



Quarterly Report
March 31, 2013



CONTENTS

Company Information	2
Chairman's Review	4
Directors' Report	5
Balance Sheet	6
Profit and Loss Account	8
Statement of Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Statement of Premiums	12
Statement of Claims	14
Statement of Expenses	16
Statement of Investment Income	18
Notes to the Condensed Financial Information	19
Company Offices	23

Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Feroz Rizvi
Director

Ishphanyar M. Bhandara
Director

Ali H. Shirazi
Director

Frahim Ali Khan
Director

Jawaid Iqbal Ahmed
Director

Arshad P. Rana
Chief Executive Officer

Muhammad Afzal
Company Secretary

Audit Committee

Feroz Rizvi
Chairman

Ali H. Shirazi
Member

Frahim Ali Khan
Member

Muhammad Afzal
Secretary

Saleem Mahmood Akhtar
Chief Internal Auditor

Human Resource & Remuneration Committee

Ishphanyar M. Bhandara
Chairman

Ali H. Shirazi
Member

Arshad P. Rana
Member

Qudsia Naheed
Secretary

Investment Committee

Ali H. Shirazi
Chairman

Frahim Ali Khan
Member

Arshad P. Rana
Member

Rashid Amin
Member

Muhammad Afzal
Secretary

Underwriting Committee

Frahim Ali Khan
Chairman

Arshad P. Rana
Member

Muhammad Saeed
Member

Muhammad Ashraf Bhatti
Secretary

Company Information

Claims Settlement Committee

Frahim Ali Khan
Chairman

Arshad P. Rana
Member

Muhammad Ashraf Bhatti
Member

Muhammad Saeed
Secretary

Reinsurance & Co-insurance Committee

Frahim Ali Khan
Chairman

Arshad P. Rana
Member

Muhammad Saeed
Member

Syed Nasir Hussain
Secretary

Management Committee

Arshad P. Rana
Chief Executive

Nisar Zaman Khan
Head of Marketing & Sales

Rashid Amin
Chief Financial Officer

Qudsia Naheed
Vice President (Admin & HR)

Muhammad Ashraf Bhatti
Vice President (Underwriting)

Muhammad Saeed
Vice President (Claims)

Abdul Razzaq Ghauri
Vice President (IT)

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Ch. Maqsood Hassan Advocate
Agha Faisal Barrister at Law

Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Registrar and Share Transfer Office

Hameed Majeed Associates (Pvt.) Limited
H. M. House, 7 - Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore
Tel: (92-42) 37235081-82
Fax: (92-42) 37358817

Bankers

Allied Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited

Registered & Head Office

3 - Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore
Tel: (92-42) 37320542-43,
37310658, 37322271, 73
Fax: (92-42) 37234742
Email: info@atlasinsurance.com.pk
Website: www.atlasinsurance.com.pk

Chairman's Review

It gives me great pleasure to present the un-audited accounts of your Company for the quarter ended March 31, 2013.

The Economy

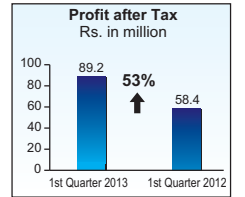
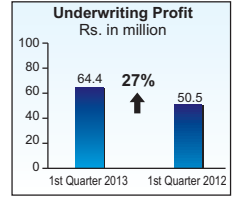
Pakistan's GDP, the second largest in the south Asian region, despite several challenges is expected to remain stable at 3.8% growth in the fiscal year 2012-13 against 3.7% in the last fiscal year. Although several economic challenges like energy crises, poor law and order situation, sluggish large scale manufacturing growth and growing fiscal deficit usually define Pakistan's economic landscape, its resilience remains intact. The agrarian economy picked up during the year as the export witnessed growth of 5% during the period July 2012 to February 2013 as compared to corresponding period. The import on the other hand reduced by 2.4%. This contributed in controlling the trade deficit in dollar terms. The foreign workers remittances grew by 7.4% during the first eight months of the fiscal year to US\$ 9.23 billion from US\$ 8.59 billion in the corresponding period giving much needed support to current account deficit. The inflation level remained subdued at 10.8% in March 2013 as compared to a year ago showing a relative stabilization in the commodity prices in the market.

