

**QUARTERLY  
REPORT**  
**September 30, 2006**



## CONTENTS

Company Information	2
Chairman's Review	4
Directors' Report	5
Balance Sheet	6
Profit and Loss Account	8
Statement of Cash Flows	9
Statement of Premiums	10
Statement of Claims	12
Statement of Expenses	14
Statement of Investment Income	16
Statement of Changes in Equity	17
Notes to the Accounts	18
Company Offices	21

**COMPANY INFORMATION****BOARD OF DIRECTORS**

Chairman	Yusuf H. Shirazi
Chief Executive	Arshad P. Rana
Directors	Aamir H. Shirazi
	Frahim Ali Khan
	Jawaid Iqbal Ahmed
	Muhammad Faruque
	Omar Saeed
Company Secretary	Pervaiz I. Malik

**AUDIT COMMITTEE**

Chairman	Omar Saeed
Members	Frahim Ali Khan
	Jawaid Iqbal Ahmed
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

**CLAIMS SETTLEMENT COMMITTEE**

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

**COMPANY INFORMATION**

**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

<b>Auditors</b>	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
-----------------	--

<b>Legal Advisors</b>	Mohsin Tayebaly & Co. Ch. Maqsood Advocate Agha Faisal Barrister at Law
-----------------------	---

<b>Tax Advisor</b>	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
--------------------	--

<b>Bankers</b>	Allied Bank Ltd. Atlas Bank Ltd. Bank Alfalah Limited Habib Bank Ltd. MCB Bank Ltd. National Bank of Pakistan Standard Chartered Bank United Bank Ltd.
----------------	---

<b>Registered &amp; Head Office</b>	3-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore. Telephone: (92-42) 7320542-43, 7322271,73 Fax: (92-42) 7234742 Email: <a href="mailto:info@atlasinsurance.com.pk">info@atlasinsurance.com.pk</a> Website: <a href="http://www.atlasinsurance.com.pk">www.atlasinsurance.com.pk</a>
-------------------------------------	--

## CHAIRMAN'S REVIEW

It is my pleasure to present the un-audited accounts of your company for the third quarter ended September 30, 2006.

### The Economy

Despite a severe monsoon damaging crops in Punjab and Sindh the economy is presenting not a negative out-look. The first quarter of the fiscal 2006-7 ending September 30, 2006 has led to exports of \$4.269 billion, 2.8% increase over the corresponding period. Imports were \$7.428 billion, a growth of 30.3%, resulting to a trade deficit of \$3.158 billion. The inflation upped to 9.77% putting pressure on the interest rates. The State Bank is maintaining a tight monetary policy to counter inflationary pressures. It seems quite likely that the economy will continue growing.

### Company Results

The Company performed quite well during the period under review. The gross premium was Rs.520.53m against Rs.405.24m for the same period, last year, up 28.45%. The net premium increased to Rs.242.28m against Rs.187.43m of the same period, last year, up 29.26%. The underwriting profit rose to Rs.114.23m from Rs.113.18m of the last year. The investment income rose to Rs.105.63m against Rs.86.53m of the last year. The profit before tax stood at Rs.222.69m against Rs.193.48m of the same period last year, up 15.10%. After provision for taxation of Rs.45.09m, the profit after tax stood at Rs.177.60m against Rs.156.23m for the same period last year.

The value of short term placements, bank deposits and investments stood at Rs.655.99m against Rs.612.59m of the last year. The market value of investment stood at Rs.809.13m against Rs.616.41m of the last year.

### Future outlook

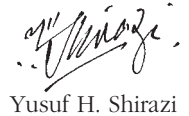
The present momentum of growth in the economy is expected to continue. Both the exports and imports are showing growth. The consumer spending is increasing. The Insurance sector will also continue to grow with the growth of other sectors of economy. Your management is well equipped to seize the opportunities with a strong balance sheet - with credit rating A+, sound reinsurance arrangement and prudent investment policy. The company will embark upon prudent marketing all the more for which the stage is set indeed. We are aiming at an overall great prudent insurance company all the more and I see a bright future for your company.

