u>80,302</u>	<u>27,287</u>
Profit Before Tax					193,481	61,550
Provision for Taxation	6					
Current Period					(43,956)	(13,174)
Prior Period					5,886	(992)
Deferred					821	(2,645)
Profit After Tax					<u>156,231</u>	<u>44,739</u>
Earnings Per Share-Basic	7				12.79	3.66
Profit and Loss Appropriation Account						
Balance at Commencement of Period					970	-
Profit After Tax for the Period					156,231	44,739
Balance Unappropriated Profit at end of Period					<u>157,201</u>	<u>44,739</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 CASH FLOW (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2005

	September 30, 2005	September 30, 2004
	(Rupees in thousand)	
Operating Cash Flows		
(a) Underwriting activities		
Premiums received	359,134	243,574
Re-insurance premiums paid	(120,524)	(116,979)
Claims paid	(65,153)	(62,991)
Re-insurance and other recoveries received	28,207	33,687
Commission paid	(15,503)	(9,808)
Commission received	41,036	33,644
Net cash flow from underwriting activities	227,197	121,127
(b) Other operating activities		
Income tax paid	(27,196)	(32,851)
General management expenses paid	(68,437)	(67,649)
Other operating receipts	4,828	-
Loans advanced	(1,943)	(1,166)
Loans repayments received	1,071	658
Net cash flow from other operating activities	(91,677)	(101,008)
Total cash flow from all operating activities	135,520	20,119
Investment activities		
Dividends received	17,300	15,169
Rentals received	585	562
Payments for investments	(159,615)	(51,626)
Proceeds from disposal of investments	62,869	47,120
Proceeds from disposal of fixed assets	1,266	176
Payments for short term investments	(34,840)	-
Fixed capital expenditure	(5,485)	(1,762)
Total cash flow from investing activities	(117,920)	9,639
Financing activities		
Dividends paid	(20,369)	(13,275)
Financial charges paid	(380)	(678)
Payments on finance leases	(2,189)	(1,314)
Total cash flow from financing activities	(22,938)	(15,267)
Net cash inflow/(outflow) from all activities	(5,339)	14,491
Cash at the beginning of the period	17,706	15,890
Cash at the end of the period	12,367	30,381
Reconciliation to profit and loss account		
Operating cash flows	135,520	20,119
Depreciation expense	(1,284)	(1,633)
Financial charges	(380)	(678)
Amortization of deferred cost	(2,348)	(2,344)
Profit on disposal of fixed assets	977	175
Gain on investments	80,740	34,333
Increase in assets other than cash	28,476	45,536
(Increase) in liabilities other than running finance	(83,022)	(50,769)
Profit after taxation	158,679	44,739

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

Aamir H. Shirazi
Director

Yusuf H. Shirazi
Chairman

STATEMENT OF PREMIUMS (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2005

		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 5						
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 Sep. 30, 2004 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	17,583	63,064	56,346	24,301	14,732	57,071	50,394	21,409	2,892	5,299
	2. Marine, Aviation and Transport	84,985	30,325	34,695	80,615	18,724	7,196	1,000	24,920	55,695	10,740
	3. Other Motor Business	26,941	50,235	55,022	22,154	2,017	804	287	2,534	19,620	8,489
	4. Miscellaneous	7,295	3,665	7,880	3,080	2,122	1,736	2,688	1,170	1,910	1,144
	Total	136,804	147,289	153,943	130,150	37,595	66,807	54,369	50,033	80,117	25,672
Treaty	5. Proportional										
	Fire	-	-	-	-	-	-	-	-	-	-
	Marine	-	-	-	-	-	-	-	-	-	-
	Miscellaneous	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-
	Grand Total	136,804	147,289	153,943	130,150	37,595	66,807	54,369	50,033	80,117	25,672

		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 5						
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	Nine months ended Sep. 30, 2004 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	81,872	42,341	56,346	67,867	72,723	32,306	50,394	54,635	13,232	15,148
	2. Marine, Aviation and Transport	232,713	16,104	34,695	214,121	78,535	11,967	1,000	89,502	124,619	60,357
	3. Other Motor Business	80,420	26,713	55,022	52,111	3,859	2,675	287	6,247	45,864	22,258
	4. Miscellaneous	10,241	5,089	7,880	7,450	3,445	2,993	2,688	3,750	3,700	3,058
	Total	405,246	90,247	153,943	341,549	158,562	49,941	54,369	154,134	187,415	100,821
Treaty	5. Proportional										
	Fire	13	-	-	13	-	-	-	-	13	146
	Marine	11	-	-	11	-	-	-	-	11	61
	Miscellaneous	(6)	-	-	(6)	-	-	-	-	(6)	321
	Total	18	-	-	18	-	-	-	-	18	528
	Grand Total	405,264	90,247	153,943	341,567	158,562	49,941	54,369	154,134	187,433	101,349

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, 2005

		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 5					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	Quarter ended Sep. 30, 2004 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	4,940	39,136	34,033	(163)	4,615	38,047	33,231	(201)	38	12,525
	2. Marine, Aviation and Transport	6,822	12,951	12,834	6,705	3,687	10,817	10,365	3,235	3,470	1,032
	3. Other Motor Business	10,213	6,328	10,474	14,359	273	485	459	247	14,112	4,880
	4. Miscellaneous	830	17,331	17,308	807	38	15,315	15,326	49	758	2
	Total	22,805	75,746	74,649	21,708	8,613	64,664	59,381	3,330	18,378	18,439
Treaty	5. Proportional										
	Fire	-	1,756	1,756	-	-	-	-	-	-	-
	Marine	-	1,939	1,939	-	-	-	-	-	-	-
	Miscellaneous	-	86	86	-	-	-	-	-	-	-
	Total	-	3,781	3,781	-	-	-	-	-	-	-
	Grand Total	22,805	79,527	78,430	21,708	8,613	64,664	59,381	3,330	18,378	18,439

		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 5					Nine months ended Sep. 30, 2004 Net claim expense	
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	Nine months ended Sep. 30, 2004 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	13,650	43,962	34,033	3,721	10,559	42,775	33,231	1,015	2,706	15,043
	2. Marine, Aviation and Transport	24,043	22,546	12,834	14,331	15,710	18,669	10,365	7,406	6,925	4,560
	3. Other Motor Business	26,002	4,728	10,474	31,748	1,838	518	459	1,779	29,969	11,328
	4. Miscellaneous	1,304	16,976	17,308	1,636	100	14,837	15,326	589	1,047	456
	Total	64,999	88,212	74,649	51,436	28,207	76,799	59,381	10,789	40,647	31,387
Treaty	5. Proportional										
	Fire	68	1,756	1,756	68	-	-	-	-	68	299
	Marine	54	1,939	1,939	54	-	-	-	-	54	684
	Miscellaneous	32	86	86	32	-	-	-	-	32	250
	Total	154	3,781	3,781	154	-	-	-	-	154	1,233
	Grand Total	65,153	91,993	78,430	51,590	28,207	76,799	59,381	10,789	40,801	32,620

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, 2005

		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 5					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	Sep. 30, 2004 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	2,286	4,320	4,627	1,979	654	2,633	4,333	(1,700)	2,352
	2. Marine, Aviation and Transport	1,319	638	523	1,434	15,623	17,057	7,224	9,833	1,439
	3. Other Motor Business	1,576	1,934	2,554	956	5,453	6,409	180	6,229	5,554
	4. Miscellaneous	85	286	229	142	577	719	256	463	625
	Total	<u>5,266</u>	<u>7,178</u>	<u>7,933</u>	<u>4,511</u>	<u>22,307</u>	<u>26,818</u>	<u>11,993</u>	<u>14,825</u>	<u>9,970</u>
Treaty										
	5. Proportional									
	Fire	-	-	-	-	-	-	-	-	-
	Marine	-	-	-	-	-	-	-	-	-
	Miscellaneous	-	-	-	-	-	-	-	-	-
	Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Grand Total	<u>5,266</u>	<u>7,178</u>	<u>7,933</u>	<u>4,511</u>	<u>22,307</u>	<u>26,818</u>	<u>11,993</u>	<u>14,825</u>	<u>9,970</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 5					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	Sep. 30, 2004 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	6,400	3,724	4,627	5,497	4,534	10,031	12,761	(2,731)	2,709
	2. Marine, Aviation and Transport	5,001	659	523	5,137	40,431	45,568	26,611	18,957	17,036
	3. Other Motor Business	3,652	1,190	2,554	2,288	14,833	17,121	894	16,227	13,244
	4. Miscellaneous	391	273	229	435	1,275	1,710	770	940	1,251
	Total	<u>15,444</u>	<u>5,846</u>	<u>7,933</u>	<u>13,357</u>	<u>61,073</u>	<u>74,430</u>	<u>41,036</u>	<u>33,394</u>	<u>34,240</u>
Treaty										
	5. Proportional									
	Fire	28	-	-	28	-	28	-	28	65
	Marine	27	-	-	27	-	27	-	27	149
	Miscellaneous	4	-	-	4	-	4	-	4	11
	Total	<u>59</u>	<u>-</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>59</u>	<u>225</u>
	Grand Total	<u>15,503</u>	<u>5,846</u>	<u>7,933</u>	<u>13,416</u>	<u>61,073</u>	<u>74,489</u>	<u>41,036</u>	<u>33,453</u>	<u>34,465</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, 2005

	Quarter ended		Nine months ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
	(Rupees in thousand)			
Income from Non-Trading Investments				
Held to Maturity				
Others, Term Finance Certificates	750	1,352	1,676	3,928
Available for Sale				
Dividend Income	14,964	11,731	25,300	19,079
	15,714	13,083	26,976	23,007
Gain on sale of Non Trading Investments				
- Available for sale	46,206	32	53,764	11,326
	61,920	13,115	80,740	34,333
Net Investment Income	61,920	13,115	80,740	34,333

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, 2005

	Share Capital	CAPITAL RESERVES			REVENUE RESERVES			Total
		Capital Reserve	Exceptional Losses Reserve	Reserve for Bonus Share	General Reserve	Investment Fluctuation Reserve	Unappropriated Profit	
(R u p e e s i n t h o u s a n d)								
Balance as on 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>
Balance as on January 01, 2005	101,823	2,251	2,164	20,365	71,649	3,000	970	202,222
Bonus shares issued during the period	20,365	-	-	(20,365)	-	-	-	-
Net Profit for the period	-	-	-	-	-	-	156,231	156,231
Balance as on September 30, 2005	<u>122,188</u>	<u>2,251</u>	<u>2,164</u>	<u>-</u>	<u>71,649</u>	<u>3,000</u>	<u>157,201</u>	<u>358,453</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

NOTES TO THE ACCOUNTS (UN-AUDITED)

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2005

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, 2004.

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, 2005:

	Additions (Rupees in thousand)	Deletions (Rupees in thousand)
Vehicles	3,361	340
Furniture & Fixture	61	58
Office Equipment	975	844
Computers	1,829	223
	6,226	1,465

5. DEFERRED COST

	September 30, 2005 (Rupees in thousand)	December 31, 2004 (Rupees in thousand)
Compensation under voluntary retirement scheme	7,815	9,378
Less: Amortized during the period	(2,348)	(1,563)
Closing Balance	5,467	7,815

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:

	<u>Nine months ended</u>	
	<u>September 30,</u>	<u>September 30,</u>
	2005	2004
	(Rupees in thousand)	
Net Profit after tax for the period	<u>156,231</u>	<u>44,739</u>
	(Number of Shares)	
Weighted Average number of shares	<u>12,218,812</u>	<u>12,218,812</u>
	(Rupees per Share)	
Basic/Adjusted earnings per share (Rs.)	<u>12.79</u>	<u>3.66</u>