The country has been able to pay 10th installment of US\$ 391 million in February 2013 and 11th installment of US\$ 143.7 million at the end of March 2013. So far US\$ 3.2 billion have been paid to IMF since July 2012 and remaining US\$ 4.8 billion are to be paid by September 2015. The forex reserves of the country stood at US\$ 12.93 billion at the end of February 2013 sufficient to meet the short term liquidity requirements of the country.

The challenge for the country is to rein in the fiscal deficit of the country which is likely to miss its budgeted target of 4.7% of the GDP. Excessive borrowing by the government needs to be curbed to enable the private sector to use leverage in a relatively low discount rate environment.

The Company

Despite these challenges the Company's gross premium underwritten grew by 36% to Rs. 330 million from Rs. 243 million in the same period last year. The net premium increased to Rs. 157.1 million as against Rs. 126.9 million of the corresponding period last year. Prudent underwriting policies followed by the Company resulted in reduced loss ratio during the period. Consequently the underwriting profit grew by 27% to Rs. 64.4 million compared to Rs. 50.5 million in the same period last year. The Company as a result of its prudent investment management earned Rs. 54.9 million from investments compared to Rs. 29.2 million in the same period last year showing signs of a real insurance company. The Company earned profit after tax of Rs. 89.2 million compared to Rs. 58.4 million in the same period last year, up 53%.




Future Outlook

The biggest challenge before the government is to find solution to the energy crises. Economists estimate that it is knocking off 2% of the country's GDP growth and causing revenue loss to the government as well. Besides this, reducing the fiscal deficit through revenue mobilization in the informal sector, controlling the government expenditures and limiting losses of the public sector entities also need focus of the government. Once these major problems are controlled the inherent potential of the country's economy will begin to be realized. The management of your Company is well equipped to avail all the opportunities existing in the market to maintain its growth momentum and generate consistent return for its shareholders.

گیسوئے تاپدار کو اور بھی تاپدار کر
(Let's work better and better)

Acknowledgement

I would like to thank the Board of Directors, the CEO Mr. Arshad P. Rana and his team for their efforts, dedication and sincerity of purpose. I would also express my gratitude to all the reinsurers, our valued clients, banks and SECP for their support and guidance to the Company.


Yusuf H. Shirazi

Directors' Report

The directors have pleasure in submitting the quarterly report of the Company together with the un-audited financial statements for the period ended March 31, 2013.

	<u>March 31,</u> <u>2013</u>	<u>March 31,</u> <u>2012</u>
	(Rupees in thousand)	
The overall business figures are:		
Net premium	157,135	126,904
Net claims	(41,099)	(34,375)
Investment and other income	61,293	34,374
Net commission	(12,360)	(9,893)
Expenses of management	(64,035)	(51,921)
Financial results are as follows:		
Profit before tax	116,659	78,680
Less: provision for taxation	27,484	20,307
Profit after tax	89,175	58,373
Un-appropriated profit brought forward	362,371	301,917
* Appropriation:		
Final dividend Rs. 4 (2011: Rs. 4) per share	(212,610)	(177,175)
Transfer to general reserve	(43,000)	(36,000)
Transfer to reserve for issue of bonus shares	(106,305)	(88,588)
Un-appropriated profit carried forward	89,631	58,527

* The Board of Directors has recommended and members in the Annual General Meeting of the Company held on April 13, 2013 approved 20% bonus shares i.e. two ordinary shares for every ten ordinary shares held and cash dividend of Rs. 4 per share i.e. 40% for the year ended December 31, 2012. The financial statements do not reflect these appropriations in compliance with the Fourth Schedule of the Companies Ordinance, 1984.

