



QUARTERLY REPORT  
MARCH 31, 2011



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

Chairman	Yusuf H. Shirazi
Directors	Aitzaz Shahbaz
	Azam Faruque
	Ali H. Shirazi
	Frahim Ali Khan
	Jawaid Iqbal Ahmed
Chief Executive	Arshad P. Rana
Company Secretary	Muhammad Afzal

**AUDIT COMMITTEE**

Chairman	Azam Faruque
Members	Ali H. Shirazi
	Frahim Ali Khan
Secretary	Muhammad Afzal
Chief Internal Auditor	Saleem Mahmood Akhtar

**INVESTMENT COMMITTEE**

Chairman	Ali H. Shirazi
Members	Frahim Ali Khan
	Arshad P. Rana
	Aamer Waqar Chaudhry
Secretary	Muhammad Afzal

**UNDERWRITING COMMITTEE**

Chairman	Frahim Ali Khan
Members	Arshad P. Rana
	Muhammad Munir
Secretary	Muhammad Ashraf Bhatti

**CLAIMS SETTLEMENT COMMITTEE**

Chairman	Frahim Ali Khan
Member	Arshad P. Rana
	Muhammad Munir
Secretary	Muhammad Saeed

**REINSURANCE & CO-INSURANCE COMMITTEE**

Chairman	Frahim Ali Khan
Members	Arshad P. Rana
	Muhammad Munir
Secretary	Syed Nasir Hussain

**COMPANY INFORMATION**

**MANAGEMENT COMMITTEE**

Chief Executive	Arshad P. Rana
Chief Financial Officer	Aamer Waqar Chaudhry
Technical Adviser (Operations)	Muhammad Munir
Vice President (Admin & HR)	Qudsia Naheed
Vice President (Marketing)	Muhammad Iqbal
Vice President (Underwriting)	Muhammad Ashraf Bhatti
Vice President (Claims)	Muhammad Saeed

**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.  
Telephone: (92-42) 37235081-82  
Fax: (92-42) 37358817

**Bankers** Al Baraka Bank (Pakistan) Limited  
Allied Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Silkbank 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.  
Telephone: (92-42) 37320542-43,  
37322271 & 73, 37310658  
Fax: (92-42) 37234742  
Email: info@atlasinsurance.com.pk  
Website: www.atlasinsurance.com.pk

## CHAIRMAN'S REVIEW

It is my pleasure to present the un-audited accounts of your company for the 1st Quarter ended March 31, 2011.

### The Economy

Despite socio-political and economic ups and downs, Pakistan economy has been growing at an average rate of around 5% since 1962. With agriculture being a dominant factor in Pakistan economy, it has an advantage of being less affected by the recessionary impacts in the developed economies. Having low growth in 2009 and 2010, it is now showing resilience and is coming up steadily to achieve growth of around 4% this year, as indicated by the economic data so far. Exports at \$ 15.4bn for the first 8 months of FY11, imports at \$ 22.6bn, inward remittances at \$ 7bn for the same period, and foreign exchange reserves touching \$ 17.38bn with current account deficit coming down to \$ 98m are all positive indicators. Good agriculture crops and favorable prices of cotton and rice are generating liquidity in the rural area which in turn is having impact on urban markets. On the monetary front, the Government continued with tight monetary policy to check inflation. Keeping inflation and economic growth in view, the State Bank of Pakistan kept the current policy rate at 14% unchanged.

### The Company Results

For the quarter under review, the gross premium improved to Rs. 269 million against Rs. 251 million for the same period, last year, up 7%. The net premium increased to Rs. 134 million against Rs. 109 million for the same period, last year, up 23%. The underwriting profit increased to Rs. 52 million from Rs. 32 million of the same period, last year, up 63%. The increase in underwriting profit reflects prudent underwriting in the challenging environment. Your company was also able to realize capital gains of Rs. 35 million in the first quarter. However, there has been decline in income from investment, which stood at Rs. 39 million as compared to Rs. 40 million for the same period, last year. The profit before tax stood at Rs. 99 million against Rs. 82 million for the corresponding period, last year, up 21%. The profit after tax stood at Rs. 74 million against Rs. 66 million for the same period, last year. The main contribution in the underwriting profit came from Marine Rs. 37 million, Fire Rs. 19 million and Motor business Rs. 5 million. Miscellaneous business incurred a loss of Rs. 9 million.