محبت مجھے اُن جوانوں سے ہے  
ستاروں پہ جو ڈالتے ہیں کمنڈر

(Let us continue to see beyond the horizon)

### Acknowledgment

I would like to thank the Board of Directors for their guidance and support and the management of the company for their dedication and sincerity of purpose. I also express my gratitude to all the 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 September 30, 2006.

September 30,    September 30,  
2006                      2005  
(Rupees in thousand)

The overall business figures are:

Net premium	242,276	187,433
Net claims	85,467	40,801
Investment and other income	116,606	88,169
Net commission	28,723	27,620
Expenses of management	71,302	61,073

Financial results are as follows:

Profit before tax	222,685	193,481
Less: Provision for taxation	45,088	37,250
Profit after tax	177,597	156,231
Add: Last year's un-appropriated profit	871	970
Balances carried to balance sheet	178,468	157,201

### 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 and SECP for the cooperation extended to us.

We also commend the dedicated services rendered by the Company's Officers, Staff and Field Force.

FOR THE BOARD OF DIRECTORS



ARSHAD P. RANA  
Chief Executive

Lahore: October 27, 2006

**BALANCE SHEET**

Notes	September 30, 2006 (Un-audited) (Rupees in thousand)	December 31, 2005 (Audited) (Rupees in thousand) Restated
<b>Share Capital and Reserves</b>		
Authorized share capital	500,000	150,000
Paid-up share capital	158,844	122,188
Retained earnings	178,468	255,059
Reserves	211,064	79,064
	548,376	456,311
<b>Underwriting Provisions</b>		
Provision for outstanding claims (including IBNR)	79,399	76,445
Provision for unearned premium	250,585	131,945
Commission income unearned - deferred	21,480	12,853
Total underwriting provisions	351,464	221,243
<b>Deferred Liabilities</b>		
Deferred tax liability	832	819
<b>Creditors and Accruals</b>		
Premiums received in advance	1,091	10,489
Amounts due to other insurers / reinsurers	117,830	98,943
Accrued expenses	14,034	17,044
Taxation - Provision less payments	22,629	27,003
Other creditors and accruals	10,843	6,247
	166,427	159,726
<b>Other Liabilities</b>		
Deposits against performance bonds	1,391	1,391
Dividend	3,101	3,137
Obligations against assets subject to finance lease	150	569
	4,642	5,097
<b>TOTAL LIABILITIES</b>	<b>523,365</b>	<b>386,885</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>4</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,071,741</b>	<b>843,196</b>

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

**AS AT SEPTEMBER 30, 2006**

Notes	September 30, 2006 (Un-audited) (Rupees in thousand)	December 31, 2005 (Audited) (Rupees in thousand) Restated
<b>Cash and Bank Deposits</b>		
Cash and other equivalent	190	49
Current and other accounts	42,324	18,707
Deposits maturing within twelve months	-	167,120
	42,514	185,876
<b>Loans-Secured, considered good</b>		
To employees	1,057	1,242
<b>Investments</b>	<b>6</b>	<b>604,153</b>
<b>Other Assets</b>		
Premiums due but unpaid-unsecured, considered good	104,815	46,525
Amounts due from other insurers/reinsurers	79,441	43,987
Salvage recoveries accrued	6,575	-
Accrued investment income	15,599	1,235
Reinsurance recoveries against outstanding claims	51,567	48,349
Deferred commission expense	11,353	8,324
Short term placements	9,318	146,684
Prepayments	122,556	61,606
Sundry receivables	141	344
	401,365	357,054
<b>Fixed assets</b>		
<b>Tangibles</b>		
Land and buildings	4,776	4,917
Furniture, fixtures and office equipments	5,058	4,244
Motor vehicles	9,389	6,465
	19,223	15,625
<b>Intangibles</b>		
Capital work in progress-software	3,429	3,374
<b>TOTAL ASSETS</b>	<b>1,071,741</b>	<b>843,196</b>