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 and on behalf of the
Board of Directors



Arshad P. Rana
Chief Executive

Lahore: April 26, 2013

Condensed Interim

As at

<u>Note</u>	<u>March 31,</u> <u>2013</u> <u>(Unaudited)</u> <u>(Rupees in thousand)</u>	<u>December 31,</u> <u>2012</u> <u>(Audited)</u>
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Share capital and reserves

Authorized share capital 80,000,000 (2012: 50,000,000) ordinary shares of Rs. 10 each	800,000	500,000
Issued, subscribed and paid up capital 53,152,562 (2012: 53,152,562) ordinary shares of Rs. 10 each	531,526	531,526
Reserves	301,064	301,064
Retained earnings	451,546	362,371
	1,284,136	1,194,961

Underwriting provisions

Provision for outstanding claims (including IBNR)	219,650	200,912
Provision for unearned premium	775,738	775,413
Commission income unearned	79,625	68,195
Total underwriting provisions	1,075,013	1,044,520

Creditors and accruals

Premiums received in advance	5,479	5,572
Amounts due to other insurers / reinsurers	196,356	257,751
Accrued expenses	32,228	55,042
Other creditors and accruals	74,122	115,214
	308,185	433,579

Other liabilities

Deposits against performance bonds	2,361	2,361
Unclaimed dividend	25,122	25,122
	27,483	27,483

TOTAL LIABILITIES

1,410,681	1,505,582
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TOTAL EQUITY AND LIABILITIES

2,694,817	2,700,543
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CONTINGENCIES AND COMMITMENTS

4

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

Balance Sheet

March 31, 2013

	Note	March 31, 2013 (Unaudited) (Rupees in thousand)	December 31, 2012 (Audited)
Cash and bank deposits			
Cash and other equivalents		269	68
Current and other accounts		231,005	281,945
		231,274	282,013
Loans to employees - secured considered good		205	170
Investments	6	1,310,148	1,255,886
Deferred taxation		8,941	8,941
Current assets - other			
Premiums due but unpaid		183,891	229,835
Amounts due from other insurers / reinsurers		117,220	98,884
Salvage recoveries accrued		7,460	8,535
Accrued investment income		13,618	2,783
Reinsurance recoveries against outstanding claims		137,728	121,248
Deferred commission expense		65,542	67,320
Prepayments		530,092	533,080
Taxation - payments less provision		5,685	6,387
Sundry receivables		16,895	19,034
		1,078,131	1,087,106
Fixed assets			
Tangible			
Freehold land		1,168	1,168
Buildings on freehold land		12,276	12,431
Furniture and fixtures		3,121	3,202
Office equipments		11,493	11,788
Computers - owned		5,838	6,312
Motor vehicles - owned		29,141	30,675
		63,037	65,576
Intangible			
Computer software		3,081	851
TOTAL ASSETS		2,694,817	2,700,543



Arshad P. Rana
Chief Executive



Ali H. Shirazi
Director



Feroz Rizvi
Director



Yusuf H. Shirazi
Chairman

Condensed Interim Profit and Loss Account (Unaudited)

For the financial period ended March 31, 2013

	Quarter ended March 31					Quarter ended	
	Note	Fire and property	Marine, aviation and transport	Motor	Misc.	March 31, 2013 Aggregate	March 31, 2012 Aggregate
(Rupees in thousand)							
Revenue account							
Net premium revenue		16,635	68,128	54,583	17,789	157,135	126,904
Net claims		(825)	(8,884)	(22,196)	(9,194)	(41,099)	(34,375)
Expenses		(15,395)	(18,609)	(19,189)	(10,842)	(64,035)	(51,921)
Net commission		10,502	5,307	(4,214)	765	12,360	9,893
Underwriting result		<u>10,917</u>	<u>45,942</u>	<u>8,984</u>	<u>(1,482)</u>	64,361	50,501
Investment income						54,872	29,205
Rental income						1,554	1,350
Other income						4,867	3,819
Financial charges						(76)	(26)
General and administration expenses						(8,919)	(6,169)
						52,298	28,179
Profit before tax						116,659	78,680
Provision for taxation	7					(27,484)	(20,307)
Profit after tax						<u>89,175</u>	<u>58,373</u>
Profit and loss appropriation account							
Balance at commencement of the year						362,371	301,917
Profit after tax for the period						89,175	58,373
Balance unappropriated profit at the end of the period						<u>451,546</u>	<u>360,290</u>
Basic earnings per share - Rupees						1.68	1.10

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.