Investments at cost were Rs. 766 million, having market value of Rs. 920 million, and the cash and bank deposits stood at Rs. 362 million at the end of the quarter under review.

### Future Outlook

Economic recovery will have healthy impact on the insurance industry as well. Your management has a positive view and is committed to company's vision, mission and core values. In the recent years we introduced three segments of business i.e. Home Finance, Travel and Crop Insurance, which are picking up. This year we are all set to introduce Health Insurance business and continue to follow prudent underwriting and discipline in business operations to achieve the targets set for the year 2011.

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

(Entrepreneurship means looking beyond horizons)

### Acknowledgement

I would like to thank the Board of Directors, 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 SECP, all reinsurers, our valued clients and banks for their continued help, support and guidance. I am also thankful to the shareholders 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 un-audited financial statements for the period ended March 31, 2011.

	<u>March 31,</u> 2011	<u>March 31,</u> 2010
	(Rupees in thousand)	
<b>The overall business figures are:</b>		
Net premium	133,999	109,442
Net claims	(51,445)	(51,081)
Investment and other income	53,242	56,463
Net commission	16,006	13,859
Expenses of management	(46,298)	(40,648)
<b>Financial results are as follows:</b>		
Profit before taxation	99,187	81,625
Less: provision for taxation	25,129	15,333
Profit after taxation	<u>74,058</u>	<u>66,292</u>
Un-appropriated profit brought forward	243,218	190,340
Final dividend for 2010 @ Rs. 4 per share (2009: Rs. 4 per share)	(147,646)	-
Transfer to general reserve	(21,000)	-
Transfer to reserve for issue of bonus shares	(73,823)	-
Balances carried to balance sheet	<u><u>74,807</u></u>	<u><u>256,632</u></u>

### Chairman's Review

The accompanying Chairman's Review deals with the performance of the company during the period and future outlook. The directors of the company endorse the contents of the review.

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: April 28, 2011

		<b>CONDENSED INTERIM AS AT</b>	
Note	<u>March 31,</u> 2011 (Un-audited)	<u>December 31,</u> 2010 (Audited)	
		(Rupees in thousand)	
<b>Share capital and reserves</b>			
Authorized share capital 50,000,000 (2010: 50,000,000) ordinary shares of Rs.10 each	500,000	500,000	
Issued, subscribed and paid up capital 36,911,502 (2010: 36,911,502) ordinary shares of Rs.10 each	369,115	369,115	
Reserves	338,887	244,064	
Retained earnings	74,807	243,218	
	782,809	856,397	
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)	278,572	298,398	
Provision for unearned premium	439,270	425,948	
Commission income unearned	44,775	35,219	
Total underwriting provisions	762,617	759,565	
<b>Creditors and accruals</b>			
Premiums received in advance	2,632	47,004	
Amounts due to other insurers / reinsurers	177,198	223,694	
Accrued expenses	35,743	49,238	
Taxation - provision less payments	10,476	152	
Other creditors and accruals	38,076	79,511	
	264,125	399,599	
<b>Other liabilities</b>			
Deposits against performance bonds	1,391	1,491	
Unclaimed dividend	17,662	17,682	
Dividend payable	147,646	-	
	166,699	19,173	
<b>TOTAL LIABILITIES</b>	1,193,441	1,178,337	
<b>CONTINGENCIES AND COMMITMENTS</b>	4		
<b>TOTAL EQUITY AND LIABILITIES</b>	1,976,250	2,034,734	