Arshad P. Rana  
Chief Executive



Aamir H. Shirazi  
Director



Muhammad Faruque  
Director



Yusuf H. Shirazi  
Chairman

**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2006

Notes	Quarter ended September 30, 2006				Quarter ended	Quarter ended
	Fire and property	Marine, aviation and transport	Motor act	Misc.	Sep. 30, 2006 Aggregate	Sep. 30, 2005 Aggregate
( Rupees in thousand )						
<b>Revenue account</b>						
Net premium revenue	4,805	31,315	44,088	4,811	85,019	80,117
Net claims	(1,700)	(6,667)	(28,266)	(363)	(36,996)	(18,378)
Expenses	(2,072)	(8,757)	(12,724)	(132)	(23,685)	(22,307)
Net commission	7,171	5,156	(1,899)	(146)	10,283	7,482
<b>Underwriting Result</b>	<b>8,204</b>	<b>21,047</b>	<b>1,199</b>	<b>4,170</b>	<b>34,621</b>	<b>46,914</b>
Investment income					23,761	63,187
Rental income					338	196
Other income					4,579	515
Financial charges					(108)	(76)
General and administration expenses					(2,464)	(2,585)
					26,105	61,236
<b>Profit Before Tax</b>					<b>60,726</b>	<b>108,150</b>
Provision for taxation	7					
Current period					(15,280)	(18,356)
Deferred					(3)	274
<b>Profit After Tax</b>					<b>45,443</b>	<b>90,068</b>
<b>Earnings per share-basic</b>					2.86	5.67

Notes	Nine months ended September 30, 2006				Nine months ended	Nine months ended
	Fire and property	Marine, aviation and transport	Motor act	Misc.	Sep. 30, 2006 Aggregate	Sep. 30, 2005 Aggregate
( Rupees in thousand )						
<b>Revenue Account</b>						
Net premium revenue	7,447	119,361	108,787	6,681	242,276	187,433
Net claims	(2,763)	(10,295)	(71,570)	(839)	(85,467)	(40,801)
Expenses	(3,049)	(35,292)	(32,204)	(757)	(71,302)	(61,073)
Net commission	15,406	17,561	(5,162)	917	28,723	27,620
<b>Underwriting Result</b>	<b>17,041</b>	<b>91,335</b>	<b>(149)</b>	<b>6,002</b>	<b>114,230</b>	<b>113,179</b>
Investment income					105,632	86,530
Rental income					775	585
Other income					10,199	1,054
Financial charges					(535)	(380)
General and administration expenses					(7,615)	(7,487)
					108,455	80,301
<b>Profit Before Tax</b>					<b>222,685</b>	<b>193,480</b>
Provision for taxation	7					
Current period					(45,080)	(43,956)
Prior period					-	5,886
Deferred					(8)	821
<b>Profit After Tax</b>					<b>177,597</b>	<b>156,231</b>
<b>Earnings per share-basic</b>					11.18	9.84

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


**Arshad P. Rana**  
Chief Executive


**Aamir H. Shirazi**  
Director


**Muhammad Faruque**  
Director


**Yusuf H. Shirazi**  
Chairman



**STATEMENT OF CASH FLOW (UN-AUDITED)**

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2006

	September 30, 2006	September 30, 2005
	(Rupees in thousand)	
<b>Operating Cash Flows</b>		
(a) <b>Underwriting activities</b>		
Premiums received	452,840	359,134
Re-insurance premiums paid	(231,557)	(120,524)
Claims paid	(121,873)	(65,153)
Re-insurance and other recoveries received	29,567	28,207
Commission paid	(19,779)	(15,503)
Commission received	45,471	41,036
Net cash flow from underwriting activities	154,669	227,197
(b) <b>Other operating activities</b>		
Income tax paid	(49,454)	(27,196)
General management expenses paid	(75,057)	(68,437)
Other operating receipts	11,243	4,828
Loans advanced	(103)	(1,943)
Loans repayments received	134	1,071
Net cash flow from other operating activities	(113,237)	(91,677)
<b>Total cash flow from all operating activities</b>	41,432	135,520
<b>Investment Activities</b>		
Profit / return received	2,259	2,170
Dividends received	11,151	15,129
Rentals received	775	585
Payments for investments	(740,497)	(159,615)
Proceeds from disposal of investments	487,908	62,869
Proceeds from disposal of fixed assets	1,013	1,266
Payments for short term investments	-	(34,840)
Proceeds from disposal of short term placements	143,584	-
Fixed capital expenditures	(4,466)	(5,485)
<b>Total cash flow from investing activities</b>	(98,273)	(117,921)
<b>Financing Activities</b>		
Dividends paid	(85,567)	(20,369)
Financial charges paid	(535)	(380)
Payments on finance leases	(419)	(2,189)
<b>Total cash flow from financing activities</b>	(86,521)	(22,938)
<b>Net cash (out flow)/in flow from all activities</b>	(143,362)	(5,339)
Cash at the beginning of the period	185,876	17,706
Cash at the end of the period	42,514	12,367
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	41,432	135,520
Depreciation expenses	(1,877)	(1,284)
Financial charges	(535)	(380)
Amortization of deferred cost	-	(2,348)
Profit on disposal of fixed assets	773	977
Gain on investments	105,632	80,740
Increase in assets other than cash	169,342	28,476
Increase in liabilities other than running finance	(137,170)	(84,500)
Profit after taxation	177,597	157,201