Arshad P. Rana
Chief Executive



Ali H. Shirazi
Director



Feroz Rizvi
Director



Yusuf H. Shirazi
Chairman

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the financial period ended March 31, 2013

	Quarter Ended	
	March 31, 2013	March 31, 2012
Profit for the period ended March 31	89,175	58,373
Other comprehensive income for the period	-	-
Total comprehensive income for the period	89,175	58,373

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.



Arshad P. Rana
Chief Executive



Ali H. Shirazi
Director



Feroz Rizvi
Director



Yusuf H. Shirazi
Chairman

Condensed Interim Statement of Changes In Equity (Unaudited)

For the financial period ended March 31, 2013

	Issued, subscribed and paid-up capital	Reserves				Investment fluctuation reserve	Retained earnings	Total
		Capital reserve	Reserve for exceptional losses	Reserve for issue of bonus shares	General reserve			
(Rupees in thousand)								
Balance as at December 31, 2011	442,938	2,251	2,164	-	257,649	3,000	301,917	1,009,919
Final dividend for the year ended December 31, 2011 @ 40% (Rs.4 per share)	-	-	-	-	-	-	(177,175)	(177,175)
Transfer to general reserve	-	-	-	-	36,000	-	(36,000)	-
Transfer to reserve for bonus shares	-	-	-	88,588	-	-	(88,588)	-
Issue of bonus shares @ 20%	88,588	-	-	(88,588)	-	-	-	-
Total comprehensive income for the year 2012	-	-	-	-	-	-	362,217	362,217
Balance as at December 31, 2012	531,526	2,251	2,164	-	293,649	3,000	362,371	1,194,961
Total comprehensive income for the period	-	-	-	-	-	-	89,175	89,175
Balance as at March 31, 2013	531,526	2,251	2,164	-	293,649	3,000	451,546	1,284,136

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.



Arshad P. Rana
Chief Executive



Ali H. Shirazi
Director



Feroz Rizvi
Director



Yusuf H. Shirazi
Chairman

Condensed Interim Cash Flow Statement (Unaudited)

For the financial period ended March 31, 2013

	<u>March 31,</u> <u>2013</u>	<u>March 31,</u> <u>2012</u>
	(Rupees in thousand)	
Operating Cash Flows		
Underwriting activities		
Premiums received	342,498	384,222
Reinsurance premiums paid	(218,716)	(185,509)
Claims paid	(52,451)	(74,566)
Reinsurance and other recoveries received	17,149	38,859
Commissions paid	(17,508)	(14,212)
Commissions received	45,607	31,565
Other underwriting payments	(1,128)	(724)
Other underwriting receipts	3,680	3,415
Net cash flow from underwriting activities	119,131	183,050
Other operating activities		
Income tax paid	(26,782)	(19,951)
General management expenses paid	(136,562)	(103,996)
Loans payments / repayments disbursed / received	(88)	61
Net cash outflow from other operating activities	(163,432)	(123,886)
Total cash (used in) / generated from all operating activities	(44,301)	59,164
Investment activities		
Profit / return received	6,046	3,852
Dividends received	6,158	2,032
Rental income received	848	678
Payments for purchase of investments	(312,190)	(198,996)
Proceeds from disposal of investments	294,784	176,462
Payments against purchase of assets	(2,008)	(6,485)
Proceeds from disposal of fixed assets	-	1,307
Total cash used in investing activities	(6,362)	(21,150)
Financing activities		
Dividends paid	-	-
Financial charges paid	(76)	(26)
Total cash used in financing activities	(76)	(26)
Net cash (used in) / generated from all activities	(50,739)	37,988
Cash at the beginning of the period	282,013	54,591
Cash at the end of the period	231,274	92,579

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.