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

**BALANCE SHEET (UN-AUDITED)**  
**MARCH 31, 2011**

	Note	March 31, 2011 (Un-audited) (Rupees in thousand)	December 31, 2010 (Audited)
<b>Cash and bank deposits</b>			
Cash and other equivalents		252	7
Current and other accounts		156,813	375,074
Deposits maturing within twelve months		205,000	117,500
		362,065	492,581
Loans to employees - secured considered good		105	177
Investments	6	766,193	772,048
Deferred taxation		6,330	6,392
<b>Current assets - other</b>			
Premiums due but unpaid		184,794	142,059
Amounts due from other insurers / reinsurers		151,889	118,121
Salvage recoveries accrued		9,910	9,985
Accrued investment income		7,649	3,254
Reinsurance recoveries against outstanding claims		166,981	192,769
Deferred commission expense		21,079	16,318
Prepayments		241,448	223,233
Sundry receivables		15,455	13,881
		799,205	719,620
<b>Fixed assets</b>			
<b>Tangible</b>			
Land and buildings		14,770	14,942
Furniture and fixtures		2,513	2,575
Office equipments		5,481	5,556
Computers - owned		3,640	3,894
Motor vehicles - owned		15,948	16,949
		42,352	43,916
<b>TOTAL ASSETS</b>		<b>1,976,250</b>	<b>2,034,734</b>



Arshad P. Rana  
Chief Executive



Ali H. Shirazi  
Director



Azam Faruque  
Director



Yusuf H. Shirazi  
Chairman



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2011

Note	Quarter ended March 31, 2011				Quarter ended	
	Fire and property	Marine, aviation and transport	Motor	Miscellaneous	March 31, 2011 Aggregate	March 31, 2010 Aggregate
( Rupees in thousand )						
<b>Revenue account</b>						
Net premium revenue	27,800	50,107	51,195	4,897	133,999	109,442
Net claims	(5,786)	(2,725)	(35,140)	(7,794)	(51,445)	(51,081)
Expenses	(11,979)	(15,217)	(9,684)	(9,418)	(46,298)	(40,648)
Net commission	9,383	4,852	(1,787)	3,558	16,006	13,859
<b>Underwriting result</b>	<u>19,418</u>	<u>37,017</u>	<u>4,584</u>	<u>(8,757)</u>	<u>52,262</u>	<u>31,572</u>
Investment income					39,338	40,347
Rental income					1,321	1,018
Other income					12,583	15,098
Financial charges					(65)	(58)
General and administration expenses					(6,252)	(6,352)
					<u>46,925</u>	<u>50,053</u>
<b>Profit before taxation</b>					99,187	81,625
Provision for taxation	7				(25,129)	(15,333)
<b>Profit after taxation</b>					<u>74,058</u>	<u>66,292</u>
<b>Profit and loss appropriation account</b>						
Balance at commencement of the year					243,218	190,340
Profit after taxation for the period					74,058	66,292
Final dividend for 2010 @ Rs. 4 per share (2009: Rs. 4 per share)					(147,646)	-
Transfer to general reserve					(21,000)	-
Transfer to reserve for issue of bonus shares					(73,823)	-
<b>Balance unappropriated profit at the end of period</b>					<u>74,807</u>	<u>256,632</u>
Basic earnings per share - Rupees					<u>2.01</u>	<u>1.80</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



Arshad P. Rana  
Chief Executive



Ali H. Shirazi  
Director



Azam Faruque  
Director



Yusuf H. Shirazi  
Chairman

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2011

	Quarter Ended	
	March 31, 2011	March 31, 2010
Profit for the period ended March 31	74,058	66,292
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>74,058</u>	<u>66,292</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



Arshad P. Rana  
Chief Executive



Ali H. Shirazi  
Director



Azam Faruque  
Director



Yusuf H. Shirazi  
Chairman

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2011

	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 on January 1, 2009	335,559	2,251	2,164	-	214,649	3,000	190,340	747,963
Final dividend for the year ended December 31, 2009 @ 40% (Rs. 4 per share)	-	-	-	-	-	-	(134,224)	(134,224)
Transfer to general reserve	-	-	-	-	22,000	-	(22,000)	-
Transfer to reserve for bonus shares	-	-	-	33,556	-	-	(33,556)	-
Issue of bonus shares	33,556	-	-	(33,556)	-	-	-	-
Net profit for the period	-	-	-	-	-	-	242,658	242,658
Balance as at December 31, 2010	369,115	2,251	2,164	-	236,649	3,000	243,218	856,397
Final dividend for the year ended December 31, 2010 @ 40% (Rs. 4 per share)	-	-	-	-	-	-	(147,646)	(147,646)
Transfer to general reserve	-	-	-	-	21,000	-	(21,000)	-
Transfer to reserve for bonus shares	-	-	-	73,823	-	-	(73,823)	-
Net profit for the period	-	-	-	-	-	-	74,058	74,058
Balance as on March 31, 2011	369,115	2,251	2,164	73,823	257,649	3,000	74,807	782,809