**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



**Aamir H. Shirazi**  
Director



**Muhammad Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

**STATEMENT OF PREMIUMS (UN-AUDITED)**

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2006


		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 6						
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, 2005 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	58,134	90,354	111,021	37,467	52,250	74,363	93,951	32,662	4,805	2,892
2.	Marine, aviation and transport	50,168	9,526	15,128	44,566	21,861	2,029	10,639	13,251	31,315	55,695
3.	Other motor business	59,500	100,433	114,733	45,200	1,104	8	-	1,112	44,088	19,620
4.	Miscellaneous	3,642	10,607	9,702	4,547	1,292	6,460	8,016	(264)	4,811	1,910
	<b>Total</b>	<u>171,444</u>	<u>210,920</u>	<u>250,584</u>	<u>131,780</u>	<u>76,507</u>	<u>82,860</u>	<u>112,606</u>	<u>46,761</u>	<u>85,019</u>	<u>80,117</u>
5.	Proportional										
	Fire	-	-	-	-	-	-	-	-	-	-
	Marine	-	-	-	-	-	-	-	-	-	-
	Miscellaneous	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Grand total</b>	<u>171,444</u>	<u>210,920</u>	<u>250,584</u>	<u>131,780</u>	<u>76,507</u>	<u>82,860</u>	<u>112,606</u>	<u>46,761</u>	<u>85,019</u>	<u>80,117</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 6						
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, 2005 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	156,519	49,786	111,021	95,284	134,309	47,475	93,951	87,833	7,451	13,232
2.	Marine, aviation and transport	184,259	13,635	15,128	182,766	70,337	3,707	10,639	63,405	119,361	124,619
3.	Other motor business	166,009	60,917	114,733	112,193	3,358	48	-	3,406	108,787	45,864
4.	Miscellaneous	13,745	7,607	9,702	11,650	6,986	5,999	8,016	4,969	6,681	3,700
	<b>Total</b>	<u>520,532</u>	<u>131,945</u>	<u>250,584</u>	<u>401,893</u>	<u>214,990</u>	<u>57,229</u>	<u>112,606</u>	<u>159,613</u>	<u>242,280</u>	<u>187,415</u>
Treaty	5. Proportional										
	Fire	(4)	-	-	(4)	-	-	-	-	(4)	13
	Marine	-	-	-	-	-	-	-	-	-	11
	Miscellaneous	-	-	-	-	-	-	-	-	-	(6)
	<b>Total</b>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>18</u>
	<b>Grand total</b>	<u>520,528</u>	<u>131,945</u>	<u>250,584</u>	<u>401,889</u>	<u>214,990</u>	<u>57,229</u>	<u>112,606</u>	<u>159,613</u>	<u>242,276</u>	<u>187,433</u>