Arshad P. Rana
Chief Executive



Ali H. Shirazi
Director



Feroz Rizvi
Director



Yusuf H. Shirazi
Chairman

Condensed Interim Statement of Premiums (Unaudited)

For the financial period ended March 31, 2013


Business underwritten inside Pakistan	Q u a r t e r e n d e d M a r c h 3 1 , 2 0 1 3								Q u a r t e r e n d e d M a r c h 3 1 , 2 0 1 2	
	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	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 facultive										
Fire and property damage	89,228	217,073	212,170	94,131	68,571	176,077	167,152	77,496	16,635	22,713
Marine, aviation and transport	105,354	28,163	35,655	97,862	37,242	5,530	13,038	29,734	68,128	42,528
Motor	70,909	116,542	126,077	61,374	6,123	4,987	4,319	6,791	54,583	50,399
Miscellaneous	64,540	413,635	401,836	76,339	54,690	343,894	340,034	58,550	17,789	11,264
Total	<u>330,031</u>	<u>775,413</u>	<u>775,738</u>	<u>329,706</u>	<u>166,626</u>	<u>530,488</u>	<u>524,543</u>	<u>172,571</u>	<u>157,135</u>	<u>126,904</u>
Treaty										
Fire and property damage	-	-	-	-	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Grand Total	<u>330,031</u>	<u>775,413</u>	<u>775,738</u>	<u>329,706</u>	<u>166,626</u>	<u>530,488</u>	<u>524,543</u>	<u>172,571</u>	<u>157,135</u>	<u>126,904</u>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.


Arshad P. Rana
 Chief Executive


Ali H. Shirazi
 Director


Feroz Rizvi
 Director


Yusuf H. Shirazi
 Chairman

Condensed Interim Statement of Claims (Unaudited)

For the financial period ended March 31, 2013


Business underwritten inside Pakistan	Q u a r t e r e n d e d				M a r c h 3 1 , 2 0 1 3				Reinsurance and other recoveries revenue	Net claims expense	Quarter ended March 31, 2012 Net claims expense
	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims					
Class		Opening	Closing			Opening	Closing				
		(R u p e e s i n				t h o u s a n d)					
Direct and facultative											
Fire and property damage	4,144	36,740	39,851	7,255	3,481	33,061	36,010	6,430	825	1,341	
Marine, aviation and transport	14,897	60,700	76,858	31,055	9,981	46,466	58,656	22,171	8,884	5,696	
Motor	24,100	60,983	60,807	23,924	728	11,263	12,263	1,728	22,196	21,293	
Miscellaneous	14,012	38,709	38,354	13,657	4,122	30,458	30,799	4,463	9,194	6,045	
Total	57,153	197,132	215,870	75,891	18,312	121,248	137,728	34,792	41,099	34,375	
Treaty											
Fire and property damage	-	1,755	1,755	-	-	-	-	-	-	-	
Marine, aviation and transport	-	1,939	1,939	-	-	-	-	-	-	-	
Miscellaneous	-	86	86	-	-	-	-	-	-	-	
Total	-	3,780	3,780	-	-	-	-	-	-	-	
Grand Total	57,153	200,912	219,650	75,891	18,312	121,248	137,728	34,792	41,099	34,375	

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.


Arshad P. Rana
 Chief Executive


Ali H. Shirazi
 Director


Feroz Rizvi
 Director


Yusuf H. Shirazi
 Chairman

Condensed Interim Statement of Expenses (Unaudited)