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2011

	March 31, 2011	March 31, 2010
	(Rupees in thousand)	
<b>Operating cash flows</b>		
<b>Underwriting activities</b>		
Premiums received	143,520	104,708
Reinsurance premiums paid	(184,397)	(184,832)
Claims paid	(85,440)	(53,489)
Reinsurance and other recoveries received	36,210	8,068
Commissions paid	(11,910)	(8,612)
Commissions received	35,881	33,693
Other underwriting payments	1,053	(339)
Other underwriting receipts	3,235	2,999
<b>Net cash flow from underwriting activities</b>	(61,848)	(97,804)
<b>Other operating activities</b>		
Income tax paid	(14,775)	(29,343)
General management expenses paid	(108,175)	(55,861)
Loans advanced	-	(110)
Loans repayments received	72	133
<b>Net cash flow from other operating activities</b>	(122,878)	(85,181)
<b>Total cash flow from all operating activities</b>	(184,726)	(182,985)
<b>Investment activities</b>		
Profit / return received	11,291	15,577
Dividends received	1,164	4,823
Rental income received	642	3,323
Payments for purchase of investments	(150,759)	(122,646)
Proceeds from disposal of investments	191,121	80,249
Payments against purchase of assets	(111)	(600)
Proceeds from disposal of fixed assets	947	1,735
<b>Total cash inflow / (outflow) from investing activities</b>	54,295	(17,539)
<b>Financing activities</b>		
Dividends paid	(20)	(208)
Financial charges paid	(65)	(58)
<b>Total cash flow used in financing activities</b>	(85)	(266)
<b>Net cash outflow from all activities</b>	(130,516)	(200,790)
Cash at the beginning of the year	492,581	660,191
<b>Cash at the end of the period</b>	362,065	459,401

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



Arshad P. Rana  
Chief Executive



Ali H. Shirazi  
Director



Azam Faruque  
Director




Yusuf H. Shirazi  
Chairman

**CONDENSED INTERIM STATEMENT OF PREMIUMS (UN-AUDITED)**  
 FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2011


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 1			Reinsurance expense	Net premium revenue	Quarter ended March 31, 2010 Net premium revenue	
	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance Premium ceded				
Class		Opening	Closing			Opening	Closing			
	( R u p e e s i n				t h o u s a n d )					
<b>Direct and facultative</b>										
Fire and property damage	68,960	261,534	233,412	97,082	61,688	175,289	167,695	69,282	27,800	20,545
Marine, aviation and transport	85,434	24,758	33,122	77,070	26,291	11,229	10,557	26,963	50,107	30,031
Motor	58,688	103,763	108,206	54,245	5,880	3,529	6,359	3,050	51,195	57,353
Miscellaneous	55,753	35,893	64,533	27,113	45,070	31,365	54,219	22,216	4,897	1,513
<b>Total</b>	<u>268,835</u>	<u>425,948</u>	<u>439,273</u>	<u>255,510</u>	<u>138,929</u>	<u>221,412</u>	<u>238,830</u>	<u>121,511</u>	<u>133,999</u>	<u>109,442</u>
<b>Treaty</b>										
Fire and property damage	-	-	-	-	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-	-	-	-	-
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><u>268,835</u></u>	<u><u>425,948</u></u>	<u><u>439,273</u></u>	<u><u>255,510</u></u>	<u><u>138,929</u></u>	<u><u>221,412</u></u>	<u><u>238,830</u></u>	<u><u>121,511</u></u>	<u><u>133,999</u></u>	<u><u>109,442</u></u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

  
 Arshad P. Rana  
 Chief Executive

  
 Ali H. Shirazi  
 Director

  
 Azam Faruque  
 Director

  
 Yusuf H. Shirazi  
 Chairman

**CONDENSED INTERIM STATEMENT OF CLAIMS (UN-AUDITED)**  
 FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2011

		Q u a r t e r e n d e d			M a r c h 3 1 , 2 0 1 1					Q u a r t e r e n d e d	
Business underwritten inside Pakistan		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	March 31, 2010
Class			Opening	Closing			Opening	Closing			Net claims expense
		( R u p e e s i n			t h o u s a n d )						
Direct and facultative											
Fire and property damage	18,882	69,873	54,597	3,606	12,606	63,216	48,430	(2,180)	5,786	2,504	
Marine, aviation and transport	9,408	67,715	65,125	6,818	5,906	52,963	51,150	4,093	2,725	3,910	
Motor	33,852	79,530	80,755	35,077	8	6,583	6,512	(63)	35,140	43,220	
Miscellaneous	21,956	77,500	74,314	18,770	20,094	70,007	60,889	10,976	7,794	1,447	
<b>Total</b>	<b>84,098</b>	<b>294,618</b>	<b>274,791</b>	<b>64,271</b>	<b>38,614</b>	<b>192,769</b>	<b>166,981</b>	<b>12,826</b>	<b>51,445</b>	<b>51,081</b>	
Treaty											
Fire and property damage	-	1,755	1,755	-	-	-	-	-	-	-	
Marine, aviation and transport	-	1,939	1,939	-	-	-	-	-	-	-	
Miscellaneous	-	86	86	-	-	-	-	-	-	-	
<b>Total</b>	<b>-</b>	<b>3,780</b>	<b>3,780</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Grand Total</b>	<b>84,098</b>	<b>298,398</b>	<b>278,571</b>	<b>64,271</b>	<b>38,614</b>	<b>192,769</b>	<b>166,981</b>	<b>12,826</b>	<b>51,445</b>	<b>51,081</b>	

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.




Arshad P. Rana  
Chief Executive



Ali H. Shirazi  
Director



Azam Faruque  
Director



Yusuf H. Shirazi  
Chairman

**CONDENSED INTERIM STATEMENT OF EXPENSES (UN-AUDITED)**  
 FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2011

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 1				Net underwriting expense	Quarter ended March 31, 2010 Net underwriting expense	
	Commissions paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers			
Class		Opening	Closing							
		( R u p e e s i n			t h o u s a n d )					
<b>Direct and facultative</b>										
Fire and property damage	5,033	9,458	10,110	4,381	11,979	16,360	13,764	2,596	2,433	
Marine, aviation and transport	3,353	737	1,506	2,584	15,217	17,801	7,436	10,365	6,538	
Motor	4,176	3,938	6,922	1,192	9,684	10,876	(595)	11,471	12,662	
Miscellaneous	880	2,185	2,542	523	9,418	9,941	4,081	5,860	5,156	
<b>Total</b>	<u>13,442</u>	<u>16,318</u>	<u>21,080</u>	<u>8,680</u>	<u>46,298</u>	<u>54,978</u>	<u>24,686</u>	<u>30,292</u>	<u>26,789</u>	
<b>Treaty</b>										
Fire and property damage	-	-	-	-	-	-	-	-	-	
Marine, aviation and transport	-	-	-	-	-	-	-	-	-	
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><u>13,442</u></u>	<u><u>16,318</u></u>	<u><u>21,080</u></u>	<u><u>8,680</u></u>	<u><u>46,298</u></u>	<u><u>54,978</u></u>	<u><u>24,686</u></u>	<u><u>30,292</u></u>	<u><u>26,789</u></u>	

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.




Arshad P. Rana  
Chief Executive



Ali H. Shirazi  
Director



Azam Faruque  
Director



Yusuf H. Shirazi  
Chairman

**CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UN-AUDITED)**  
 FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2011

	Quarter ended	
	<u>March 31,</u> 2011	<u>March 31,</u> 2010
	(Rupees in thousand)	
<b>Income from non-trading investments</b>		
<b>Held - to - maturity</b>		
Return on fixed income securities and deposits	993	991
<b>Available - for - sale</b>		
Dividend income		
- from others	3,838	5,392
Gain on sale of non-trading investments	34,640	35,260
Less: Investment related expenses	133	1,296
<b>Net Investment Income</b>	<u>39,338</u>	<u>40,347</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman



**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2011

**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**

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, 2010.

**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, 2010.

**4. Contingencies and commitments**

4.1 The Additional Commissioner / Taxation Officer has amended the deemed assessment for the tax year 2003 by allocating certain expenditure to dividend income resulting in an additional tax liability of Rs. 945 thousand. The company filed an appeal before the Commissioner of Income Tax (Appeals) which was decided against the company. Consequently the company has filed an appeal before the Income Tax Appellate Tribunal (ITAT) which is currently pending for adjudication.

The Additional Commissioner / Taxation Officer has amended the deemed assessment for the tax year 2004 by allocating certain expenditure 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 of Income Tax (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 has filed an appeal before the ITAT which is currently pending for adjudication.

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 of 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. The company filed an appeal before the Commissioner Inland Revenue 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 management is of the opinion that the decision of the case will be in favor of the company.

The Additional Commissioner / Taxation Officer has amended the deemed assessment for the tax year 2007 by allocating certain expenditure to dividend income and capital gain resulting in an additional tax liability of Rs. 6,618 thousand. The company filed an appeal before the Commissioner of Income Tax (Appeals) which was decided against the company. Consequently the company has filed an appeal before the ITAT which is currently pending for adjudication.

Pending resolution of the above mentioned appeals filed by the company, no provision has been made in these financial statements of Rs. 79,709 thousand (2010: Rs. 79,709 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. (2010: Nil)

## 5. Additions / deletions

Following additions and deletions have been made in the fixed assets during the period ended March 31, 2011:

	<u>Additions</u> (Rupees in thousand)	<u>Deletions</u> (Rupees in thousand)
Vehicles	-	535
Furniture, fixtures and office equipments	69	-
Computers	42	-
	<u>111</u>	<u>535</u>
Notes	<u>March 31,</u> 2011	<u>December 31,</u> 2010
	(Rupees in thousand)	

## 6. Investments

### Held - to - maturity

Statutory deposits	6.1	45,000	37,000
Unamortized premium on investment bonds		348	468
		<u>45,348</u>	<u>37,468</u>

### Available - for - sale

Mutual Funds	6.2	321,433	312,215
Ordinary shares - quoted		399,412	422,365
Ordinary shares - unquoted		-	-
		<u>720,845</u>	<u>734,580</u>

### Cost of investments

766,193	<u>772,048</u>
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### Aggregated market value of investments

<u>919,881</u>	<u>918,068</u>
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6.1 This represents carrying amount of Pakistan Investment Bonds (PIBs) 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, 2011 amounts to Rs.45,751 thousand. Profit on PIBs is received bi - annually.

6.2 This includes 28,000 (2010: 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.

<u>March 31,</u> 2011	<u>March 31,</u> 2010
(Rupees in thousand)	

## 8. Cash at the end of the period

For the purpose of cash flow statement, cash includes:

Cash and other equivalents	252	238
Current and other accounts	156,813	308,847
Deposits maturing within twelve months	205,000	150,316
	<u>362,065</u>	<u>459,401</u>

	March 31, 2011	March 31, 2010
	(Rupees in thousand)	
<b>8.1 Reconciliation to profit and loss account</b>		
Operating cash flows	(184,726)	(182,985)
Depreciation expense	(1,574)	(1,707)
Financial charges	(65)	(58)
Profit on disposal of fixed assets	786	633
Provision for doubtful debts	(2,581)	(2,481)
Increase in assets other than cash	209,835	154,119
Increase in liabilities other than borrowings	(15,104)	60,568
Other adjustments		
- Decrease / (Increase) in provision for unearned premium	19,826	(7,733)
- Increase in commission income unearned	(9,556)	(10,166)
- Income on investments and current and other deposits	39,338	40,347
- Rental and other income	13,118	15,483
- Increase in provision for deferred commission expense	4,761	272
<b>Profit after taxation</b>	74,058	66,292

## 9. Transactions with related parties

Related parties comprise associated entities, other related group companies, directors of the company and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties. Transactions with related parties are as follows:

		March 31, 2011	March 31, 2010
		(Rupees in thousand)	
<b>Related parties</b>	<b>Transactions during the period</b>		
	Premium underwritten	144,723	141,901
	Premium collected	133,123	40,142
	Claims paid	10,474	16,845
	Vehicles purchased	-	1,813
	Rent received	1,019	145
	Rent paid	129	636
	Other income	-	3,165
	Brokerage paid	-	789
	Investments purchased	130,500	-
	Investments sold	132,133	-
	Donations	1,000	460
<b>Post employment benefit plans</b>	<b>Transactions during the period</b>		
	Expenses charged in respect of retirement benefit plans	2,355	1,891

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 Director, 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 purpose namely fire and 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, 2011	Dec. 31, 2010	Mar. 31, 2011	Dec. 31, 2010	Mar. 31, 2011	Dec. 31, 2010	Mar. 31, 2011	Dec. 31, 2010	Mar. 31, 2011	Dec. 31, 2010
	( R u p e e s i n t h o u s a n d )									
<b>Revenue</b>										
Premiums earned	97,082	360,419	77,070	302,475	54,245	225,321	27,113	116,166	255,510	1,004,381
<b>Segment results</b>	19,418	44,740	37,017	139,633	4,584	10,646	(8,757)	4,905	52,262	199,924
Investment income									39,338	102,634
Rental income									1,321	4,936
Other income									12,583	42,583
Financial charges									(65)	(411)
General and administration expenses									(6,252)	(22,336)
									46,925	127,206
Profit before taxation									99,187	327,130
Provision for taxation									(25,129)	(84,472)
Net profit									74,058	242,658
<b>Other information</b>										
Segment assets	293,888	341,328	233,308	143,284	164,211	82,403	82,077	133,649	773,484	700,664
Unallocated assets									1,202,766	1,334,070
Consolidated total assets									1,976,250	2,034,734
Segment liabilities	349,613	454,854	277,545	179,277	195,348	245,090	97,640	152,533	920,145	1,031,754
Unallocated liabilities									273,296	146,583
Consolidated total liabilities									1,193,441	1,178,337

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

## 11. Date of authorization for issue

The condensed interim financial statements were authorized for issue on April 28, 2011, by the Board of Directors of the company.




**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

**COMPANY OFFICES**

**HEAD OFFICE**

3-Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	PABX:	37320542, 37320543, 37310658, 37322271, 37322273
	Fax:	37234742
ARSHAD P. RANA Chief Executive Officer	Direct:	37234812
	Extension:	501
AAMER WAQAR CHAUDHRY Chief Financial Officer	Direct:	37234757
	Extension:	403
MUHAMMAD MUNIR Technical Adviser (Operations)	Direct:	37314241
	Extension:	404
QUDSIA NAHEED Vice President (Admin / HR)	Direct:	37245348
	Extension:	303
MUHAMMAD ASHRAF BHATTI Vice President (Underwriting)	Direct:	37323270
	Extension:	304
MUHAMMAD IQBAL Vice President (Marketing)	Direct:	37353633
	Extension:	301
MUHAMMAD SAEED Vice President (Claims)	Direct:	37323229
	Extension:	302
SALEEM MAHMOOD Chief Internal Auditor	Extension:	428

**NORTH ZONE OFFICES & BRANCHES**

**LAHORE**

MUHAMMAD MUNIR QAZI Chief Manager	Fatima Jinnah Road Branch 1st Floor, Nawa-i-Waqat Building, Fatima Jinnah Road, Lahore.	36271320, 36364906 Fax: 36371186
MUHAMMAD IJAZ Deputy Chief Manager	Al-Noor Branch Al-Noor Building, 43-Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	37358805 Fax: 37237343
CH. TAYYAB HUSSAIN Branch Manager	City Branch 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.	37212365-6, 37312858, 37312868, 37230558-9 Fax: 37212367

<b>KH. MUHAMMAD NADEEM</b> Branch Manager	Napier Road Branch Nairobi Mansion Napier Road, Lahore.	37352560 Fax: 37358190
<b>ZAFAR HUSSAIN JAMAL</b> Branch Manager	Mall Road Branch Hafeez Chambers, 85-Shahrah-e-Quaid-e-Azam, Lahore.	36305595, 36271663 Fax: 36369576
<b>MUHAMMAD WASIM PURI</b> Branch Manager	Gulberg Branch - 1 Office No. 335, 3rd Floor, Land Mark, Plaza, Jail Road, Lahore	35775733-4 Fax: 35714514
<b>RAWALPINDI</b> <b>MAHMOOD AHMED</b> Chief Manager	101/13, Bank Road, Grand Hotel Building, P.O. Box 119, Rawalpindi.	5563413, 5516546 Fax: 5798083
<b>MANZAR ALI NAQVI</b> Manager		
<b>FAISALABAD BRANCH - II</b> <b>MUHAMMAD ASIF AKRAM</b> Branch Manager	123-B, People's Colony No. 1, D - Ground, Faisalabad.	8721256, 8734176 Fax: 8732499
<b>FAISALABAD BRANCH - I</b> <b>RANA SAGHIR</b> Branch Manager	Room No. 508-509 4th Floor, Business Centre, P-8/8, Regency Road, New Civil Lines, Faisalabad	2635081, 2647194 Fax: 2635080
<b>SIALKOT</b> <b>REHAN NAZIR GHUMAN</b> Branch Manager	Kutchery Road, Sialkot.	4264195, 4594520 Fax: 4290095
<b>MULTAN</b> <b>GHULAM ALI</b> Office Incharge	Atlas Honda Building Azmat Wasti Road, Multan.	4544494
<b>GUJRANWALA</b> <b>MUHAMMAD IKRAM</b> Branch Manager	GTR Branch 2nd Floor, Crescent Plaza, G. T. Road, Gujranwala.	3841725-6 Fax: 8020719
<b>SOUTH ZONE OFFICE</b>		
Ground Floor, Federation House, Abdullah Shah Ghazi Road, Main Clifton, Karachi.	PABX:  Fax:	35378806-7 35369395-6 35378515
<b>ARSHAD P. RANA</b> Chief Executive Officer	Direct: Extension:	35378757 201

MUHAMMAD IMRAN  
Asst. Vice President (Non Motor)      Extension:      217

JAWAID IRSHAD  
Manager Motor      Extension:      215

MUHAMMAD AFZAL  
Company Secretary      Extension:      202

## SOUTH ZONE BRANCHES

### KARACHI

M. FAROOQ KANDLAWALA      Tower Branch  
Circle Chief, Karachi Circle - I      State Life Building No. 7      32316503, 32201471  
Room No. 101, 1st Floor      Fax: 32315248  
G. Allana Road, Karachi.

ABDUL AZIZ      Corporate Branch  
Chief Manager      1/10, Arkey Square, 1st Floor,      32421030, 32422911  
Shahrah-e-Liaquat, Karachi      Fax: 32421387

IMRAN A. SATTAR      Plaza Branch  
Chief Manager      3/3 Rimpa Plaza      32729339, 32720852  
M.A. Jinah Road,      Fax: 32749004  
Karachi.

TARIQ NASIM      New Challi Branch  
Branch Manager      1st Floor, Room No. 106-107,      32218286, 32218288  
Rehmani Chamber, Altaf Hussain      Fax: 32218264  
Road, Karachi.

INAYAT ULLAH      Zamzama Branch  
Branch Manager      Kanta Bai Building, 18 - C,      35830131, 35835902  
Zamzama Commercial Lane      Fax: 35835733  
No. 1, Phase - V, DHA, Karachi.

### HYDERABAD

ZAFAR AHMAD GHOURI      Plot No. 466, Mezzanine Floor,      2782659, 2782660  
Circle Chief, Hyderabad Circle      Al-Abbas Plaza, Saddar,      Fax: 2786410  
Hyderabad.

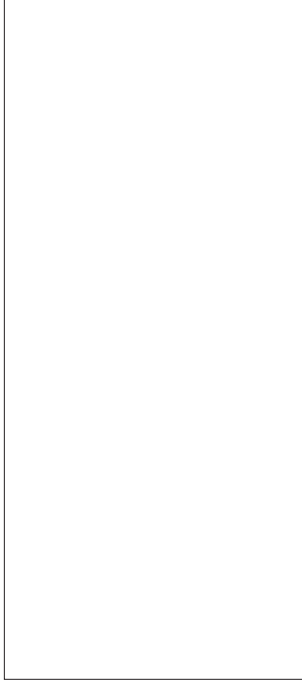
### SUKKUR

ABDUL MAJEED QURESHI      Near Sukkur Public School,      5631056  
Chief Manager      Swiss Bakers, Military Road,      Fax: 5631057  
Sukkur.

**Printed Matter**

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