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

  
 Arshad P. Rana  
 Chief Executive

  
 Aamir H. Shirazi  
 Director

  
 Muhammad Faruque  
 Director

  
 Yusuf H. Shirazi  
 Chairman

**STATEMENT OF CLAIMS (UN-AUDITED)**

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2006

		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 6					Q u a r t e r e n d e d	
		Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	Q u a r t e r e n d e d
Class			Opening	Closing			Opening	Closing			S e p . 3 0 , 2 0 0 5
		( R u p e e s i n t h o u s a n d )									Net claims expense
Business underwritten inside Pakistan											
Direct and facultative	1. Fire and property damage	11,158	23,714	20,415	7,859	9,397	22,726	19,488	6,159	1,700	38
	2. Marine, aviation and transport	10,525	13,172	22,607	19,960	7,570	10,613	16,336	13,293	6,667	3,470
	3. Other motor business	32,600	19,007	14,691	28,284	125	253	146	18	28,266	14,112
	4. Miscellaneous	304	17,818	17,905	391	(149)	15,420	15,597	28	363	758
	<b>Total</b>	<b>54,587</b>	<b>73,711</b>	<b>75,618</b>	<b>56,494</b>	<b>16,943</b>	<b>49,012</b>	<b>51,567</b>	<b>19,498</b>	<b>36,996</b>	<b>18,378</b>
Treaty	5. Proportional										
	Fire	-	1,756	1,756	-	-	-	-	-	-	-
	Marine	-	1,939	1,939	-	-	-	-	-	-	-
	Miscellaneous	-	86	86	-	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>3,781</b>	<b>3,781</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Grand total</b>	<b>54,587</b>	<b>77,492</b>	<b>79,399</b>	<b>56,494</b>	<b>16,943</b>	<b>49,012</b>	<b>51,567</b>	<b>19,498</b>	<b>36,996</b>	<b>18,378</b>


		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 6					N i n e m o n t h s e n d e d	
		Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	S e p . 3 0 , 2 0 0 5
Class			Opening	Closing			Opening	Closing			Net claims expense
		( R u p e e s i n t h o u s a n d )									Net claims expense
Business underwritten inside Pakistan											
Direct and facultative	1. Fire and property damage	16,450	16,043	20,415	20,822	13,964	15,249	19,488	18,203	2,619	2,706
	2. Marine, aviation and transport	21,892	20,165	22,607	24,334	14,354	16,641	16,336	14,049	10,285	6,925
	3. Other motor business	74,719	18,029	14,691	71,381	122	457	146	(189)	71,570	29,969
	4. Miscellaneous	2,038	18,427	17,905	1,516	1,127	16,002	15,597	722	794	1,047
	<b>Total</b>	<b>115,099</b>	<b>72,664</b>	<b>75,618</b>	<b>118,053</b>	<b>29,567</b>	<b>48,349</b>	<b>51,567</b>	<b>32,785</b>	<b>85,268</b>	<b>40,647</b>
Treaty	5. Proportional										
	Fire	144	1,756	1,756	144	-	-	-	-	144	68
	Marine	10	1,939	1,939	10	-	-	-	-	10	54
	Miscellaneous	45	86	86	45	-	-	-	-	45	32
	<b>Total</b>	<b>199</b>	<b>3,781</b>	<b>3,781</b>	<b>199</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>154</b>
	<b>Grand total</b>	<b>115,298</b>	<b>76,445</b>	<b>79,399</b>	<b>118,252</b>	<b>29,567</b>	<b>48,349</b>	<b>51,567</b>	<b>32,785</b>	<b>85,467</b>	<b>40,801</b>