For the financial period ended March 31, 2013


Business underwritten inside Pakistan	Q u a r t e r e n d e d M a r c h 3 1 , 2 0 1 3								Quarter ended March 31, 2012 net underwriting expense
	Commission paid or payable	Deffered commission		Net commission expense	Other management expense	Underwriting expense	Commission from reinsurers	Net underwriting expense	
Class		Opening	Closing						
		(R u p e e s i n			t h o u s a n d)				
Direct and facultive									
Fire and property damage	9,701	11,648	14,580	6,769	15,395	22,164	17,271	4,893	7,065
Marine, aviation and transport	3,898	1,740	1,313	4,325	18,609	22,934	9,632	13,302	12,990
Motor	3,912	8,862	8,109	4,665	19,189	23,854	451	23,403	13,709
Miscellaneous	2,530	45,070	41,540	6,060	10,842	16,902	6,825	10,077	8,265
Total	<u>20,041</u>	<u>67,320</u>	<u>65,542</u>	<u>21,819</u>	<u>64,035</u>	<u>85,854</u>	<u>34,179</u>	<u>51,675</u>	<u>42,029</u>
Treaty									
Fire and property damage	-	-	-	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Grand Total	<u>20,041</u>	<u>67,320</u>	<u>65,542</u>	<u>21,819</u>	<u>64,035</u>	<u>85,854</u>	<u>34,179</u>	<u>51,675</u>	<u>42,029</u>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.


Arshad P. Rana
 Chief Executive


Ali H. Shirazi
 Director


Feroz Rizvi
 Director


Yusuf H. Shirazi
 Chairman

Condensed Interim Statement of Investment Income (Unaudited)

For the financial period ended March 31, 2013

	Quarter Ended	
	<u>March 31,</u> 2013	<u>March 31,</u> 2012
	(Rupees in thousand)	
Income from non-trading investments		
Held to maturity		
Return on government securities	1,486	280
Available for sale		
Dividend income		
- from others	16,530	8,840
Gain on sale of available for sale investments	37,021	20,213
Less: Investment related expenses	(165)	(128)
Net investment income	<u>54,872</u>	<u>29,205</u>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.



Arshad P. Rana
Chief Executive



Ali H. Shirazi
Director



Feroz Rizvi
Director



Yusuf H. Shirazi
Chairman

Notes to the Condensed Interim Financial Information (Unaudited)

For the financial period ended March 31, 2013

1. The Company and its operations

Atlas Insurance Limited was incorporated as a public limited Company on September 6, 1934 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. Basis of preparation

This financial information is un-audited and 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. This financial information has 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. 07 of 2003.

This financial information 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, 2012.

3. Significant accounting policies

The accounting policies adopted in the preparation of this financial information are consistent with those followed in the preparation of the financial statements of the Company for the year ended December 31, 2012.

4. Contingencies and commitments

11.1 Contingencies

The Additional Commissioner / Taxation Officer has amended the deemed assessment for the tax year 2003 by allocating certain expenditures to dividend income resulting in an additional tax liability of Rs. 945 thousand. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) which was decided against the Company. Consequently, the Company filed an appeal before the Income Tax Appellate Tribunal (ITAT). ITAT vide its order dated January 6, 2012 accepted the appeal. However, at the period end, the management is not aware if any appeal has been made by the Income Tax Authorities.

The Additional Commissioner / Taxation Officer has amended the deemed assessment for the tax year 2004 by allocating certain expenditures to dividend income resulting in an additional tax liability of Rs. 2,243 thousand. The Company filed an appeal before the Commissioner of Income Tax (Appeals) which was decided against the Company, however, on direction of the Commissioner Inland Revenue (Appeals) the Taxation officer issued an appeal effect order and created a refund of Rs. 794 thousand to give effect of Zakat, donation and tax deducted on dividend income. Consequently, the Company filed an appeal before the ITAT. ITAT vide its order dated January 6, 2012 accepted the appeal. However, at the period end, the Company is not aware if any appeal has been made by the Income Tax Authorities.

The Additional Commissioner / Taxation Officer has amended the deemed assessment for the tax year 2005 and created a demand of Rs. 70,697 thousand disallowing provision for outstanding claims of Rs. 91,993 thousand, provision for unearned income Rs. 90,246 thousand, expenses of Rs. 9,563 thousand by allocating to dividend income, expenses of Rs. 9,378 thousand paid under voluntary retirement scheme and 50% depreciation on vehicles Rs. 811 thousand. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) and also applied for grant to stay against the aforementioned vide Writ Petition number 26179 of 2010 to the Honorable Lahore High Court. The Writ Petition was heard by the Honorable Judge of Lahore High Court on December 14, 2010 and restrained the Commissioner from recovering the said demand. The Commissioner Inland Revenue (Appeals) has given the decision in favor of the Company. However, at the period end, the management is not aware of any appeal has been made by the Income Tax Authorities against the aforesaid order of the Commissioner Inland Revenue (Appeals).

The Deputy Commissioner Inland Revenue issued an order under section 161/205 creating a demand of Rs. 2,901 thousand of the tax year 2007. Against the said order the Company has filed rectification application to the Deputy Commissioner and also filed an appeal to the Commissioner Inland Revenue (Appeals), which has been decided in a manner that Company is required to submit evidence / details at the time of appeal effect order. The management is confident that in the effect order no major demand will be raised.

The Deputy Commissioner Inland Revenue issued an order under section 122(5A) creating a demand of Rs. 29,163 thousand for the tax year 2006. Against the said order the Company has filed rectification application to the Deputy Commissioner and also filed an appeal to the Commissioner Inland Revenue (Appeals) which is pending for adjudication. The management is confident that the said appeal will be decided in favor of the Company.

Pending resolution of the above mentioned appeals filed by the Company, no provision has been made in this financial information of Rs. 32,064 thousand (2012: Rs. 32,064 thousand) as the management is confident that the eventual outcome of the above matter will be in favor of the Company.

4.2 Commitments

The Company, at the period end, has no commitments. (2012: Nil)

5. Additions / deletions

Following additions and deletions have been made in the fixed assets during the period ended March 31, 2013:

	<u>Additions</u> (Rupees in thousand)	<u>Deletions</u> (Rupees in thousand)
Vehicles	1,962	-
Furniture, fixtures and office equipments	46	4,187
Computers	-	598
	<u>2,008</u>	<u>4,785</u>

<u>Note</u>	<u>March 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
	<u>(Rupees in thousand)</u>	

6. Investments

Held to maturity

Statutory deposits	6.1	57,553	57,246
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Availalble for sale

Mutual funds	6.2	608,226	581,836
Ordinary shares - quoted		644,369	616,804
Ordinary shares - unquoted		-	-
		<u>1,252,595</u>	<u>1,198,640</u>

Investments at cost

Aggregated market value of investments

	<u>1,310,148</u>	<u>1,255,886</u>
	<u>1,767,611</u>	<u>1,606,544</u>

6.1 This represents carrying amount of government securities placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Section 29 (2) (a) of the Insurance Ordinance, 2000. Market value as at March 31, 2013 amounts to Rs. 57,553 thousand (2012: Rs. 44,480 thousand). Profit on PIBs is received bi-annually.

6.2 This includes 28,000 (2012: 28,000) units held as statutory deposit with the 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. Cash and cash equivalents at the end of the period

<u>March 31,</u> <u>2013</u>	<u>March 31,</u> <u>2012</u>
<u>(Rupees in thousand)</u>	

Cash for the purposes of the statement of cash flows consists of:

Cash and other equivalents	269	370	370
Current and other accounts	231,005	92,209	92,209
	<u>231,274</u>	<u>92,579</u>	<u>92,579</u>

8.1 Reconciliation to profit and loss account

	<u>March 31,</u> <u>2013</u> (Rupees in thousand)	<u>March 31,</u> <u>2012</u> (Rupees in thousand)
Operating cash flows	(44,301)	59,164
Depreciation	(2,537)	(1,762)
Financial charges	(76)	(26)
Profit on disposal of fixed assets	-	532
Provision for doubtful debts	(3,226)	(2,381)
Increase in assets other than cash	(3,349)	(172,460)
Increase in liabilities other than borrowings	94,901	133,875
Other adjustments		
- (Increase) in provision for unearned premium	(322)	15,263
- increase in commission income	(11,430)	(6,438)
- (Increase) in provision for deferred commission expenses	(1,778)	(1,236)
- Income on investments and current and other deposits	54,872	29,205
- Rental income	6,421	4,637
Profit after taxation	89,175	58,373