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

	<u>September 30,</u>	<u>December 31,</u>
	2005	2004
	(Rupees in thousand)	
Premium underwritten	269,509	197,747
Premium collected	213,050	210,988
Claims paid	19,680	28,146
Lease rentals	2,352	2,326
Vehicles purchased	153	1,541
Rent received	311	415
Interest received	960	1,185
Dividend received	5,839	6,749
Fixed deposit purchased	69,370	-
Fixed deposit encashed	69,370	-
Brokerage paid for purchase & sale of shares	2,750	1,195

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, 2005	Dec. 31, 2004	Sep. 30, 2005	Dec. 31, 2004	Sep. 30, 2005	Dec. 31, 2004	Sep. 30, 2005	Dec. 31, 2004	Sep. 30, 2005	Dec. 31, 2004
(R u p e e s i n t h o u s a n d)										

OTHER INFORMATION

Segment assets	114,007	93,288	81,173	69,460	26,016	13,271	19,409	20,008	240,605	196,027
Unallocated corporate assets									508,487	313,812
Consolidated total assets									<u>749,092</u>	<u>509,839</u>
Segment liabilities	115,092	100,143	102,217	66,355	84,590	39,520	27,387	23,595	329,287	229,614
Unallocated corporate liabilities									61,351	78,003
Consolidated total liabilities									<u>390,639</u>	<u>307,617</u>
Capital expenditure	<u>2,176</u>	<u>1,228</u>	<u>1,933</u>	<u>2,619</u>	<u>1,599</u>	<u>680</u>	<u>518</u>	<u>147</u>	<u>6,226</u>	<u>4,674</u>
Depreciation/Amortization	<u>776</u>	<u>720</u>	<u>689</u>	<u>1,535</u>	<u>570</u>	<u>398</u>	<u>185</u>	<u>86</u>	<u>2,220</u>	<u>2,739</u>

10. AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 24 October, 2005 in accordance with a resolution of Board of Directors.

11. GENERAL

The corresponding figures, wherever necessary, have been rearranged for the purpose of comparison. However, no significant rearrangement has been made.

Figures in the financial statements are rounded off to the nearest thousand.

COMPANY OFFICES

HEAD OFFICE

3 - Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	PABX:	7320542, 7320543 7322271, 7322273
	Fax:	7234742
ARSHAD P. RANA Chief Executive Officer	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 MAHMOOD 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



Muslim Insurance Company Ltd.

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

RANA SAGHIR
Branch Incharge
Chartered Bank Chambers,
Railway Road, Faisalabad. 647194
Fax: 635080

FAISALABAD BRANCH - II

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

SIALKOT

REHAN NAZIR GHUMAN
Branch Incharge
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 GHAURI
Branch Manager
Atlas Honda Building,
Azmat Wasti Road, Multan. 544494

SOUTH ZONE OFFICE

Ground Floor, Federation House,
Shahrah-e-Firdousi, Clifton,
Karachi PABX: 5378806-7
5369394-6
Fax: 5378515

ARSHAD P. RANA
Chief Executive Officer
Direct: 5378757
Extension: 201

JAWAID IRSHAD
Manager Motor Claims
Extension: 215

MUHAMMAD IMRAN
Manager Fire & Marine Claims
Extension: 217

ALI ASGHAR
Manager Underwriting
Extension: 216

SOUTH ZONE BRANCHES

KARACHI

ABDUL AZIZ Chief Manager	Corporate Branch 1/10, Arkey Square, 1st Floor, Shahrah-e-Liaquat, Karachi	2421030, 2422911 Fax: 2421387
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M. FAROOQ KANDLAWALA Chief Manager	Tower Branch State Life Building No. 7 Room No. 101, 1st Floor G. Allana Road, Karachi.	2201471 2316503, 2315248 Fax: 2315248
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IMRAN SATTAR Branch Manager	Plaza Branch 3/3 Rimpa Plaza M.A. Jinah Road, Karachi.	7720852, 7729339
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HYDERABAD

ZAFAR AHMAD GHOURI Chief Manager	Akbar Chamber, Saddar, P.O. Box: 284, Hyderabad.	782659 Fax: 786410
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SUKKUR

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