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

  
**Arshad P. Rana**  
 Chief Executive

  
**Aamir H. Shirazi**  
 Director

  
**Muhammad Faruque**  
 Director

  
**Yusuf H. Shirazi**  
 Chairman

**STATEMENT OF EXPENSES (UN-AUDITED)**  
 FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2006

		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 6					
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 Sep. 30, 2005 Net underwriting expense
Class		( R u p e e s i n			t h o u s a n d )					
<b>Direct and facultative</b>										
	1. Fire and property damage	2,478	5,122	5,153	2,447	2,072	4,519	9,618	(5,099)	(1,700)
	2. Marine, aviation and transport	1,415	711	635	1,491	8,757	10,248	6,647	3,601	9,833
	3. Other motor business	2,680	4,406	5,192	1,894	12,724	14,618	(5)	14,623	6,229
	4. Miscellaneous	245	285	374	156	132	288	10	278	463
	<b>Total</b>	<u>6,818</u>	<u>10,524</u>	<u>11,355</u>	<u>5,987</u>	<u>23,685</u>	<u>29,672</u>	<u>16,270</u>	<u>13,402</u>	<u>14,825</u>
<b>Treaty</b>										
	5. Proportional									
	Fire	-	-	-	-	-	-	-	-	-
	Marine	-	-	-	-	-	-	-	-	-
	Miscellaneous	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Grand total</b>	<u>6,818</u>	<u>10,524</u>	<u>11,355</u>	<u>5,987</u>	<u>23,685</u>	<u>29,672</u>	<u>16,270</u>	<u>13,402</u>	<u>14,825</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 6					
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	Nine months ended Sep. 30, 2005 Net underwriting expense
Class		( R u p e e s i n			t h o u s a n d )					
<b>Direct and facultative</b>										
	1. Fire and property damage	7,742	4,441	5,153	7,030	3,049	10,079	22,436	(12,357)	(2,731)
	2. Marine, aviation and transport	3,976	744	635	4,085	35,292	39,377	21,716	17,661	18,957
	3. Other motor business	7,437	2,933	5,192	5,178	32,204	37,382	16	37,366	16,227
	4. Miscellaneous	554	206	374	386	757	1,143	1,303	(160)	940
	<b>Total</b>	<u>19,709</u>	<u>8,324</u>	<u>11,355</u>	<u>16,678</u>	<u>71,302</u>	<u>87,980</u>	<u>45,471</u>	<u>42,509</u>	<u>33,394</u>
<b>Treaty</b>										
	5. Proportional									
	Fire	-	-	-	-	-	-	-	-	28
	Marine	70	-	-	70	-	70	-	70	27
	Miscellaneous	-	-	-	-	-	-	-	-	4
	<b>Total</b>	<u>70</u>	<u>-</u>	<u>-</u>	<u>70</u>	<u>-</u>	<u>70</u>	<u>-</u>	<u>70</u>	<u>59</u>
	<b>Grand total</b>	<u>19,779</u>	<u>8,324</u>	<u>11,355</u>	<u>16,748</u>	<u>71,302</u>	<u>88,050</u>	<u>45,471</u>	<u>42,579</u>	<u>33,453</u>

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



 Arshad P. Rana  
 Chief Executive



 Aamir H. Shirazi  
 Director



 Muhammad Faruque  
 Director



 Yusuf H. Shirazi  
 Chairman

**STATEMENT OF INVESTMENT INCOME (UN-AUDITED)**  
FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2006

	Quarter ended		Nine months ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005

(Rupees in thousand)

**Income from Non-Trading Investments**

<b>Held to Maturity</b>				
Others, Term Finance Certificates	397	750	1,457	1,676
<b>Available for Sale</b>				
Dividend income	19,394	14,964	28,664	25,300
	19,791	15,714	30,121	26,976
<b>Gain on Sale of Non Trading Investments</b>				
- Available for sale	5,524	47,553	73,885	55,531
Income on reverse repo transactions	205	1,267	6,218	5,790
Investment related expenses	(1,759)	(1,347)	(4,592)	(1,767)
<b>Net Investment Income</b>	<b>23,761</b>	<b>63,187</b>	<b>105,632</b>	<b>86,530</b>

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



**Arshad P. Rana**  
Chief Executive



**Aamir H. Shirazi**  
Director



**Muhammad Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

## STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2006

	CAPITAL RESERVES				REVENUE RESERVES			Total
	Share Capital	Capital Reserve	Exceptional Losses Reserve	Reserve for Bonus Shares	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, 2005 - restated	101,823	2,251	2,164	-	30,649	3,000	82,700	222,587
Final dividend for the year 2004	-	-	-	-	-	-	(20,365)	(20,365)
Transfer to general reserve	-	-	-	-	41,000	-	(41,000)	-
Transfer to reserve for bonus shares	-	-	-	20,365	-	-	(20,365)	-
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>
Balance as on January 01, 2006 - restated	122,188	2,251	2,164	-	71,649	3,000	255,059	456,311
Final dividend for the year 2005	-	-	-	-	-	-	(85,532)	(85,532)
Transfer to general reserve	-	-	-	-	132,000	-	(132,000)	-
Transfer to reserve for bonus shares	-	-	-	36,656	-	-	(36,656)	-
Bonus shares issued during the period	36,656	-	-	(36,656)	-	-	-	-
Net profit for the period	-	-	-	-	-	-	177,597	177,597
Balance as on September 30, 2006	<u>158,844</u>	<u>2,251</u>	<u>2,164</u>	<u>-</u>	<u>203,649</u>	<u>3,000</u>	<u>178,468</u>	<u>548,376</u>