9. Transactions with related parties

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

Related parties	Period end balances	<u>March 31,</u> <u>2013</u> (Rupees in thousand)	<u>December 31,</u> <u>2012</u> (Rupees in thousand)
		Provision for outstanding claims (including IBNR)	35,079
Premium received in advance	-	144	
Premium due but unpaid	82,571	163,843	
		<u>March 31,</u> <u>2013</u> (Rupees in thousand)	<u>March 31,</u> <u>2012</u> (Rupees in thousand)
	Transactions during the period		
	Premium underwritten	164,481	120,503
	Premium collected	263,576	304,515
	Claims paid	18,695	23,290
	Assets purchased	2,008	3,134
	Rent received	1,188	1,019
	Rent paid	645	142
	Investments purchased	237,500	173,600
	Investments sold	238,035	153,600
	Expenses paid	95	127
	Donation	1,200	750
Post employment benefit plans	Transactions during the period		
	Expenses charged in respect of retirement benefit plans	2,873	2,646

The transactions were carried out at the arm's length in accordance with the policy of the Company.

Contribution to and accruals in respect of staff retirement plans are made in accordance with actuarial valuation / terms of the contribution plan.

Remuneration to chief executive and certain executives were paid in accordance with the terms of their employment.

10. Segment reporting

The Company has four primary business segments for reporting purposes namely fire & property damage, marine, aviation and transport, 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 & property damage		Marine, aviation & transport		Motor		Miscellaneous		Total	
	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2013	Dec. 31, 2012
	(R u p e e s i n t h o u s a n d)									
Revenue										
Premiums earned	94,131	405,267	97,862	370,132	61,374	224,855	76,339	167,941	329,706	1,168,195
Segment results	10,917	58,124	45,942	199,978	8,984	71,932	(1,482)	(38,857)	64,361	291,177
Investment income									54,872	180,692
Rental income									1,554	5,448
Other income									4,867	12,105
Financial charges									(76)	(467)
General and administration expenses									(8,919)	(25,331)
									52,298	172,447
Profit before tax									116,659	463,624
Provision for tax									(27,484)	(101,407)
Net profit									89,175	362,217
Other information										
Segment assets	295,887	341,328	307,615	143,284	192,920	82,403	239,961	133,649	1,036,384	1,056,302
Unallocated corporate assets									1,658,433	1,644,241
Consolidated total assets									2,694,817	2,700,543
Segment liabilities	361,193	454,854	375,510	179,277	235,500	245,090	292,923	152,533	1,265,126	1,309,316
Unallocated corporate liabilities									145,555	196,266
Consolidated total liabilities									1,410,681	1,505,582

Capital expenditure and depreciation / amortisation have not been allocated as fixed assets to which they relate form part of unallocated assets.

11. Non - adjusting events after the balance sheet date

The Board of Directors has proposed at their meeting held on February 28, 2013 and approved by the members at the Annual General Meeting held on April 13, 2013 a final dividend for the year ended December 31, 2012 of Rs. 4 (2011: Rs. 4) per share, amounting to Rs. 212,610 thousand (2011: Rs. 177,175 thousand) . The Board has also recommended and members have approved to transfer Rs. 43,000 thousand (2011: Rs. 36,000 thousand) to general reserves and stock dividend of Rs. 2 (2011: Rs. 2) per share, amounting to Rs. 106,305 thousand (2011: Rs. 88,588 thousand) to reserves for issue of bonus shares from accumulated reserves.

12. Date of authorization for issue

The condensed interim financial information was authorized for issue on April 26, 2013 by the Board of Directors.



Arshad P. Rana
Chief Executive



Ali H. Shirazi
Director



Feroz Rizvi
Director



Yusuf H. Shirazi
Chairman

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	Extension:	304
MUHAMMAD SAEED Vice President (Claims)	Direct:	(042) 37323229
	Extension:	302
ABDUL RAZZAQ GHAURI Vice President (IT)	Extension:	402
SALEEM MAHMOOD Chief Internal Auditor	Extension:	428

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Asst. Vice President (Non Motor)

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JAWAID IRSHAD
Manager Motor Extension: 215

MUHAMMAD AFZAL
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