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



**Arshad P. Rana**  
Chief Executive



**Aamir H. Shirazi**  
Director



**Muhammad Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

**NOTES TO THE ACCOUNTS (UN-AUDITED)**

FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2006

**1. STATUS AND NATURE OF BUSINESS**

Atlas Insurance Limited (Formerly 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. In order to capitalize the image of Atlas Group, on 3rd April, 2006 the Company name was changed from Muslim Insurance Company Limited to Atlas Insurance Limited.

**2. BASIS OF PREPARATION**

These financial statements are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi and Lahore Stock Exchanges. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan and in the format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003.

These financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2005.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the financial statements of the Company for the year ended December 31, 2005 and half year ended June 30, 2006.

**4. CONTINGENCIES AND COMMITMENTS**

Company has no contingencies and commitments as at September 30, 2006. ( December 31, 2005; Commitments of Rs.58 million)

**5. ADDITION / DELETIONS**

Following additions and deletions have been made in the fixed assets during the period ended September 30, 2006:

	<u>Additions</u>	<u>Deletions</u>
	(Rupees in thousand)	
Vehicles	4,103	483
Furniture fixtures and Office equipments	730	69
Computers	1,741	136
	6,574	688

<u>Note</u>	<u>September 30,</u>	<u>December 31,</u>
	2006	2005
	(Rupees in thousand)	

**6. INVESTMENTS**
**Held to Maturity**

Term Finance Certificates	7,446	11,218
---------------------------	-------	--------

**Available for Sale**

Mutual Funds	6.1	8,898	8,135
Quoted shares		587,809	260,672
Unquoted shares		500	500
		597,207	269,307
		604,653	280,525
Less : Provision for diminution in the value of shares		500	500
Cost of shares of concerns incorporated in Pakistan		604,153	280,025
Aggregated market value of Investments		809,130	616,406

6.1 This includes 28,000 (2005: 28,000) NIT units held as Statutory deposit with State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

## 7. TAXATION

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

## 8. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated entities, entities under common control, entities with common directors, major shareholders, directors and key management personnel. The transactions with related parties, other than remuneration under the terms of employment are as follows:

	<u>September 30,</u> 2006	<u>September 30,</u> 2005
	(Rupees in thousand)	
Premium underwritten	276,293	269,509
Premium collected	236,992	213,050
Claims paid	28,581	19,680
Lease rentals	444	2,352
Vehicles purchased	3,023	153
Rent received	311	311
Interest received	836	960
Fee received	9,124	-
Dividend received	6,961	5,839
Fixed deposits purchased	-	69,370
Fixed deposits encashed	-	69,370
Brokerage paid for purchase of shares	4,750	983
Brokerage paid for sale of shares	4,592	1,767

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 purpose 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, 2006	Dec. 31, 2005	Sep. 30, 2006	Dec. 31, 2005	Sep. 30, 2006	Dec. 31, 2005	Sep. 30, 2006	Dec. 31, 2005	Sep. 30, 2006	Dec. 31, 2005
( R u p e e s i n t h o u s a n d )									

### OTHER INFORMATION

Segment assets	157,568	76,188	128,371	59,763	36,850	15,210	25,640	23,704	348,429	174,865
Unallocated corporate assets									723,312	668,331
Consolidated total assets									<u>1,071,741</u>	<u>843,196</u>
Segment liabilities	161,412	86,811	104,516	92,024	152,896	101,336	30,902	28,552	449,726	308,723
Unallocated corporate liabilities									73,639	78,161
Consolidated total liabilities									<u>523,365</u>	<u>386,884</u>
Capital expenditure-according to above ratios	<u>2,359</u>	<u>1,906</u>	<u>1,528</u>	<u>5,580</u>	<u>2,235</u>	<u>2,082</u>	<u>452</u>	<u>241</u>	<u>6,574</u>	<u>9,809</u>
Depreciation/amortization -according to above ratio	<u>759</u>	<u>621</u>	<u>492</u>	<u>1,819</u>	<u>719</u>	<u>679</u>	<u>145</u>	<u>79</u>	<u>2,116</u>	<u>3,198</u>

## 10. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on October 27, 2006 in accordance with a resolution of Board of Directors of the Company.

## 11. GENERAL

11.1 Figures in these financial statements have been rounded off to the nearest thousand rupees.

11.2 The corresponding figures wherever necessary have been arranged for the purpose of comparison. However, no significant rearrangements have been made.



**Arshad P. Rana**  
Chief Executive



**Aamir H. Shirazi**  
Director



**Muhammad Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

## COMPANY OFFICES

### HEAD OFFICE

3 Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	PABX:	7320542, 7320543
	Fax:	7322271, 7322273 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 MEHMOOD Chief Internal Auditor	Extension:	302

### NORTH ZONE OFFICES & BRANCHES

#### LAHORE

MUHAMMAD MUNIR QAZI Chief Manager	Nawa-i-Waqat Building, Fatima Jinnah Road, Lahore.	6364906 6371185
AZHAR M. PIRACHA Chief Manager	3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.	7212365-6 Fax: 7212367
ZAFAR HUSSAIN JAMAL Branch Manager	Hafeez Chambers, 85- Shahrah-e-Quaid-e-Azam, Lahore.	6305595
KH. MUHAMMAD NADEEM Branch Manager	Nairobi Mansion Napier Road, Lahore.	7352560 7358190
KHALID MAHMOOD Branch Manager	Alnoor Building, Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.	7358805
MUHAMMAD IJAZ Manager	Alnoor Building, Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.	7358805

**RAWALPINDI**

MAHMOOD AHMED Chief Manager	101/13, Bank Road, Grand Hotel Building, P.O. Box 119, Rawalpindi.	5563413 Fax: 5566518
--------------------------------	--	-------------------------

MANZAR ALI NAQVI Manager	101/13, Bank Road, Grand Hotel Building, P.O. Box 119, Rawalpindi.	5563413 Fax: 5566518
-----------------------------	--	-------------------------

**FAISALABAD BRANCH - I**

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

**FAISALABAD BRANCH - II**

IRSHAD FARRUKH BHATTI Chief Manager	123-B, 6 People's Colony No. 1, D - Ground, Faisalabad.	8721256, 8734176 Fax: 8732499
--	---	----------------------------------

**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
---------------------------------------	---	--------

**GUJRANWALA**

Tahir Hussain Branch Manager	2nd Floor, Al-Azhar Plaza, G.T. Road, Gujranwala.	3847118
---------------------------------	--	---------

**SOUTH ZONE OFFICE**

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

ARSHAD P. RANA Chief Executive Officer	Direct:	5378757
	Fax:	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
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
IMRAN SATTAR Branch Manager	Plaza Branch 3/3 Rimpa Plaza M.A. Jinah Road, Karachi.	2729339, 2720852 Fax: 2720852

**HYDERABAD**

ZAFAR AHMAD GHOURI Chief Manager	Akbar Chamber, Saddar, P.O. Box: 284, Hyderabad.	2782659-60 Fax: 2786410
-------------------------------------	---	----------------------------

**SUKKUR**

ABDUL MAJEED QURESHI Chief Manager	Shalimar Complex Minara Road, Sukkur.	5625965 Fax: 5625977
---------------------------------------	--	-------------------------

Printed Matter

**BOOK POST**

UNDER CERTIFICATE OF POSTING



If undelivered, please return to:

**Atlas Insurance Ltd.**

*(Formerly Muslim Insurance Company Limited)*

3-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore-54000

**Ph:** (92-42) 7320542-3, 7322271, 7322273 **Fax:** (92-42) 7234742

**Email:** [info@atlasinsurance.com.pk](mailto:info@atlasinsurance.com.pk) **Website:** [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk)