ANNUAL REPORT 2009

Atlas Insurance

Organisation
development
through
self development

Atlas Insurance Limited

Atlas Insurance

Vision

A first class insurance company that provides the highest level of quality service to its policyholders.

Mission

To stay in the forefront of innovation and technological developments, continue to achieve corporate success, provide its policyholders quality products and service to their satisfaction, promote interest of all the stakeholders – employees, shareholders, reinsurers and business associates equitably fulfilling demand of overall social responsibility.

CORPORATE STRATEGY

- Enhance customer satisfaction by adding value over the long run.

- Creating value for the shareholders, maintaining and improving our competitive position in the market.

- Built and preserve an innovation-adept culture, a culture that promotes transparency and accountability through honesty, integrity and diligence in our dealing with employees, clients, financial institutions, Government, regulatory authorities and all the other stakeholders.

- Focused training and development of the employees for enhancing their technical and managerial expertise, monitoring employees' satisfaction and implementing measures for its continuous enhancement.

- Competence and knowledge management to focus on human excellence using professional methodologies with strategic planning following the concept of "Management by Objectives".

- Monitoring performances of processes and taking timely action for their standardization and optimization.

CODE OF BUSINESS PRINCIPLES

Standard of Conduct

We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of all stake holders including employees.

Obeying the Law

Company is committed to comply with all the legal requirements, laws and regulations of Pakistan.

Employees

- Company is committed to create the working environment where there is mutual trust and respect and everyone feels the responsibility for the improved performance and reputation of the company.
- It recruits, employs and rewards employees purely on merit and on the basis of the qualification, experience and abilities needed for the work to be performed.
- It is committed to provide safe, healthy and pleasant working environment to all employees. Company will not use any form of forced, compulsory or child labor.
- It is committed to work with employees to develop and enhance each individual's skills and capabilities, provide training to groom them on the basis of their Training Needs Assessment analysis.
- It respects the dignity of employees and the right of individual to express freely.
- Company maintains good communication link with employees through company based information and consultation procedures.

Insured

It is committed to provide prompt and efficient services to its clients by properly insuring their risk, doing risk assessment and by issuing insurance policies to meet various requirements of clients. It endeavors to provide peace of mind and security to its clients persuing ethical and professional practices.

Shareholders

Company will conduct its operations in accordance with principles of good corporate governance. It will provide timely, regular and reliable information on its activities, structure, financial situation and performance to all the shareholders.

Business Partners

- Company is committed to establish mutually beneficial relations with its insured, reinsurers and business partners.
- In the business dealings, the company expects its partners to adhere to business principles and ethical practices consistent with its own.

Community Involvement

Company strives to be a trusted corporate citizen and, as integral part of society, to fulfill its responsibilities to society and communities where it operates.

Public Activities

- Company is encouraged to promote and defend its legitimate business interests.
- It will co-operate with the Government and other organizations, both directly and through bodies such as Insurance Association of Pakistan, in the development of proposed legislation and other regulations that may affect legitimate business interests.
- Company neither supports any political group or party nor contributes to the funds of any group whose activities are aimed at, directly or indirectly, to promote party interests.

The Environment

- Company is committed to making continuous improvements in the management of environmental impact and to the long term goal of developing a sustainable business.
- Company will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

Competition

Company and its employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations without compromising on ethical practices.

Business Integrity

- Company does not give or receive, whether directly or indirectly, bribe or other improper advantages for business or financial gains. No employee may offer, give or receive any gift or payment, which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to the management.
- Its accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions transparently. No undisclosed or unrecorded account, fund or asset will be established or maintained.

Conflict of Interests

- Company's employees are expected to avoid personal activities and financial interests that could conflict with their responsibilities to the company. They must not seek gain for themselves or for others through misuse of their positions.

Compliance-Monitoring-Reporting

- Compliance with these principles is an essential element in our business success. The company's board of directors (the board) is responsible for ensuring that these principles are communicated to, and understood and observed by, all employees.
- Responsibilities are properly delegated to the senior management. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs.
- Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board and supported by the Audit Committee of the Board.
- Any breaches of the Code must be reported in accordance with the procedure specified by the management.
- The board of the company expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles.
- Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

RISK MANAGEMENT POLICY

- Company shall continue to identify key risk areas and take effective measures to avoid, mitigate and ensure appropriate protection against risk.

- The management of risk is a central issue in the planning and management of any venture, and objective is not to foster risk management as an identifiable and separate specialty.

- The primary function for the risk management is to assist in the assessment of risk and to ensure that a risk assessment is effectively programmed.

- Once the risks have been evaluated in terms of likelihood of occurrence and consequences, and when options of risk management have been reviewed, it is then meaningful to rank the risks and to assign priorities.

SAFETY, HEALTH AND ENVIRONMENT

In Atlas Insurance Limited, health and safety are core corporate values, driven by the goal of "no accident and no harm to people". The company is totally committed to continuously improving the safety and well being of all the people who work with it, or come into contact with the operations or products. The aim is to ensure a healthy and productive environment, free from incident, injury or illness.

The company maintains the programs that provide reasonable assurance of the following:

- Compliance has been made of all Government and internal health, safety and environmental requirements.

- Design facilities and conduct operations in a way that avoids risk to human health, safety and the environment.

- To examine and communicate the known hazards of operations with relevant health, safety and environmental protection information to potentially affected persons.

- Actively seeks to minimize the environmental impact of the activities.

- Systematically manages environmental performance in all phase of activities.

- Continuously improves the company's overall environmental performance.

- Foster open communication, internally and externally about the company's environmental performance.

Atlas Insurance

COMPANY'S PROFILE

The company was founded in 1934 by Dr. Sir Muhammad Iqbal, the founder thinker of Pakistan, and is one of the oldest insurance companies of Pakistan.

The company was taken over by the Atlas Group in 1980. From incurring loss in 1979, the company has made steady progress and had since been making profits each year. The equity of the company has grown from Rs.1.6 million in 1979 to over Rs.747.963 million in 2009, total assets having grown to over Rs.1,905.093 million and investments from Rs.4.594 million to over Rs.558.250 million.

Atlas Insurance Limited has very sound reinsurance arrangements with the leading reinsurers of the world including Swiss Re, Hannover Re, Tokio Marine & Nichido Fire, Sompo Japan, Malaysian Re and Best Re among others.

Acknowledging the financial strength of the company, the Pakistan Credit Rating Agency (Pvt.) Ltd., PACRA has maintained Company's IFS (Insurer Financial Strength) rating of "A+". The rating denotes strong capacity to meet policyholder and contract obligations, while risk factors are moderate, and the impact of adverse economic factors is expected to be limited.

Atlas Insurance Limited, a financially sound and professional managed company, has been four times awarded with the Top Five Companies "Best Corporate Report Award" for 2003, 2006, 2007 and 2008 by the joint committee of The Institute of Chartered Accountants of Pakistan (ICAP) and The Institute of Cost and Management Accountants of Pakistan (ICMAP). Atlas Insurance has also obtained "South Asian Federation of Accountants - SAFA Best Presented Accounts Award" for 2006, 2007 and 2008. The Company is recipient of the prestigious "KSE Top 25 Companies Award – 2005" as well.

PRODUCTS

The company has consistently sought to offer unique solutions to its clients and has the ability to offer creative alternatives to meet the challenges associated with the ever changing needs of its clients by offering specially designed policies. The company follows sound underwriting policies and provides highest quality services to its valued clients. Atlas Insurance has the privilege of having many blue chip companies and large groups amongst its valued customers whom it serves through a strong branch network throughout the country backed by advanced web based computerized information and control system. Wide range of products is offered by the company, which includes:

- Fire & Allied Perils
- Motor
- Erection All Risk
- Personal Accident
- Cash in Transit / Cash in Safe
- Bankers' Blanket Bond
- Product Liability
- Computer All Risk
- Crop Insurance
- Marine
- Contractors All Risk
- Machinery Breakdown
- Fidelity Guarantee
- Credit Insurance
- Boiler & Pressure Vessel
- Loss of Profit
- Travel Insurance
- Live Stock Insurance

Fire & Allied Perils

This covers property and assets; it provides coverage against Fire and Lightning and can be extended to provide coverage for perils including Impact Damage, Earthquake Fire and Shock, Atmospheric Damage, Malicious Damage, Riot & Strike Damage and Burglary etc.

Marine

Marine Cargo insurance covers risk of transportation of goods for imports and exports including inland transportation.

Motor

Motor insurance provides comprehensive coverage i.e. Accidental Damage to vehicle, Theft and Third Party Liability etc., to our corporate and individual customers.

Contractors' All Risk (CAR)

Covers Accidental Damage to civil works and contractor plant and equipments in the course of construction carried out by contractors and can be extended to include third party liability cover.

Erection All Risk (EAR)

Similar cover to Contractors' All Risk insurance, but while CAR cover refers mainly to building and civil engineering work, EAR is used for coverage of loss or damage to machinery in the course of erection etc.

Machinery Breakdown

Machinery insurance is to grant cover for plant and machinery against mechanical / electrical breakdown.

Personal Accident

Personal accident insurance provides cover against death and disability of a person due to an accident.

Fidelity Guarantee

Fidelity Guarantee insurance protects employers against direct pecuniary loss which they may suffer due to fraud or any other act of dishonesty committed by their employee against them.

Cash in Transit / Cash in Safe

Covers cash against snatching or robbery while in the transit from one premise to another in a given location or lying in the safe at assured premises.

Bankers' Blanket Bond

Covers Banks and provide protection which includes loss due to Theft and Fidelity Guarantee risks etc.

Boiler & Pressure Vessel

Covers damage to boilers and pressure vessels due to explosion or collapse caused by internal pressure and vacuum.

Product Liability

This policy covers liability to third party arising out of faulty products supplied by the manufacturers.

Loss of Profit

Provides protection against business interruptions and its consequential losses followed by incident of fire etc.

Computer All Risk

This insurance is specially geared to cover delicate and high value equipment on all risk basis.

Travel Insurance

This policy provides protection like Personal Accident, Medical, Loss of Luggage and Money, while insured is traveling out of home country.

Crop Insurance

Covers financial loss due to damage to crop caused by natural calamities.

BOARD OF DIRECTORS

The board of company has optimum combination of executive and non-executive directors, where five out of seven are non-executive directors. All the directors represent rich exposure of diverse fields of business and professions and possess all the necessary skills and understanding to deal with the various business and corporate issues and have the ability to review, analyze and challenge the management performance.

The board was actively involved during the year in performing its duties including those required to be performed under various relevant laws and statutes, with the ultimate objective of safeguarding the interest of the shareholders aiming to increase shareholders' wealth, financial strength of the company and promoting market confidence.

The board has approved all the significant policies of the company including but not limited to policies relating to human resource, risk management, business operations, investments, donations and signature mandate etc.

During the year, five meetings of the board were held to review and approve all issues and matters referred to it by the audit and other committees of the board including periodical financial statements, corporate and financial reporting framework, budgets and forecasts including their analysis with actual, cash flow projections, management letter issued by the external auditors, compliance with relevant laws and regulations, including amendments during the year, acquisition and disposal of assets, review of risks identified and their mitigation, accounting and internal control systems and such other matters considered to be significant enough for the board's attention by the audit committee or the management.

For all the board meetings, the agenda and details of each item of agenda were circulated to all the members of the board at least seven days before the meeting was scheduled. The minutes of all the board meetings, duly signed by the Chairman, have been circulated. A list of action items was also prepared after finalization and circulation of minutes of the meetings and status of each action item was provided to the board in the next meeting.

ROLES AND RESPONSIBILITIES OF THE CHAIRMAN AND THE CHIEF EXECUTIVE

The roles of the Chairman and the Chief Executive are segregated and they have distinct responsibilities. Chairman of the board has responsibilities and powers vested in him by law and the Articles of Association of the company, as well as duties assigned by the board. In particular, the Chairman coordinates the activities of the directors and various committees of the board, and presides over the meetings of the board and shareholders.

Chief Executive is responsible for the operations of the company and conduct of its business, in accordance with the powers vested in him by law, the Articles of Association of the company and authorities delegated to him through a General Power of Attorney and board resolutions from time to time. Chief Executive recommends policies and strategic directions, annual business plans and budget for the board's approval and is responsible for exercising the overall control, direction, administration and supervision for sound and efficient management and conduct of the business of the company.

BOARD COMMITTEES

Audit Committee

The board of directors, in line with the best practices, established the Audit Committee. The terms of reference of the Audit Committee have been determined by the board in accordance with the Code of Corporate Governance consisting on the following:

- Review of quarterly, half yearly and annual financial statements before their consideration by the board.

- Detailed review of the management letters issued by the external auditors and the management's response thereto.

- Review of compliance with all relevant laws and regulations and other statutory requirements.
- Compliance with the best practices of Corporate Governance.
- Determination of appropriate measures to safeguard company's assets.
- Review of status of action items from the previous meetings.
- Review of company's statement on internal control systems prior to endorsement by the board of directors.
- Review scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company.
- Consider major findings of internal investigations and management's response thereto.
- Facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight.
- Institute special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.

Underwriting Committee

The Underwriting Committee formulates the underwriting policy of the company. It sets out the criteria for assessing various types of insurance risks and determines policy for acceptance of different insurance covers. It regularly reviews the underwriting policies of the company with due regard to relevant factors such as its business portfolio and the market development.

Claims Settlement Committee

Claims Settlement Committee devises the claims settling policy of the company. It oversees the claims position of the company and ensures that adequate claims reserves are made. It pays attention to significant claims cases, which may give rise to a series of claims. The Committee determines the circumstances under which the claims disputes shall be brought to its attention and decides how to deal with such claims disputes.

Re-Insurance & Co-Insurance Committee

Re-Insurance & Co-Insurance Committee ensures that adequate reinsurance arrangements are made for the company business. It persues the proposed reinsurance arrangements prior to their execution, review the arrangements from time to time and subject to the consent of the participating reinsurers, suggests appropriate adjustments to those arrangements in light of the market development. It also assesses the effectiveness of the reinsurance program for future reference.

Group Executive Committee

The Group Executive Committee is responsible for setting overall corporate objectives and strategies, identifying opportunities, monitoring group business strategies and plans, and developing its group members as leaders of their respective fields.

Group Human Resource Committee

The Group Human Resource Committee determines the remuneration package for the management staff. The Committee also has the responsibility to create and maintain conducive work environment that instills trust and ensures respect, fair treatment, development opportunities and grooming and make succession plan for all employees.

Management Committee

The Management Committee acts at the operating level in an advisory capacity to the Chief Executive Officer, providing recommendations relating to the business and other corporate affairs. The Committee is responsible for reviewing and forwarding short / long term plans, capital and expense budget development and stewardship of business plans. The Committee is also responsible for maintaining a healthy environment within the company as well as outside the company through channeling its financing and investment to projects, producing environment friendly products. It contributes to further strengthen the team work to achieve company's objectives, effectively and efficiently.

Investment Committee

It provides necessary guidelines and approval for commitment and assignment of investments in equities, mutual funds, fixed income securities, Government Bonds and securities.

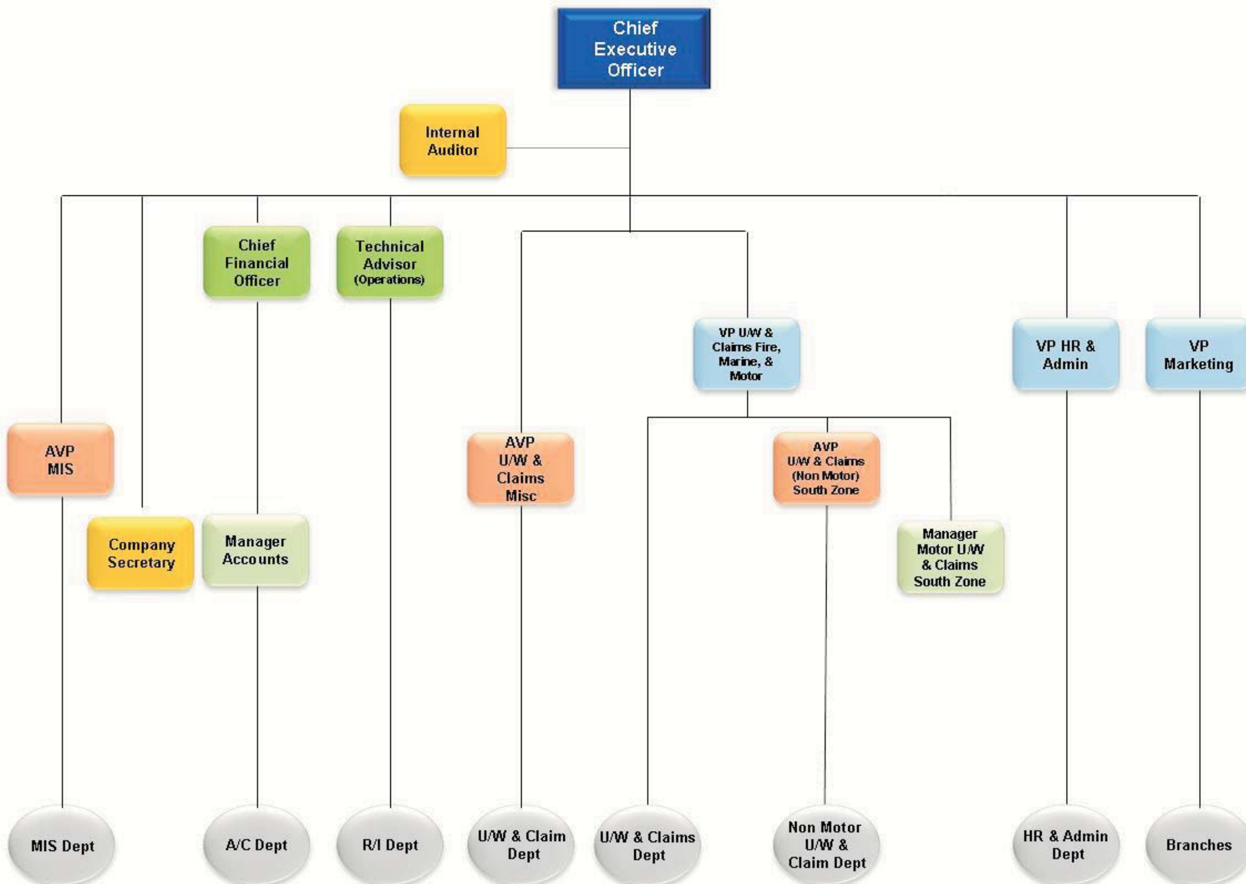
MANAGEMENT TEAM

The foundation upon which our team is created is based upon the premise that motivates people and long standing relationships are the ultimate tools of success and creativity, energy perseverance and loyalty and are just as important as a platinum resume.

We have a team of highly qualified and experienced professionals with proven problem solving ability, consulting and analytical skills. Our team consists of insurance experts and technical specialists to provide the best services to our clients.

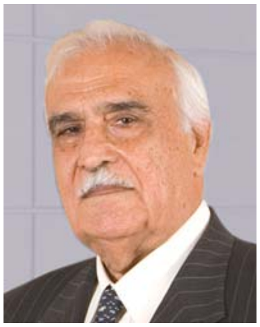
WHEN YOU NEED TO BRING IN EXCELLENCE,
WE HAVE A TEAM TO DO IT

Organization Chart



CONTENTS

BOARD OF DIRECTORS



Mr. Yusuf H. Shirazi
Chairman

Mr. Yusuf H. Shirazi is the Chairman of Atlas Group of Companies. He is the Founder Member of the Karachi and Lahore Stock Exchanges, International Chamber of Commerce & Industry, Management Association of Pakistan, Lahore University of Management Sciences (LUMS), GIK Institute of Science and Technology and Al-Shifa Trust. He has been President of Karachi Chamber of Commerce twice. Mr. Shirazi was on the Board of Harvard Business School Alumni Association, Boston, USA. He is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has attended the Advanced Management Program (AMP) from the Harvard Business School, USA.

Mr. Azam Faruque
Director

Mr. Azam Faruque is the Chief Executive of Cherat Cement Company Limited, a Ghulam Faruque Group company. He graduated in Electrical Engineering and Computer Science from Princeton University, and also possesses an MBA (High Honours) from the University of Chicago Booth School of Business. Apart from the 23 years he has spent in the cement industry and other GFG businesses, he has served as a member on the Boards of State Bank of Pakistan, National Bank of Pakistan, and Oil and Gas Development Corporation Ltd. He has also served as a member of the Board of Governors of GIK Institute and was a member of the National Commission of Science and Technology. He also served on the Board of the Privatisation Commission of the Government of Pakistan.

Mr. Kamal A. Chinoy
Director

Mr. Kamal Amir Chinoy is the Chief Executive of Pakistan Cables Limited. He graduated from the Wharton School, University of Pennsylvania, USA with a B.Sc. in Economics (with triple major). He serves on the Board of Directors of International Industries Ltd., International Steels Ltd, Pakistan Security Printing Corp and Atlas Insurance Limited. He is also Honorary Consul General of the Republic of Cyprus.

Mr. Kamal Chinoy is a member of the Executive Committee of the International Chamber of Commerce (ICC), Pakistan and the Honorary Secretary of the Management Association of Pakistan. He also serves on the Undergraduate Admissions Committee of the Aga Khan University.

Other positions include: Advisory Board of Citizens Archive of Pakistan, Managing Committee of Sind Club and Trustee of Foundation for Museum of Modern Art. Mr. Chinoy is an active social worker and has been associated with many Charitable / Philanthropy organizations, including having served as Chairman of Aga Khan Foundation, Pakistan for 6 years. He is a "Certified Director" having been certified by the Pakistan Institute of Corporate Governance.

BOARD OF DIRECTORS

Mr. Omar Saeed
Director

Mr. Omar Saeed is the Chief Executive of Service Sales Corporation, one of Pakistan's largest retail companies. He is also the founder and Chairman of Ovex Technologies and sits on the Boards of Premier BPO, Cinepax Limited, Mantaq Systems and Atlas Insurance Limited. He is also a member of the National Policy Platform formed by the Competitiveness Support Fund. He teaches Entrepreneurship at LUMS where he is an adjunct faculty member. Mr. Omar got his BA from Brown University and his MBA from Harvard Business School, and currently serves as the President of the Harvard Business School club of Pakistan.

Mr. Ali H. Shirazi
Director

Mr. Ali H. Shirazi has graduated in Political Science from Yale University and completed Masters in Law from Bristol University, UK. He has previously worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He also sits on the Boards of Atlas Battery Limited, Atlas Engineering Limited, Atlas Asset Management Limited and Techlogix (Private) Limited.

Mr. Frahim Ali Khan
Director

Mr. Frahim Ali Khan has been associated with Atlas Group since 1967 and has 42 years of experience in General Management, Financial Management, Investment Banking, Taxation and Legal matters. He was the Chief Executive Officer of the former Atlas Investment Bank Limited, till its merger with Atlas Bank Limited. He has attended the Senior Managers' Program from Harvard University, USA, and Financial Management Program from Stanford University, USA.

Mr. Arshad P. Rana
Chief Executive and Director

Mr. Arshad P. Rana has been affiliated with Atlas Insurance Limited since 1991; as General Manager and Chief Operating Officer before being appointed as the Chief Executive Officer of the company in March, 2004. He is a graduate from Government College, Lahore; B.S. in Insurance & Economics from Iran and MBA from USA. In his professional career that spans over 34 years, he has worked in Iran, USA and Middle East. Since his appointment to this position, Mr. Rana has been managing the company affairs with a professional approach having the vision to make Atlas Insurance Limited one of the best performing companies in the market. Under his leadership, Atlas Insurance Limited has won several awards in the financial sector. He is also on the Board of Atlas Asset Management Limited.

Mr. Rana has been the Chairman, Insurance Association of Pakistan (IAP), Lahore Regional Committee in 2002-2003 and Vice Chairman, Central Committee (IAP) in the year 2004-2005 prior becoming the Chairman, Insurance Association of Pakistan in 2005-2006.

COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Directors	Azam Faruque
	Kamal A. Chinoy
	Omar Saeed
	Ali H. Shirazi
	Frahim Ali Khan
Chief Executive	Arshad P. Rana
Company Secretary	Muhammad Afzal

AUDIT COMMITTEE

Chairman	Omar Saeed
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	Qudsia Naheed

CLAIMS SETTLEMENT COMMITTEE

Chairman	Frahim Ali Khan
Members	Arshad P. Rana
	Muhammad Munir
Secretary	Qudsia Naheed

REINSURANCE & CO-INSURANCE COMMITTEE

Chairman	Frahim Ali Khan
Members	Arshad P. Rana
	Muhammad Munir
Secretary	Qudsia Naheed

Atlas Insurance

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

Auditors	A. F. Ferguson & Co. Chartered Accountants
Legal Advisors	Mohsin Tayebaly & Co. Ch. Maqsood Advocate Agha Faisal Barrister at Law
Tax Advisor	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Registrar and Share Transfer Office	Hameed Majeed Associates (Pvt.) Ltd. H. M. House, 7 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore. Telephone: (92-42) 37235081-82 Fax: (92-42) 37358817
Bankers	Al Baraka Islamic Bank Allied Bank Limited Askari Bank Limited Atlas Bank Limited Bank Alfalah Limited Habib Bank Limited MCB Bank Limited National Bank of Pakistan Silkbank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) 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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 75th Annual General Meeting of the members of Atlas Insurance Limited will be held on Thursday, April 29, 2010 at 03:00 p.m., at 3-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting held on December 3, 2009.
2. To receive, consider and adopt the Audited Financial Statements of the company for the year ended December 31, 2009, together with the Directors' and Auditors' Reports thereon.
3. To consider and approve Cash Dividend @ 40% and Stock Dividend @ 10%, as recommended by the Board of Directors.
4. To appoint auditors and fix their remuneration for the year ending December 31, 2010. The present auditors M/s. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

SPECIAL BUSINESS

5. To pass with or without modification the following resolutions as special resolutions:

Resolved:

a) "that all the fractional bonus shares shall be combined and the Directors be and are hereby authorized to combine and sell the fractional shares in the stock market and pay the proceeds of sales thereof, when realized, to a charitable institution approved under the Income Tax Ordinance, 2001."

Further Resolved:

b) "that the remuneration of the Chief Executive Officer of the Company, as fixed by the Board, for the financial year ending December 31, 2010 be and is hereby approved."

OTHER BUSINESS

6. To consider any other business with the permission of the chair.

The Statement under Section 160(1) (b) of the Companies Ordinance, 1984, pertaining to the special business referred to above is being circulated to the members alongwith the Notice of the Meeting.

By Order of the Board

Muhammad Afzal
Company Secretary

Lahore: April 7, 2010

NOTES:

1. The share transfer books of the company will remain closed from April 22, 2010 to April 29, 2010 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy to attend and vote on his / her behalf. The proxy forms must be received at the registered office of the Company at 3-Bank Square, Sharah-e-Quaid-e-Azam, Lahore, duly stamped, signed and witnessed, not later than forty-eight (48) hours before the meeting.
3. Any individual Beneficial Owner of Central Depositry Company of Pakistan Limited (CDC), entitled to attend and vote at this meeting must bring CNIC or passport along with CDC account number to prove his / her identity and in case of proxy must enclose attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. Members are requested to immediately inform the company's share registrar of any change in their address.

5. Members are requested to provide by mail or fax, photocopy of their CNIC or passport (in case of foreigner), unless it has been provided earlier, enabling the company to comply with relevant laws.

STATEMENT UNDER SECTION 160(1) (b) OF THE COMPANIES ORDINANCE, 1984

This Statement is annexed to the Notice of the 75th Annual General Meeting of Atlas Insurance Limited to be held on April 29, 2010 at which special business is to be transacted. The purpose of this statement is to set forth the material facts concerning such special business.

ITEM NO. 5 (b) OF THE AGENDA

Approval is being sought for the annual increase in the remuneration of the Chief Executive, as fixed by the Board, working whole time with the company. The Chief Executive is interested only in the remuneration payable to him.

SHAREHOLDERS' INFORMATION

Registered Office

3 - Bank Square,
Shahrah-e-Quaid -e- Lahore.
Tel: (92-42) 37320542-43
(92-42) 37322271, 73
(92-42) 37310658
Fax: (92-42) 37234742

Listing on Stock Exchanges

Atlas Insurance Limited is listed on Karachi and Lahore stock exchanges.

Listing Fee

The annual listing fee for the financial year 2009-10 was paid to the Karachi Stock Exchange, Lahore Stock Exchange and Central Depository Company within the prescribed period.

Stock Symbol

The Stock Symbol for Atlas Insurance at the stock exchanges is ATIL.

Statutory Compliance

During the year your company complied with all applicable provisions of the Companies Ordinance, 1984, the Code of Corporate Governance, Listing Regulations of stock exchanges and Regulations of Securities and Exchange Commission of Pakistan, filed all returns, forms and furnished all relevant particulars in time.

75th Annual General Meeting

Date: April 29, 2009
Time: 03:00 p.m.
Venue: 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.

Financial Calendar

Audited annual results for year ended December 31, 2009
- Second half of March

Mailing of annual reports
- First half of April

Annual General Meeting
- Second half of April

Unaudited first quarter financial results
- Second half of April

Unaudited half year financial results
- Second half of August

Unaudited first quarter financial results
- Second half of October

Dividend Announcement

The board of directors of the company has proposed a cash dividend of Rs. 4.00 per share (40%) and bonus shares @ 10% (one share for every ten shares held) for the financial year ended December 31, 2009, subject to the approval by the shareholders of the Company at the Annual General Meeting.

Your company paid 25% cash dividend and issued 25% bonus shares for the year ended December 31, 2008.

Dates of Book Closure

The members' register and share transfer books of the Company will remain closed from April 22, 2010 to April 29, 2010 (both days inclusive).

Disbursement of Dividends

Cash dividend and bonus shares for the year ended December 31, 2009, subject to the approval of the shareholders of the Company at the Annual General Meeting, will be disbursed on or before May 28, 2010.

Last year your company dispatched the cash dividend and bonus shares within 30 days from the date of approval.

Share Transfer System

Transfer of physical shares is executed / completed within 30 days and CDC transfers within 5 working days from the date of receipt, provided that documents received along with transfer requests are complete in all respects.

Annual General Meetings

Pursuant to Section 158 of the Companies Ordinance, 1984, Annual General Meetings of the shareholders are held at least once every year. Every shareholder has a right to attend these meetings. The notice of such meetings is sent to all shareholders at least 21 days before the meetings and also published in at least one English and one Urdu newspapers having circulation both in Karachi and Lahore.

Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at general meetings of the Company can appoint another person as his / her proxy to attend and vote on his / her behalf. Procedure for appointment of proxies is stated in every notice of such meetings. The instrument appointing a proxy (duly signed by the shareholder) must be received at the registered office of the Company not later than forty eight hours before the meeting.

Website of the Company

A website of your company has been developed which allows the users to get the company related information about its financials, history, types of insurance available with the Company and list of reinsurers etc.

An online complaint system is also available to improve the efficiency. **Website www.atlasinsurance.com.pk**

Annual, half yearly and quarterly financial statements of the company are available at:
http://www.atlasinsurance.com.pk/financials1.php

Share Market Price Data

Month-wise share price movement of your company, at the Karachi Stock Exchange, during the year 2009 was as follows:

Months	High	Low	Volume
January	41.74	29.50	177,200
February	33.90	28.08	213,100
March	45.21	30.44	157,800
April	57.91	27.97	451,900
May	29.70	24.40	76,500
June	28.00	25.32	38,200
July	35.88	25.86	27,918
August	30.98	23.26	210,382
September	38.80	27.15	129,615
October	42.25	36.05	215,395
November	43.69	38.10	108,221
December	43.75	39.80	385,337

Correspondence

Address of the Share Registrar for correspondence and other relevant matters is as follows:

M/s. Hameed Majeed Associates (Pvt.) Limited
H. M. House, 7 - Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore.
Tel: (92-42) 337235081-82
Fax: (92-42) 37358817

TEN YEARS AT A GLANCE

(Rupees in million)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
FINANCIAL DATA										
Paid-up capital	335.6	268.4	206.5	158.8	122.2	101.8	88.5	88.5	80.5	67.1
General & capital reserves	412.4	357.6	763.7	512.7	334.1	100.4	51.3	23.5	31.4	34.4
Equity	748.0	626.0	970.2	671.5	456.3	202.2	139.9	112.0	111.9	101.5
Underwriting premium reserves	685.6	540.7	535.0	375.8	221.2	194.7	33.5	36.4	38.8	32.9
Investments - at cost	558.3	494.2	1,010.7	674.8	338.8	219.5	172.1	138.5	106.3	68.6
Total assets - at book value	1,905.1	1,340.0	1,733.4	1,191.5	902.0	509.8	406.0	337.1	282.6	181.4
Fixed assets - net	47.4	49.3	42.8	21.9	19.0	14.0	12.1	14.2	14.1	6.2
Cash and bank deposits	660.2	195.9	200.8	75.6	185.9	17.7	15.9	13.2	16.3	13.0
Advances, deposits and prepayments	242.6	208.4	179.2	182.2	208.6	63.8	3.7	3.0	6.6	6.3
OPERATING DATA										
Gross premium	910.7	861.4	784.5	668.8	523.6	315.6	212.7	215.6	196.7	165.3
Net premium	443.5	507.9	447.0	348.7	264.1	145.0	93.2	97.4	91.1	78.0
Net claims paid	192.4	231.4	215.1	133.2	64.4	40.2	18.2	17.5	19.3	16.8
Underwriting profit	104.5	158.4	144.6	155.0	152.2	59.0	30.7	8.6	18.1	17.0
Investment income	118.2	(305.2)	314.7	190.2	159.8	54.6	57.7	25.4	6.2	3.9
Profit / (Loss) before tax	237.2	(141.0)	467.4	358.7	304.7	104.9	90.1	30.2	27.1	23.7
Income tax	48.1	58.6	57.5	58.0	50.6	22.2	48.9	16.8	8.6	9.2
Profit / (Loss) after tax	189.1	(199.6)	409.9	300.7	254.1	82.7	41.2	13.4	18.5	14.5
FINANCIAL RATIOS										
Profitability										
Profit before tax / gross premium (%)	26.0	(16.4)	59.6	53.6	58.2	33.2	42.4	14.0	13.8	14.3
Profit before tax / net premium (%)	53.5	(27.8)	104.6	102.9	115.4	72.3	96.7	31.0	29.7	30.4
Profit after tax / gross premium (%)	20.8	(23.2)	52.2	45.0	48.5	26.2	19.4	6.2	9.4	8.8
Profit after tax / net premium (%)	42.6	(39.3)	91.7	86.2	96.2	57.0	44.2	13.8	20.3	18.6
Management expenses / gross remium (%)	22.0	19.6	17.8	17.5	20.0	29.7	40.5	37.9	28.0	33.3
Management expenses / net premium (%)	45.2	33.2	31.2	33.5	39.7	64.7	92.5	83.9	60.4	70.6
Underwriting profit / net premium (%)	23.6	31.2	32.3	44.4	57.6	40.7	32.9	8.8	19.9	21.8
Net claims / net premium (%)	43.4	45.6	48.1	38.2	24.4	27.7	19.5	18.0	21.2	21.5
Combined ratio (%)	84.2	75.9	75.3	67.4	58.8	84.6	105.1	97.2	95.2	85.4

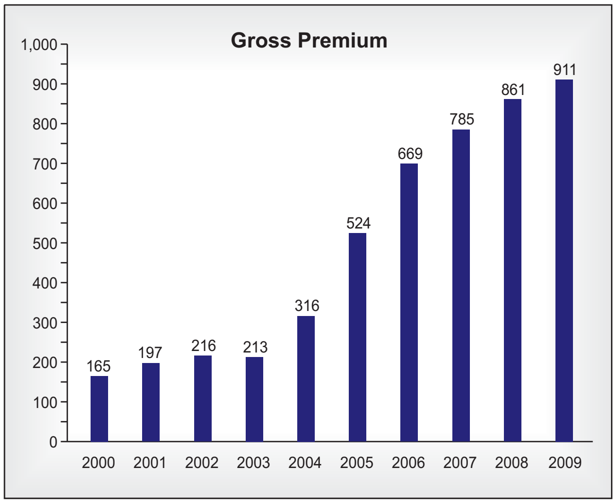
TEN YEARS AT A GLANCE

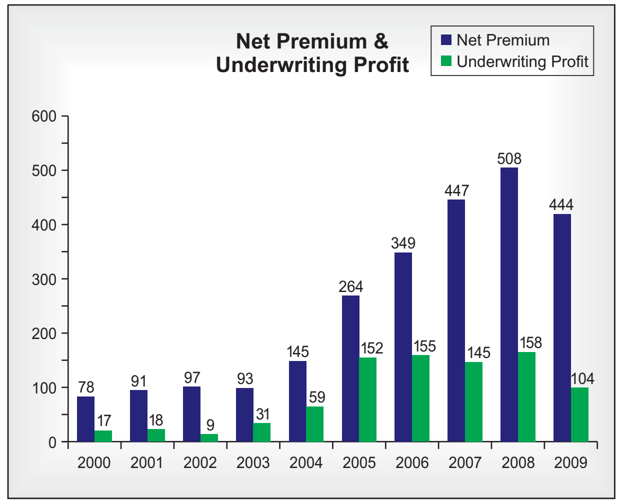
(Rupees in million)

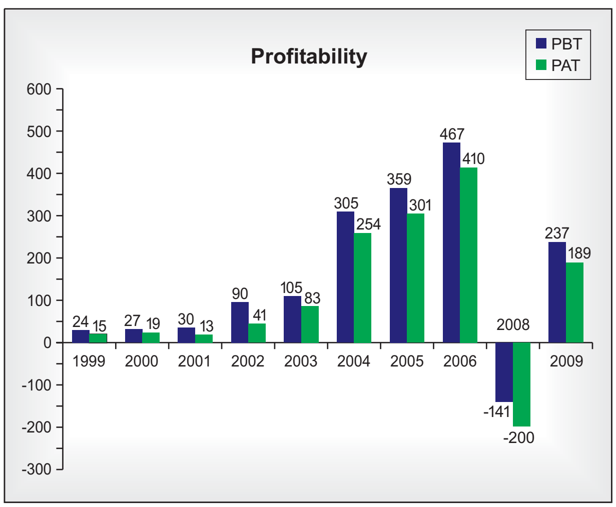
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Return to Shareholders										
Return on equity - before tax (%)	31.7	(22.5)	48.2	53.4	66.8	51.9	64.4	27.0	24.2	23.3
Return on equity - after tax (%)	25.3	(31.9)	42.3	44.8	55.7	40.9	29.5	12.0	16.6	14.3
Earnings per share (Rs.)	5.6	(7.4)	19.9	18.9	16.0	6.8	4.7	1.5	2.3	2.2
Price earnings ratio (times)	7.5	(5.9)	7.0	6.2	7.3	5.4	6.0	12.6	8.7	6.9
Market rate per share (Rs.)										
At the end of the year	42.3	43.9	138.0	117.9	116.6	37.0	28.0	19.1	20.0	15.0
Highest rate during the year	57.9	169.0	143.9	162.1	116.6	42.5	36.5	20.0	20.0	19.8
Lowest rate during the year	23.3	43.9	77.5	78.0	37.5	28.1	17.5	14.8	13.1	12.1
Cash dividend per share (Rs.)	4.0	2.5	7.0	7.0	7.0	2.0	1.5	1.5	1.0	-
Stock dividend per share (Rs.)	1.0	2.5	3.0	3.0	3.0	2.0	1.5	-	1.0	2.0
Dividend yield (%)	9.5	5.7	5.1	5.9	6.0	5.4	5.4	7.9	5.0	-
Dividend pay out (%)	88.7	(67.3)	50.4	52.8	48.1	49.2	64.6	99.3	86.4	92.4
Net assets per share (times)	22.3	23.3	47.0	42.3	37.3	19.9	15.8	12.7	13.9	15.1
Return on assets (%)	11.7	(13.0)	28.0	28.7	36.0	18.1	11.1	4.3	8.0	8.5
Liquidity / Leverage										
Current ratio (times)	1.8	1.9	1.6	1.9	1.8	1.4	1.3	1.8	1.5	2.1
Total assets turnover (times)	0.6	0.6	0.5	0.6	0.7	0.7	0.6	0.7	0.8	1.0
Fixed assets turnover (times)	18.8	18.7	24.2	32.7	31.7	24.2	16.2	15.2	19.3	28.4
Total liabilities / equity (times)	1.5	1.1	0.8	0.8	1.0	1.5	1.9	2.0	1.0	0.8
Return on capital employed (%)	16.0	(21.4)	31.2	32.2	42.1	26.6	13.9	5.1	12.2	8.8
Paid-up capital / total assets (%)	17.6	20.0	11.9	13.3	13.5	20.0	21.8	26.3	28.5	37.0
Equity / total assets (%)	39.3	46.7	56.0	56.4	50.6	39.7	34.5	33.2	39.6	56.0
DISTRIBUTION										
Cash dividend (Rs.)	134.2	67.1	144.5	111.2	85.5	20.4	13.3	13.3	8.0	-
Cash dividend (%)	40%	25%	70%	70%	70%	20%	15%	15%	10%	0%
Bonus shares (Rs.)	33.6	67.1	61.9	47.7	36.7	20.4	13.3	-	8.0	13.4
Bonus shares (%)	10%	25%	30%	30%	30%	20%	15%	0%	10%	20%
Total distribution (%)	50%	50%	100%	100%	100%	40%	30%	15%	20%	20%

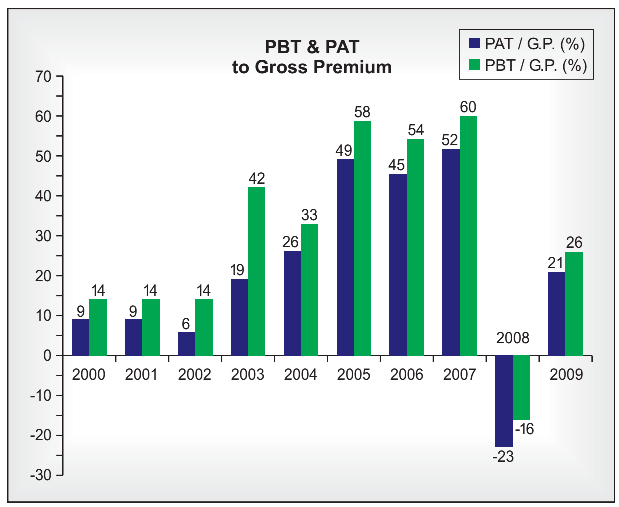
PERFORMANCE AT A GLANCE
(GRAPHICAL PRESENTATION)

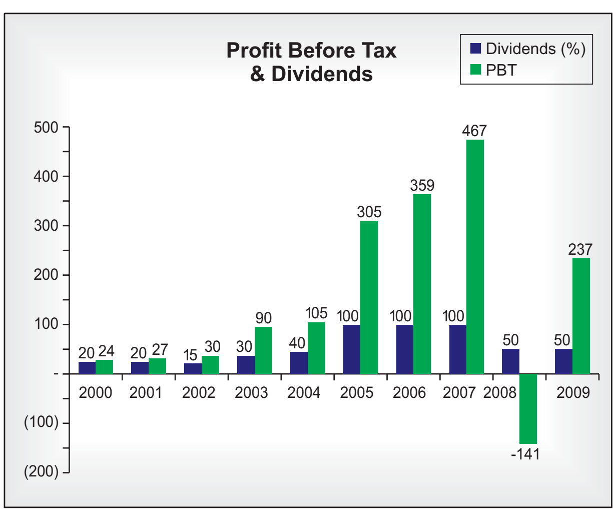
(Rupees in million)

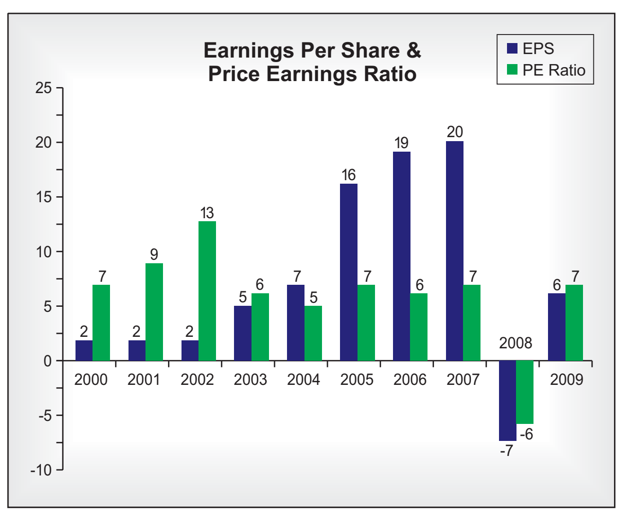






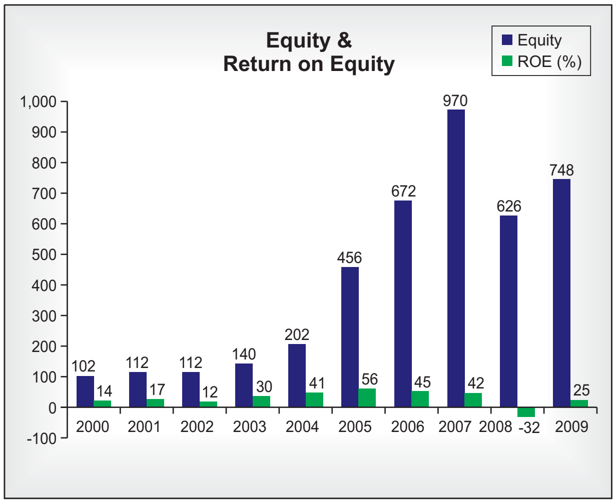


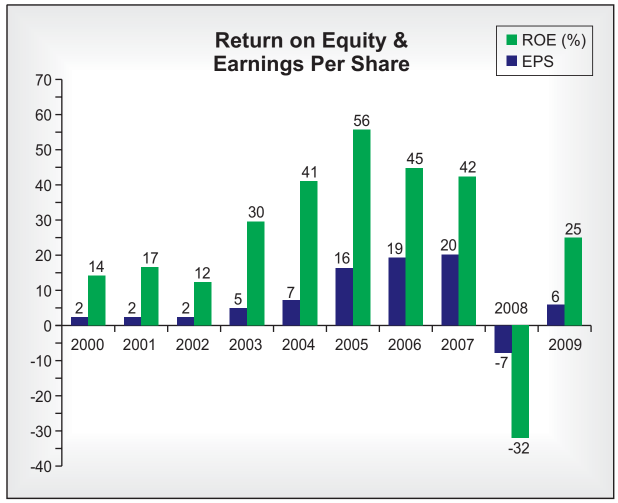


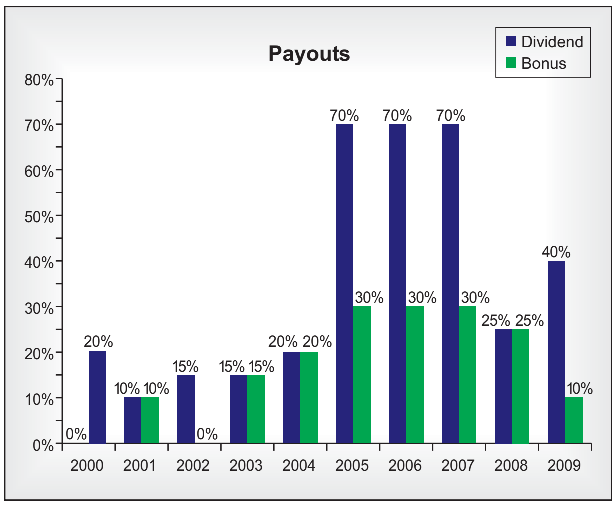


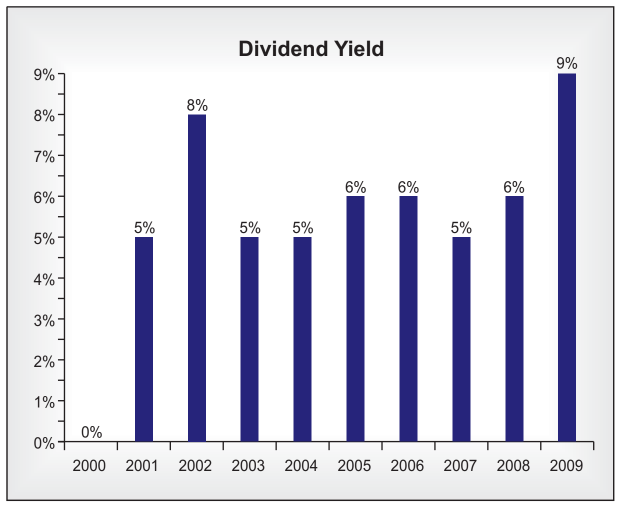
PERFORMANCE AT A GLANCE
(GRAPHICAL PRESENTATION)

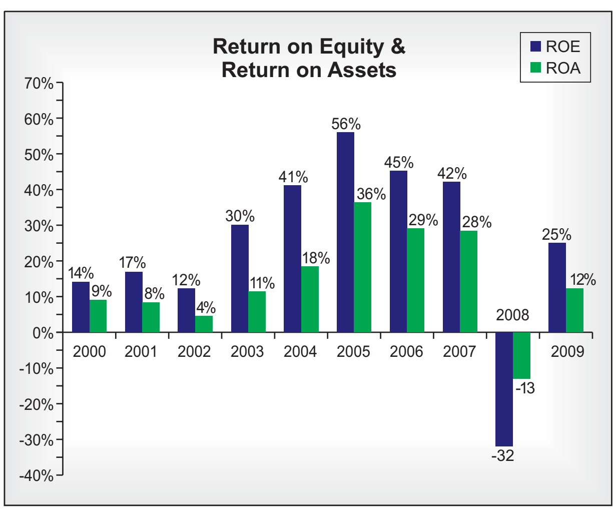
(Rupees in million)

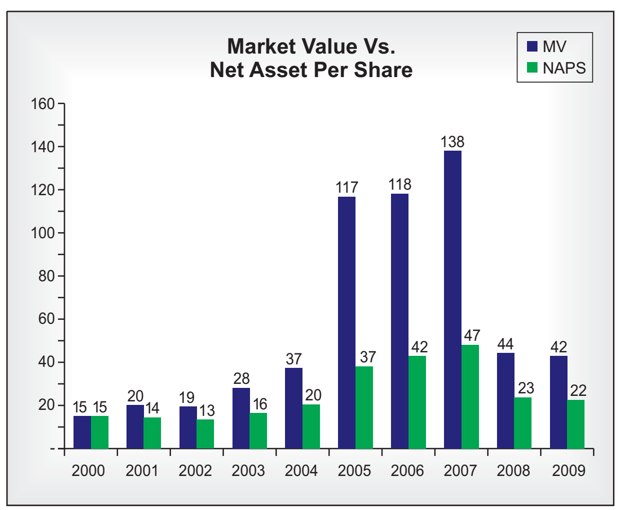












ANALYSIS OF FINANCIAL STATEMENTS
BALANCE SHEET

Particulars	2009	2008	2007	2006	2005	2004	Vertical Analysis Composition of Balance Sheet 2009	2008	2007	2006	2005	2004	Horizontal Analysis % Change year to year 2009 vs 2008	2008 vs 2007	2007 vs 2006	2006 vs 2005	2005 vs 2004	2004 vs 2003
	(Rupees in thousand)						%	%	%	%	%	%	%	%	%	%	%	%
CURRENT ASSETS																		
Cash and bank balances	660,191	195,929	200,780	75,573	185,876	17,706	50.9	24.6	29.6	15.3	34.2	6.4	237.0	(2.4)	165.7	(59.3)	949.8	11.4
Premiums due but unpaid	102,119	108,620	85,620	94,405	46,525	29,882	7.9	13.6	12.6	19.1	8.6	10.8	(6.0)	26.9	(9.3)	102.9	55.7	(19.7)
Amounts due from other insurers / reinsurers	97,812	93,286	59,830	42,814	43,987	39,405	7.5	11.7	8.8	8.7	8.1	14.3	4.9	55.9	39.7	(2.7)	11.6	(33.5)
Salvage recoveries accrued	13,391	12,578	10,412	6,300	-	-	1.0	1.6	1.5	1.3	-	-	6.5	20.8	65.3	-	-	-
Accrued investment income	4,297	1,232	3,136	2,542	1,235	3,628	0.3	0.2	0.5	0.5	0.2	1.3	248.8	(60.7)	23.4	105.8	(66.0)	8.0
Reinsurance recoveries against outstanding claims	160,368	155,410	121,881	77,535	48,349	76,799	12.4	19.5	17.9	15.7	8.9	27.8	3.2	27.5	57.2	60.4	(37.0)	24.7
Deferred commission expense	15,143	20,569	18,236	12,366	8,324	5,846	1.2	2.6	2.7	2.5	1.5	2.1	(26.4)	12.8	47.5	48.6	42.4	58.1
Prepayments	233,289	105,616	162,242	86,986	60,358	54,837	18.0	13.3	23.9	17.6	11.1	19.9	120.9	(34.9)	86.5	44.1	10.1	41.8
Sundry receivables	9,338	102,761	17,001	95,246	148,276	47,678	0.7	12.9	2.5	19.3	27.3	17.3	(90.9)	504.4	(82.2)	(35.8)	211.0	3,933.7
TOTAL CURRENT ASSETS	1,295,948	796,001	679,138	493,767	542,930	275,781	68.0	59.4	39.2	41.4	60.2	54.1	62.8	17.2	37.5	(9.1)	96.9	24.9
NON CURRENT ASSETS																		
Fixed assets	47,421	49,296	32,264	18,177	15,625	13,999	7.8	9.1	3.1	2.6	4.4	6.0	(3.8)	52.8	77.5	16.3	11.6	15.7
Capital work in progress	-	-	9,415	1,471	3,374	-	-	-	0.9	0.2	0.9	-	-	(100.0)	540.0	(56.4)	-	-
Intangible assets	-	-	1,146	2,286	-	-	-	-	0.1	0.3	-	-	-	(100.0)	(49.9)	-	-	-
Long term loans	201	465	724	969	1,242	522	0.0	0.1	0.1	0.1	0.3	0.2	(56.8)	(35.8)	(25.3)	(22.0)	137.9	(48.3)
Investments	558,250	494,201	1,010,747	674,805	338,833	219,537	91.6	90.9	95.9	96.7	94.4	93.8	13.0	(51.1)	49.8	99.2	54.3	27.6
Deferred taxation	3,273	-	-	-	-	-	0.5	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON CURRENT ASSETS	609,145	543,962	1,054,296	697,708	359,074	234,058	31.97	40.60	60.82	58.56	39.81	45.91	12.0	(48.4)	51.1	94.3	53.4	26.4
TOTAL ASSETS	1,905,093	1,339,963	1,733,434	1,191,475	902,004	509,839	100.0	100.0	100.0	100.0	100.0	100.0	42.2	(22.7)	45.5	32.1	76.9	25.6
EQUITY & LIABILITIES																		
SHARE CAPITAL & RESERVES																		
Share capital	335,559	268,447	206,497	158,844	122,188	101,823	44.9	42.9	21.3	23.7	26.8	50.4	25.0	30.0	30.0	30.0	20.0	15.0
Reserves	222,064	557,064	353,064	211,064	79,064	99,429	29.7	89.0	36.4	31.4	17.3	49.2	(60.1)	57.8	67.3	167.0	(20.5)	93.6
Retained earnings	190,340	(199,492)	410,592	301,590	255,059	970	25.4	(31.9)	42.3	44.9	55.9	0.5	(195.4)	(148.6)	36.1	18.2	26,194.7	-
TOTAL SHARE CAPITAL AND RESERVES	747,963	626,019	970,153	671,498	456,311	202,222	39.3	46.7	56.0	56.4	50.6	39.7	19.5	(35.5)	44.5	47.2	125.6	44.6
UNDERWRITING PROVISIONS	685,624	540,711	535,049	375,753	221,243	194,689	36.0	40.4	30.9	31.5	24.5	38.2	26.8	1.1	42.4	69.8	13.6	32.0
LONG TERM LIABILITIES	-	1,873	2,474	2,061	1,835	5,196	-	0.1	0.1	0.2	0.2	1.0	(100.0)	(24.3)	20.0	12.3	(64.7)	48.2
CURRENT AND OTHER LIABILITIES																		
Premium received in advance	48,757	4,845	67,111	552	10,489	2,141	10.3	2.8	29.7	0.4	4.7	2.0	906.3	(92.8)	12,057.8	(94.7)	389.9	461.9
Amounts due to other insurers / reinsurers	266,387	91,353	95,362	84,486	98,943	45,984	56.5	53.3	42.2	59.4	44.4	42.7	191.6	(4.2)	12.9	(14.6)	115.2	(3.1)
Accrued expenses	39,385	19,729	21,235	16,780	15,520	16,437	8.4	11.5	9.4	11.8	7.0	15.3	99.6	(7.1)	26.5	8.1	(5.6)	23.3
Taxation - provision less payments	13,396	6,067	6,792	19,304	25,987	9,536	2.8	3.5	3.0	13.6	11.7	8.9	120.8	(10.7)	(64.8)	(25.7)	172.5	(66.4)
Other creditors and accruals	87,587	34,926	21,074	11,991	66,579	6,547	18.6	20.4	9.3	8.4	29.9	6.1	150.8	65.7	75.7	(82.0)	916.9	51.2
Other liabilities	15,994	14,440	14,184	9,050	5,097	27,087	3.4	8.4	6.3	6.4	2.3	25.1	10.8	1.8	56.7	77.6	(81.2)	27.5
TOTAL CURRENT AND OTHER LIABILITIES	471,506	171,360	225,758	142,163	222,615	107,732	24.75	12.79	13.02	11.93	24.68	21.13	175.2	(24.1)	58.8	(36.1)	106.6	(6.4)
TOTAL LIABILITIES	1,905,093	1,339,963	1,733,434	1,191,475	902,004	509,839	100.0	100.0	100.0	100.0	100.0	100.0	42.2	(22.7)	45.5	32.1	76.9	25.6

ANALYSIS OF FINANCIAL STATEMENTS
PROFIT AND LOSS ACCOUNT

Particulars	2009	2008	2007	2006	2005	2004	Vertical Analysis Composition of Profit and Loss Account 2009	2008	2007	2006	2005	2004	Horizontal Analysis % Change year to year 2009 vs 2008	2008 vs 2007	2007 vs 2006	2006 vs 2005	2005 vs 2004	2004 vs 2003
	(Rupees in thousand)						%	%	%	%	%	%	%	%	%	%	%	%
GROSS PREMIUM	910,736	861,379	784,525	668,832	523,579	315,588	100.0	100.0	100.0	100.0	100.0	100.0	5.7	9.8	17.3	27.7	65.9	48.4
REVENUE ACCOUNT																		
Net premium revenue	443,534	507,946	447,000	348,725	264,081	144,974	48.7	59.0	57.0	52.1	50.4	45.9	(12.7)	13.6	28.2	32.1	82.2	55.6
Net claims	(192,355)	(231,434)	(215,104)	(133,190)	(64,446)	(40,227)	(43.4)	(45.6)	(48.1)	(38.2)	(24.4)	(27.7)	(16.9)	7.6	61.5	106.7	60.2	121.1
Expenses	(181,178)	(153,932)	(121,358)	(101,779)	(90,857)	(82,393)	(40.8)	(30.3)	(27.1)	(29.2)	(34.4)	(56.8)	17.7	26.8	19.2	12.0	10.3	3.3
Net commission	34,466	35,806	34,055	41,239	43,406	36,677	7.8	7.0	7.6	11.8	16.4	25.3	(3.7)	5.1	(17.4)	(5.0)	18.3	3.4
UNDERWRITING RESULTS	104,467	158,386	144,593	154,995	152,184	59,031	23.6	31.2	32.3	44.4	57.6	40.7	(34.0)	9.5	(6.7)	1.8	157.8	92.3
Investment income	118,230	(305,174)	314,703	190,198	159,782	54,641	49.8	216.4	67.3	53.0	52.4	52.1	(138.7)	(197.0)	65.5	19.0	192.4	(5.3)
Rental and other income	33,853	20,417	26,325	28,604	6,680	2,569	14.3	(14.5)	5.6	8.0	2.2	2.4	65.8	(22.4)	(8.0)	328.2	160.0	(68.4)
Financial charges	(550)	(507)	(540)	(686)	(419)	(974)	(0.2)	0.4	(0.1)	(0.2)	(0.1)	(0.9)	8.5	(6.1)	(21.3)	63.7	(57.0)	(63.4)
General and administration expenses	(18,806)	(14,116)	(17,675)	(14,405)	(13,529)	(10,409)	(7.9)	10.0	(3.8)	(4.0)	(4.4)	(9.9)	33.2	(20.1)	22.7	6.5	30.0	174.9
	132,727	(299,380)	322,813	203,711	152,514	45,827	56.0	212.3	69.1	56.8	50.1	43.7	(144.3)	(192.7)	58.5	33.6	232.8	(22.8)
PROFIT / (LOSS) BEFORE TAXATION	237,194	(140,994)	467,406	358,706	304,698	104,858	26.04	(16.37)	59.58	53.63	58.20	33.23	(268.2)	(130.2)	30.3	17.7	190.6	16.4
Taxation	(48,138)	(58,591)	(57,560)	(57,987)	(50,609)	(22,158)	(20.29)	41.56	(12.31)	(16.17)	(16.61)	(21.13)	(17.8)	1.8	(0.7)	14.6	128.4	(54.7)
PROFIT / (LOSS) AFTER TAXATION	189,056	(199,585)	409,846	300,719	254,089	82,700	20.8	(23.2)	52.2	45.0	48.5	26.2	(194.7)	(148.7)	36.3	18.4	207.2	100.9

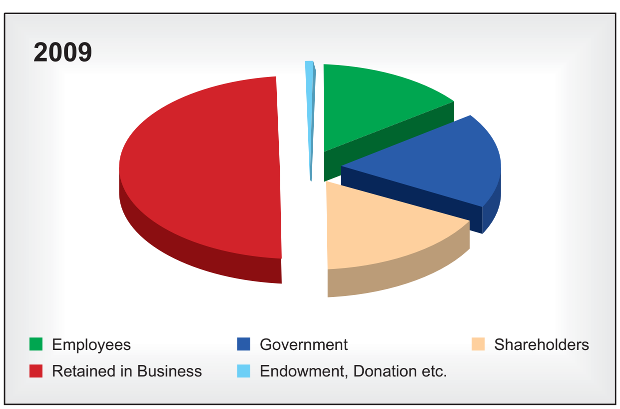
CASH FLOW STATEMENT

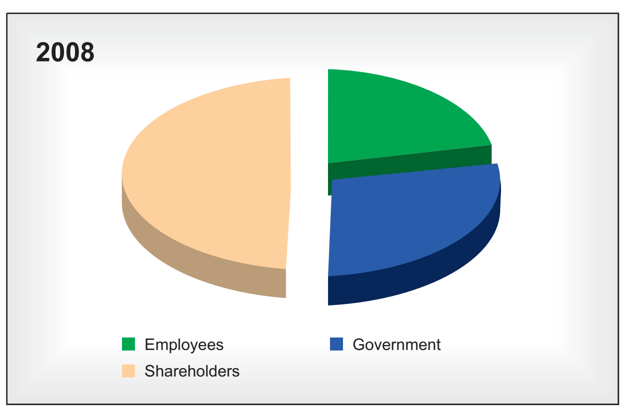
Particulars	2009	2008	2007	2006	2005	2004	Vertical Analysis Composition of Cash Flow 2009	2008	2007	2006	2005	2004	Horizontal Analysis % Change year to year 2009 vs 2008	2008 vs 2007	2007 vs 2006	2006 vs 2005	2005 vs 2004	2004 vs 2003
	(Rupees in thousand)						%	%	%	%	%	%	%	%	%	%	%	%
Cash flow from operating activities	357,795	2,067	175,398	41,122	209,412	50,465	77.1	(42.6)	140.1	(37.3)	124.5	2,778.9	17,209.9	(98.8)	326.5	(80.4)	315.0	(741.6)
Cash flow from investing activities	172,576	137,882	56,406	(69,160)	(18,654)	(32,567)	37.2	(2,842.3)	45.1	62.7	(11.1)	(1,793.3)	25.2	144.4	181.6	(270.8)	42.7	(225.1)
Cash flow from financing activities	(66,108)	(144,800)	(106,597)	(82,265)	(22,588)	(16,082)	(14.2)	2,985.0	(85.1)	74.6	(13.4)	(885.6)	(54.3)	35.8	(29.6)	(264.2)	(40.5)	3.7
Increase / (decrease) in cash & cash equivalents	464,263	(4,851)	125,207	(110,303)	168,170	1,816	100.0	100.0	100.0	100.0	100.0	100.0	(9,670.5)	(103.9)	213.5	165.6	(9,160.5)	(31.8)

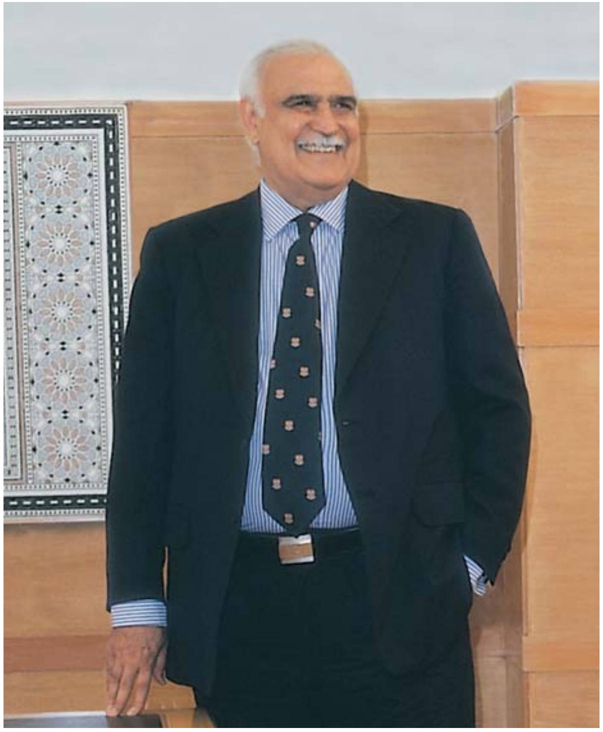
STATEMENT OF VALUE ADDITION

	2009	2008
	(Rupees in thousand)	
WEALTH GENERATED		
Gross premium (including FED and FIF)	999,762	922,353
Commission income	34,466	35,806
Income / (loss) from investment	118,230	(305,174)
Other income	33,853	20,417
	1,186,311	673,402
Management and other expenses	733,098	656,212
	453,213	17,190
WEALTH DISTRIBUTED		
To employees		
Salaries, wages and other benefits	117,025	90,092
To Government		
Company taxation	48,138	58,591
Levies (including FED and FIF)	89,024	60,974
	137,162	119,565
To Shareholders		
Cash dividend	67,112	144,549
Stock dividend	67,112	61,950
	134,224	206,499
Financial charges		
To providers of finance	NIL	NIL
To Society		
Endowment, donation etc.	2,372	NIL
Retained in Business		
Depreciation and amortization	7,598	7,118
Statutory reserves	(335,000)	204,000
Retained profit / (loss)	389,832	(610,084)
	62,430	(398,966)
	453,213	17,190

WEALTH DISTRIBUTION







CHAIRMAN'S REVIEW

It is my pleasure to present the 75th Annual Report and Review of your company for the year ended December 31, 2009.

THE ECONOMY

The economic performance of the country is improving steadily with an expected Gross Domestic Product (GDP) growth rate of 3.3 percent for the current fiscal year (2009-10). Some important gains were made in stabilizing the macro-economy. Reduction in inflation, contained government borrowings from SBP, substantial contraction in external imbalances, increase in remittances and easing monetary stance, are all likely to revive the economy.

However, the government may face significant risks, to its fiscal targets, as demands for expenditure continues to rise, as revenue targets are increasingly looking uncertain in the wake of the economic slow down.

Whereas most of the key indicators continue to mark positive trends, the fiscal imbalance, poor tax growth, war against militants and delays in receiving funds from Friends of Pakistan and Coalition Support Fund may affect the fragile recovery.

Weak private demand for credit and risk-averse behavior of banks allowed the government to finance its increased spending in FY10 without crowding out private sector activities. In this case, continued excessive fiscal needs can have adverse implications for market liquidity, interest rates and credit to private sector, which in turn will limit the central bank's ability to reduce the policy rate.

Nonetheless, good growth in the agriculture sector coupled with the support prices offered to farmers has brought liquidity in the rural economy. Moreover, growth in large scale manufacturing has recovered substantially, which bodes well for the economy at large.

Recent economic indicators suggest that Pakistan's economy has turned the tide. If the government can take tangible measures to reduce electricity shortages and general cost of doing business, the economy has the potential to take off in the near future.

THE INSURANCE INDUSTRY

In the last few years, insurance industry has shown robust growth mainly because of favorable economic conditions, privatization of large state owned entities, expansion of financial sector as a whole and foreign direct investment.

However, the insurance sector has faced numerous challenges recently: Macroeconomic instability, unexpected claims exceeding Rs. 5 billion due to riots and disturbances after the assassination of ex-prime minister of the country Benazir Bhutto, turmoil in global financial markets, closure of the equity market for over 100 days and deteriorating law and order situation. Despite all these odds, the insurance industry has shown resilience and absorbed the sudden and unexpected shocks.

Insurance penetration i.e. Premium as percentage of GDP (2008) in Pakistan continues to remain the lowest in the region. Pakistan has a general insurance penetration of 0.4% as against 0.6% in India, 1.5% in Malaysia, 0.9% in Sri Lanka, and 1.1% in Iran. Hence, there is great potential for growth, which can only be realized by enhancing public awareness. Both the regulator and the private sector need to play a role in this regard.

Profitability pressures on the international re-insurers, due to recent melt down of global financial market, asserted some constraints on the re-insurance capacity. Regional insurers suffered particularly due to deteriorating law and order situation and wide spread terrorists activities. The underwriting profitability of the industry is likely to shrink as a result. As a result of increased competition, price cutting has posed operating challenges for companies of a conservative mind-set. This demands efficient customer service, effective risk management and better control system to support and monitor profitable growth.

Devaluation of Pakistani currency against US$ of more than 34% during the last two years has further squeezed re-insurers profit margin. This scenario may become another justification for increased pressure on the domestic market for increased cost of re-insurance. Hence, to offset this, the industry will have to generate better underwriting profitability. Domestic capacity building is another important area, which demands attention of all stake-holders. Increased wave of terrorists' activities in the country necessitates development of local capacity to cover risk, in particular a terrorism pool. India has done this very effectively and successfully.

Takaful, Islamic insurance, has recently been introduced in Pakistan. The government should allow this on a priority basis. Malaysian Takaful model is one of the best and oldest with more than two decades of operations. Despite having a non-tariff structure, a significant competitive edge over conventional tariff insurance companies, Takaful insurers have not been able to capture more than six percent market share. In Pakistan where insurance penetration both in terms of GDP and population is still the lowest in the region allowing window Takful operations to conventional companies will help increase insurance penetration.

Growth of the insurance industry is linked directly with the economic activities in the country. The prevailing downturn in the economy, also coinciding with the global recession, is likely to impact the growth prospects of the insurance business. Moreover, the higher interest rates have already affected auto demand, and impaired business initiatives hitherto demonstrated by large scale manufacturing and SMEs. However, with high inflation, the prices of most of the products insured by the industry are experiencing a rising trend and increasing the sum to be insured. This phenomenon is expected to provide industry an avenue for nominal growth in premium written, save for the fact that the competition amongst companies may drive down the pricing.

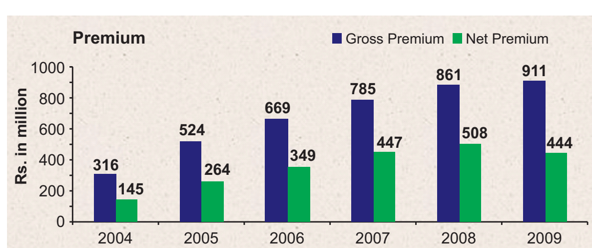
In the long run considering the current low penetration rate, there is substantial room for growth. The ongoing process of privatization is expanding the market for the private sector insurance companies. The government has also allowed foreign companies to operate wholly owned subsidiaries in domestic life and non-life insurance sectors as against the previous limit of holding 51% stake in a domestic company. The local insurance sector is expected to attract foreign investment while increasing competitiveness in the sector. However, improvement on the economic front and other social indicators would be crucial for potential foreign investors.

Heightened competition and subdued growth prospects within the insurance sector will in fact improve efficiency and control systems. This could lead to consolidation in the sector. Smaller players will not be able to sustain their market positions. As administrative and processing systems are complex in the insurance industry, the effective use of technology to facilitate information exchange, transaction processing and data analysis offers significant potential to reduce costs, enhance service levels and improving the overall management of the business. Hence, companies incorporating the relevant systems, methods and technology will be better placed to take advantage of any opportunities that may arise in the sector.

THE COMPANY RESULTS

PREMIUM

Even with adverse economic conditions this year the gross premium rose by approximately 6% to Rs.910.74 million against Rs.861.38 million of previous year. Your company continuously followed its cautious and prudent underwriting policy. The net premium was reported at Rs.443.53 million against Rs.507.95 million of last year. The underwriting profit was Rs.104.47 million against Rs.158.39 million of the corresponding year, reflecting a decrease of 34%. This decline was mainly due to decrease in Marine business, which normally provides greater contribution to underwriting profitability.



SEGMENTS AT A GLANCE

Fire and Property

Gross underwriting premium grew by 83% from Rs. 200.55 million in 2008 to Rs. 367.66 million in 2009 and net premium also increased by 15% from Rs. 44.95 million to Rs. 51.70 million. Due to the company's prudent approach, losses were reduced by 23%. Therefore, underwriting profit grew to Rs. 55.63 million, an increase of 19% over last year.

Marine, Aviation and Transport

The Marine business was lower by 20% from Rs. 277.29 million in 2008 to Rs. 221.15 million in 2009. Consequently, the net premium also declined to Rs. 127.07 million from Rs. 167.38 million. The drop in the gross underwriting premium was due to adverse economic conditions, which resulted in unhealthy competition and drastic cut in the rates. Despite the drop in gross premium, the segment's underwriting profit was Rs. 75.34 million for the year 2009.

Motor

Motor business constituted 27% of total gross premium in 2009 whereas this ratio was 34% in 2008. This indicates that the management of your company has a keen focus on profitability and is not induced by mere premium growth. This segment has generated gross underwritten premium of Rs. 244.02 million as compared to Rs. 290.43 million in 2008. The net claim to net premium ratio declined to 66% from 73% of last year. The company had underwriting loss of Rs. 32.93 million under this segment. The management has taken strict measures to improve the quality of motor business, increase profitability and to curtail the claim ratio by improving controls in the motor claims settlement procedure.

Miscellaneous

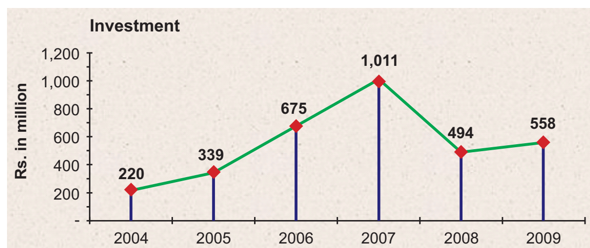
In the Miscellaneous class, the gross premium declined by 19% from Rs. 93.10 million in 2008 to Rs. 77.91 million in 2009. However, net premium under this segment rose marginally from Rs. 9.55 million to Rs. 10.31 million of last year. The company earned underwriting profit of Rs. 7.28 million as compared to Rs. 12.93 million in 2008.

INVESTMENT

The investment committee is responsible for implementation of the investment policies laid down by the Board and guides the asset allocation strategy to ensure financial liquidity, security, diversification and increase in the overall investment portfolio.

Your company's investment portfolio is prudently invested and seeks a reasonable yield in line with the market conditions. Over the course of the year the company benefited from this investment philosophy.

The company was able to realize capital gain to the tune of Rs. 115.46 million as compared to Rs. 87.93 million of last year. The investment income during the year stood at Rs. 118.23 million as compared to loss of Rs. 305.17 million of the last year.



The book value of your company's investment also increased from Rs. 494.20 million of last year to Rs. 558.25 million this year. This increase is the reflection of the strong financial base of your company as well as utilization of company funds in profitable activities.

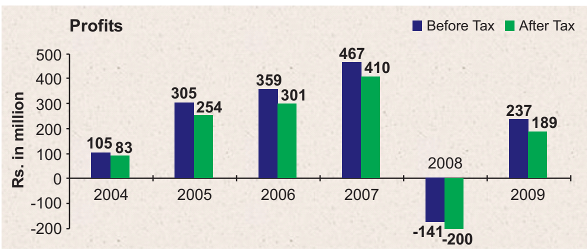
FUND MANAGMENT

Your company is committed to maintaining a strong financial profile, which gives financial flexibility to achieve growth and portfolio optimization goals.

During the period under review the company generated a cash inflow of Rs. 357.79 million through its operational activities as against Rs. 2.07 million last year. This phenomenal growth was achieved due to vigilant and close monitoring of the cash. An amount of Rs. 246.54 million was paid for investment and fixed capital expenditures against Rs. 361.22 million of last year. The cash and cash equivalents at the end of the year were Rs. 660.19 million as compared with Rs.195.93 million at the end of the year 2008, which speaks of the sound financial base of the company.

PROFITABILITY

The underwriting profit of Rs. 104.47 million of the company was lower for the year under review as compared to profit of Rs. 158.39 million of last year. However, due to good returns from investments the profit before tax rose to Rs. 237.19 million as compared to loss of Rs. 141 million of last year. After providing for taxes to the tune of Rs. 48.14 million the net profit was reported at Rs. 189.06 million as compared to loss of Rs.199.59 million of last year.



During the year under review the paid up capital of the company rose to Rs. 335.56 million from Rs. 268.45 million of last year. This increase reflects the company's policy of capitalizing the profits through retention.

REINSURANCE

Your company has reinsurance arrangements with some of the best renowned reinsurers holding strong financial ratings in their respective businesses. These include:

- Swiss Re
- Hannover Re
- Best Re
- Malaysian Re
- Tokio Marine & Nichido Fire Insurance
- Sompo Japan

The reinsurance program has been structured to protect the value at risk by ensuring appropriate protection for individual risks. This also aims to secure the best possible protection at economical cost. Your company keeps increasing capacities for underwriting traditional insurances as well as continue arranging reinsurances for new products.

RISK MANAGEMENT

Effective risk management is at the heart of good corporate governance and for this reason your company is dedicated to efficient and innovative risk management solutions. Insurance being the business of transfer of risks from clients to insurers is viable only if underwriters have the ability to assess the risk precisely. As such, the company closely monitors risks while prioritizing, analyzing and addressing the concerned issues.

The company has a comprehensive risk management system in place to avoid, mitigate or transfer risks, wherever possible. The risk management policy aims to minimize financial risks associated with the company's revenue and cost streams, safeguarding the company's assets addressing key areas of capital and cash management.

INFORMATION TECHNOLOGY

Strategic initiative to leverage information technology for improved business performance continued yielding required results. Your company recognizes the importance of technology in the conduct of business and the need for investing in new technology. As in all industries, adapting new technology has become absolutely necessary in the insurance industry as well. With increasing number of policies and claims, communication infrastructure has been strengthened by upgrading the systems within the head office and branches.

Your company was among the pioneers in the insurance sector in implementing an online web based software using Oracle 10g as back-end and JAVA / HTML as front-end tools.

All country-wide branches are now using the online software through WAN connectivity, for issuance of underwriting documents. All information is now available on web in real time along with appropriate security. Effective and efficient underwriting control has been achieved through availability of data and printing of all underwriting documents issued by the branches from Online Software at Head Office. The new software would enable the management to get right information at the right time to take immediate decisions.

The company policies can be implemented and controlled by the Online software more effectively and quickly. Due to integrated Online Software all modules would provide more authentic and accurate information of business activities to the management. The branches would be able to get all clients and branch based activities / information as and when required. Continuous development in this important area is an ongoing process.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your company contributed a sum of Rs. 137.16 million during the year towards government exchequer on account of Income tax, Federal Excise Duty and other levies. Over the years, the company has also paid significant returns to its valued shareholders. The management of your company strongly believes in the development of the economy through discharging the obligations by timely and accurate payment of all government dues including taxes and also donating for noble cause.

HUMAN RESOURCE

Alignment of people strategy with the business strategy is the key element of company's human resource function. Our three core values of responsibility, excellence and honesty are embedded in the HR policy.

Team work is no longer an option. It is integral to the success of companies. The management of your company has inculcated teamwork into its core values and basic working philosophy. Great emphasis is laid upon holding up the business ethics under all circumstances.

Teamwork creates a culture of discipline in an organization. As Jim Collins writes in his best seller 'Good to Great', *"When you have disciplined action, you don't need excessive controls. When you combine a culture of discipline with an ethic of entrepreneurship, you get the magical alchemy of great performance."*

Employee's individual performance leads to team strength, which is ultimately reflected in the organization's overall performance. Besides conducting in house trainings, employees are also sent on training programs conducted by reputable institutions like LUMS, PIMS and MAP. During 2009 some 40 employees of your company were sent to attend various training programs within and outside the country on Training Need Assessment basis. Employees are encouraged to appear in ACII examinations and enroll in various diploma courses and Executive MBA's to improve their education and professional skills. Atlas Group, of which your company is a constituent member, also regularly nominates employees to the renowned institutes like Harvard, Standford and Insead for MBA and other management development programs. Being strong believer of Management by Objectives, your company management sets objectives of individual team member at the beginning of the year with defined success criteria and reviews these objectives periodically.

RATING BY PACRA

The Pakistan Credit Rating Agency (PACRA) has maintained the Insurer Financial Strength (IFS) rating of your company to "A+". The rating reflects company's strong financial base, which adequately supports the company's accelerated growth strategy. The rating also recognizes the company's sound underwriting practices that have resulted in stable income from core insurance business. PACRA has also recognized company's sound solvency margin, maintained performance, strong financial base and adequate liquidity to meet its obligations.

GOOD GOVERNANCE - AWARDS

The management of your company has laid a lot of emphasis on good governance, accountability and transparency in running of the affairs of the company. Your company has received various awards in this connection including the "Best Corporate Report Award - 2008" adjudged jointly by ICAP & ICMA for the fourth time since 2005 and third time consecutively.

Chief Executive of the Company, Mr. Arshad P. Rana, receiving the Best Corporate Report Award 2008 from the Governor State Bank of Pakistan, Mr. Saleem Raza

Moreover, the company is also recipient of one of the most prestigious awards of the Corporate sector - "KSE Top 25 Companies Award - 2005".

In 2009, the company again achieved the South Asian Federation of Accountants (SAFA) "Best Presented Accounts Award - 2008." It was the third time since 2006 the company was awarded this distinction. Your company has the distinction of being among the few insurance companies to have achieved these awards.

FUTURE OUTLOOK

Given the economic and geo-political challenges, your company will have to work efficiently and manage its affairs prudently to maintain the growth momentum. Despite increased competition in all business segments, the high level of professionalism and the strategies pursued by the management makes one confident of achieving the targets set for the year 2010. In spite of the difficulties, the management of your company is determined to maintain growth by converting challenges into opportunities. As a responsible corporate entity, the company will continue to conduct the business in a transparent way. The aim is to exceed expectations of all the stakeholders not only during the current year but in the future as well:

ع ستاروں سے آگے جہاں اور بھی ہیں

(There is a world beyond the world)

ACKNOWLEDGEMENT

I wish to express my sincere appreciation to our valued shareholders, clients, reinsurers, SECP and financial institutions for their faith, cooperation and support over the years.

I also appreciate the valuable contribution and active role of the Board of Directors in supporting and guiding the management in achieving the targets of the company. I would also like to express my gratitude to the Group President, Mr. Aamir H. Shirazi, Group Director Financial Services, Mr. Frahim Ali Khan and the Chief Executive Officer, Mr. Arshad P. Rana and his team for their efforts, dedication and sincerity of purpose.

Yusuf H. Shirazi

DIRECTORS' REPORT

The directors of your company take pleasure in presenting their report together with the Audited Financial Statements and Auditors' Report thereon for the year ended December 31, 2009. The directors' report, prepared under section 236 of the Companies Ordinance, 1984, and clause (xix) of the Code of Corporate Governance, will be put forward to the members at the seventy fifth Annual General Meeting of the company to be held on April 29, 2010.

Financial Results

Following is the overall performance of the company for the year ended December 31, 2009:

	2009	2008
	(Rupees in thousand)	
Gross premium	910,738	861,379
Profit / (loss) for the year before tax	237,194	(140,994)
Taxation:		
Current	53,284	59,192
Deferred	(5,146)	1,636
Prior years	-	(2,237)
	48,138	58,591
Profit / (loss) for the year after tax	189,056	(199,585)
Un-appropriated profit brought forward	1,284	93
Profit / (loss) available for appropriation	190,340	(199,492)
*Appropriations:		
Transferred (to) / from general reserve	(22,000)	335,000
Proposed bonus shares @ 10% (2008 : @ 25%)	(33,556)	(67,112)
Proposed cash dividend @ 40% (2008 : @ 25%)	(134,224)	(67,112)
	(189,780)	200,776
Unappropriated balance carried forward	560	1,284

* The Board of Directors has recommended bonus shares 10% i.e. 1 ordinary shares for every 10 ordinary shares held and cash dividend of Rs. 4 per share i.e. 40% for the year ended December 31, 2009. The financial statements do not reflect these appropriations in compliance with the Fourth Schedule of the Companies Ordinance, 1984.

Earnings per share

Earnings per share after tax is Rs.5.63 as against Rs.(5.95) in 2008.

Chairman's Review

The Chairman's Review included in the Annual Report deals inter alia with the performance of the company for the year ended December 31, 2009 and future prospects. The directors endorse the contents of the review.

Board of Directors

The Board comprises of two executive and five non-executive directors. All the directors keenly take interest in the proper stewardship of the company's affairs. All the non-executive directors are independent from the management.

S. No.	Name of Directors		
1	Mr. Yusuf H. Shirazi	-	Non Executive
2	Mr. Azam Faruque	-	Non Executive
3	Mr. Kamal A. Chinoy	-	Non Executive
4	Mr. Omar Saeed	-	Non Executive
5	Mr. Ali H. Shirazi	-	Non Executive
6	Mr. Frahim Ali Khan	-	Executive
7	Mr. Arshad P. Rana	-	Executive

No transaction in the company's shares has been reported by the Directors, CEO, CFO, Company Secretary and their spouse and minor children during the year except disclosed in the pattern of shareholding.

The Board had five (5) meetings during the year. Attendance by each director was as follows:

S. No.	Name of Directors	Attendance
1	Mr. Yusuf H. Shirazi	5
2	Mr. Azam Faruque	4
3	Mr. Kamal A. Chinoy	3
4	Mr. Omar Saeed	3
5	Mr. Ali H. Shirazi	5
6	Mr. Frahim Ali Khan	5
7	Mr. Arshad P. Rana	5

External Auditors

The present Auditors M/s. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Audit Committee recommends and the Board endorses that they be appointed as Auditors for the year ending December 31, 2010.

The external auditors have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP). The external auditors have confirmed that their firm is in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP. The external auditors have not been appointed to provide other services except in accordance with the listing regulations and they have confirmed that they have observed IFAC guidelines in this respect.

The external auditors attended those Audit Committee meetings in which the financial statements of the company were considered. The auditors have confirmed that they have no issue of independence and they have already reported all their concerns in the board and management letters.

Audit Committee

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duly approved by the Board which is attached with this report. Audit Committee was established to assist the directors in discharging their responsibilities towards the company. During the year following are the significant matters recommended / discussed by the Audit Committee with the board of directors:

- Reviewed the quarterly, half yearly and annual financial statements of the company prior to their approval by the board of directors.
- Recommended to the board, the appointment of the external auditors by the company's shareholders and consider any questions of resignation or removal of external auditors and audit fee.
- Reviewed the Management and Board letters issued by the external auditors of the company.
- Monitored and discussed with board, the compliance of statutory / regulatory requirements of the relevant statutes.
- Discussed the major findings of internal audit reports and management's response there to.

The Committee consists of the following three members:

S. No.	Name of Directors		
1	Mr. Omar Saeed (Chairman)	-	Non Executive
2	Mr. Ali H. Shirazi	-	Non Executive
3	Mr. Frahim Ali Khan	-	Executive

During the year, four (4) Audit Committee meetings were held and attended as follows:

S. No.	Name of Directors	Attendance
1	Mr. Omar Saeed	3
2	Mr. Ali H. Shirazi	4
3	Mr. Frahim Ali Khan	4

Employees Benefit Plans

The company operates a contributory provident fund scheme for all the employees and defined benefit gratuity funds schemes of its management and non-management employees. The value of investments based on their respective accounts is as follows:

Provident Fund Rs. 62.957 million (as at December 31, 2009)

Gratuity Fund

Management Staff	Rs.9.768 million (as at June 30, 2009)
Non-Management Staff	Rs.5.010 million (as at December 31, 2009)

Compliance with the Code of Corporate Governance and Transfer Pricing as contained in the Listing Regulations of Stock Exchanges.

The directors confirm the compliance of the requirements of the Code of Corporate Governance and Transfer Pricing as set out by the Karachi and Lahore stock exchanges in their Listing Regulations, relevant for the year ended December 31, 2009. Separate statements to these effects are annexed.

Statement of Directors' Responsibilities

The Board regularly reviews the company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed in total by the board in light of the company's overall objectives. The board is committed to maintain the high standards of good corporate governance. The company has been in compliance with the provisions set out by the Securities & Exchange Commission of Pakistan and the listing rules of the stock exchanges. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.

Financial Statements
The financial statements, prepared by the management of the company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

Books of Account
The company has maintained proper books of account.

Accounting Policies
Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

International Accounting Standards
International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

Internal Control System
The system of internal control is sound in design and has been effectively implemented and monitored.

Going Concern
There is no doubt about the company's ability to continue as a going concern.

Operating and Financial Data
Operating and financial data and key ratios of the company for the last ten years are annexed.

Best Practices of Corporate Governance
There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Taxes and Levies
Information about taxes and levies is given in notes to the financial statements.

Pattern of Shareholding

The pattern of shareholding of the company is annexed

Code of Business Principles

As a leading general insurance company, reputation for high ethical standards is central to business success. Code of Business Principles has been developed and communicated. Each director and employee of the company has acknowledged the same.

Communication

Communication with the shareholders is given a high priority. Annual reports are distributed to the members and half yearly and quarterly reports are placed on company's website within the time specified by the Companies Ordinance, 1984 and the Code of Corporate Governance. The company also has a web site (www.atlasinsurance.com.pk), which contains up-to-date information of the company.

Outstanding Statutory Payments

All outstanding payments are of normal and routine nature.

Safety and Environment

The company follows the safety and environment rules and regulations.

For and on behalf of the
Board of Directors

Lahore: March 19, 2010

Arshad P. Rana
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED DECEMBER 31, 2009

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the Listing Regulation No. 37 and Chapter XIII, of the Karachi Stock Exchange (Guarantee) Limited and the Lahore Stock Exchange (Guarantee) Limited, respectively, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of non-executive directors on its Board of Directors. At present the Board includes five non-executive directors out of seven directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.

3. All the directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. No director in the Board is a member of any of the stock exchanges in Pakistan.

4. No causal vacancy occurred in the board of directors during the year.

5. Executive directors of the company are not in excess of 75% of the total number of directors.

6. The company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the company.

7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

8. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive director, have been taken by the Board.

9. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

10. The Board has established a system of sound internal control, which includes all necessary aspects of internal control given in the Code and is effectively implemented at all levels within the company.

11. The Board had previously arranged an orientation course for its members to apprise them of their duties and responsibilities.

12. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

13. The Directors' Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

14. The financial statements of the company were duly endorsed by the CEO and CFO before approval of the Board.

15. The Directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

16. The company has complied with the corporate and financial reporting requirements of the Code.

17. The Board has formed Underwriting, Claim settlement and Re-insurance & Co-insurance committees. The meetings of the committees were held once in every quarter.

18. The Board has formed an Audit Committee. It comprises of three members, out of which two members are non-executive directors including the Chairman of the Committee.

19. The meetings of the Audit Committee were held at least once in every quarter prior to the approval of interim and final results of the company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

20. The Board has set-up an effective internal audit function which is manned by experienced and qualified personnel. The audit team is fully conversant with the policies and procedures of the company and is involved in the internal audit function on a full time basis.

21. The statuary auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouse and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

23. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the
Board of Directors

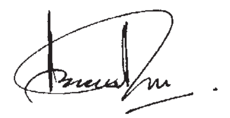
Lahore: March 19, 2010

Arshad P. Rana
Chief Executive

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING
FOR THE YEAR ENDED DECEMBER 31, 2009

The company has fully complied with the best practices of Transfer Pricing as contained in the Listing Regulation No. 38 of the Karachi Stock Exchange (Gurantee) Limited and chapter XIV of the Listing Regulations of the Lahore Stock Exchange (Gurantee) Limited.

For and on behalf of the
Board of Directors



Lahore: March 19, 2010

Arshad P. Rana
Chief Executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the board of directors of Atlas Insurance Limited to comply with the Listing Regulations No. 37 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited, Chapter XIII of the Lahore Stock Exchange (Guarantee) Limited, where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the board of directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified. Whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the board's statement on internal control covers all risks and controls, or to form and opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, Sub-Regulation (XIII) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE / N-269 dated January 19, 2009, requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

A. F. FERGUSON & CO.
Chartered Accountants

Audit Engagement Partner: Imran Farooq Mian

Date: March 19, 2010

Lahore

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

i) balance sheet;
ii) profit and loss account;
iii) statement of comprehensive income;
iv) statement of changes in equity;
v) cash flow statement;
vi) statement of premiums;
vii) statement of claims;
viii) statement of expenses; and
ix) statement of investment income

of Atlas Insurance Limited as at December 31, 2009, together with the notes forming part thereof, for the year then ended.

It is the responsibility of the company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the management, as well as, evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

a) proper books of accounts have been kept by the company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the company and are further in accordance with accounting policies consistently applied, except for the changes in accounting policies as stated in note 2.2.1 to the annexed financial statements with which we concur;
c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the company's affairs as at December 31, 2009 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A. F. FERGUSON & CO.
Chartered Accountants

Audit Engagement Partner: Imran Farooq Mian

Date: March 19, 2010

Lahore

Atlas Insurance

BALANCE SHEET

	Note	2009	2008
		(Rupees in thousand)	
Share capital and reserves			
Authorised share capital			
50,000,000 (2008: 50,000,000) ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid up capital			
33,555,911 (2008: 26,844,729) ordinary shares of Rs. 10 each	5	335,559	268,447
Reserves	6	222,064	557,064
Retained earnings		190,340	(199,492)
		747,963	626,019
Underwriting provisions			
Provision for outstanding claims (including IBNR)		253,899	237,509
Provision for unearned premium		405,471	277,432
Commission income unearned		26,254	25,770
Total underwriting provisions		685,624	540,711
Deferred taxation	7	-	1,873
Creditors and accruals			
Premiums received in advance		48,757	4,845
Amounts due to other insurers / reinsurers	8	266,387	91,353
Accrued expenses	9	39,385	19,729
Taxation - provision less payments		13,396	6,067
Other creditors and accruals	10	87,587	34,926
		455,512	156,920
Other liabilities			
Deposits against performance bonds		1,391	1,391
Unclaimed dividends		14,603	13,049
		15,994	14,440
TOTAL LIABILITIES		1,157,130	713,944
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		1,905,093	1,339,963

The annexed notes 1 to 37 form an integral part of these financial statements.

Arshad P. Rana	Ali H. Shirazi	Omar Saeed	Yusuf H. Shirazi
Chief Executive	Director	Director	Chairman

AS AT DECEMBER 31, 2009

	Note	2009	2008
		(Rupees in thousand)	
Cash and bank deposits			
Cash and other equivalents	12	13	12
Current and other accounts	12	485,278	165,917
Deposits maturing within twelve months	13	174,900	30,000
		660,191	195,929
Loans to employees - secured considered good	14	201	465
Investments	15	558,250	494,201
Deferred taxation	7	3,273	-
Current assets - others			
Premiums due but unpaid	16	102,119	108,620
Amounts due from other insurers / reinsurers	17	97,812	93,286
Salvage recoveries accrued		13,391	12,578
Accrued investment income	18	4,297	1,232
Reinsurance recoveries against outstanding claims		160,368	155,410
Deferred commission expense		15,143	20,569
Prepayments	19	233,289	105,616
Sundry receivables	20	9,338	102,761
		635,757	600,072
Fixed assets	21		
Tangible			
Land and buildings		15,667	16,430
Furniture and fixtures		2,826	2,758
Office equipments		6,330	6,373
Computers - owned		4,080	4,624
Motor vehicles - owned		18,518	19,111
		47,421	49,296
Intangible			
Computer software		-	-
TOTAL ASSETS		1,905,093	1,339,963

Arshad P. Rana	**Ali H. Shirazi**	**Omar Saeed**	**Yusuf H. Shirazi**
Chief Executive	Director	Director	Chairman

Atlas Insurance

PROFIT AND LOSS ACCOUNT

FINANCIAL YEAR ENDED DECEMBER 31, 2009

	Note	Fire & property	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total 2009	Total 2008
		(Rupees in thousand)						
Revenue account								
Net premium revenue		51,698	127,071	254,457	10,309	(1)	443,534	507,946
Net claims		(5,980)	(12,349)	(167,506)	(5,662)	(858)	(192,355)	(231,434)
Expenses	22	(21,638)	(51,815)	(103,436)	(4,289)	-	(181,178)	(153,932)
Net commission		31,550	12,434	(16,447)	6,929	-	34,466	35,806
Underwriting result		55,630	75,341	(32,932)	7,287	(859)	104,467	158,386
Investment income / (loss)							118,230	(305,174)
Rental income							1,736	1,328
Other income	23						32,117	19,089
Financial charges							(550)	(507)
General and administration expenses	24						(18,806)	(14,116)
							132,727	(299,380)
Profit / (loss) before taxation							237,194	(140,994)
Provision for taxation	25						(48,138)	(58,591)
Profit / (loss) after taxation							189,056	(199,585)
Profit and loss appropriation account								
Balance at commencement of the year							(199,492)	410,592
(Loss) / Profit after taxation for the year							189,056	(199,585)
Final dividend for 2008 @ Rs 2.5 per share (2007: Rs 7 per share)							(67,112)	(144,549)
Transfer from / (to) general reserve							335,000	(204,000)
Transfer to reserve for issue of bonus shares							(67,112)	(61,950)
Balance unappropriated profit / (accumulated loss) at the end of the year							190,340	(199,492)
Basic and diluted earnings per share - Rupees	26						5.63	(5.95)

The annexed notes 1 to 37 form an integral part of these financial statements.

Arshad P. Rana	Ali H. Shirazi	Omar Saeed	Yusuf H. Shirazi
Chief Executive	Director	Director	Chairman

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2009

	Note	2009	2008
		(Rupees in thousand)	
Profit / (loss) for the year ended December 31		189,056	(199,585)
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		189,056	(199,585)

The annexed notes 1 to 37 form an integral part of these financial statements.

Arshad P. Rana	**Ali H. Shirazi**	**Omar Saeed**	**Yusuf H. Shirazi**
Chief Executive	Director	Director	Chairman

Atlas Insurance

STATEMENT OF CHANGES IN EQUITY
FINANCIAL YEAR ENDED DECEMBER 31, 2009

	Issued, subscribed and paid-up capital	Reserves: Capital reserve	Reserves: Reserve for exceptional losses	Reserves: Reserve for issue of bonus shares	Reserves: General reserve	Reserves: Investment fluctuation reserve	Retained earnings	Total
	(Rupees in thousand)							
Balance as at December 31, 2007	206,497	2,251	2,164	-	345,649	3,000	410,592	970,153
Final dividend for the year ended December 31, 2007 @ 70% (Rs. 7 per share)	-	-	-	-	-	-	(144,549)	(144,549)
Transfer to general reserve	-	-	-	-	204,000	-	(204,000)	-
Transfer to reserve for bonus shares	-	-	-	61,950	-	-	(61,950)	-
Issue of bonus shares	61,950	-	-	(61,950)	-	-	-	-
Net loss for the year	-	-	-	-	-	-	(199,585)	(199,585)
Balance as at December 31, 2008	268,447	2,251	2,164	-	549,649	3,000	(199,492)	626,019
Final dividend for the year ended December 31, 2008 @ 25% (Rs. 2.5 per share)	-	-	-	-	-	-	(67,112)	(67,112)
Transfer from general reserve	-	-	-	-	(335,000)	-	335,000	-
Transfer to reserve for bonus shares	-	-	-	67,112	-	-	(67,112)	-
Issue of bonus shares	67,112	-	-	(67,112)	-	-	-	-
Net profit for the year	-	-	-	-	-	-	189,056	189,056
Balance as at December 31, 2009	335,559	2,251	2,164	-	214,649	3,000	190,340	747,963

The annexed notes 1 to 37 form an integral part of these financial statements.

Arshad P. Rana	Ali H. Shirazi	Omar Saeed	Yusuf H. Shirazi
Chief Executive	Director	Director	Chairman

CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2009

	Note	2009	2008
		(Rupees in thousand)	
Operating cash flows			
Underwriting activities			
Premiums received		920,272	754,014
Reinsurance premiums paid		(290,023)	(343,424)
Claims paid		(250,256)	(434,298)
Reinsurance and other recoveries received		90,249	185,077
Commissions paid		(38,995)	(44,941)
Commissions received		80,558	80,928
Other underwriting payments		(602)	(2,313)
Other underwriting receipts		10,358	11,835
Net cash flow from underwriting activities		521,561	206,878
Other operating activities			
Income tax paid		(45,955)	(59,917)
General management expenses paid		(118,076)	(145,153)
Loan repayments received		264	259
Net cash flow from other operating activities		(163,767)	(204,811)
Total cash flow from all operating activities		357,794	2,067
Investment activities			
Profit / return received		33,777	18,113
Dividends received		25,176	35,170
Rental income received		2,038	1,370
Payments for purchase of investments		(246,539)	(361,219)
Proceeds from disposal of investments		303,102	539,256
Short term placements - net		59,733	(81,126)
Payments against purchase of assets		(7,991)	(15,471)
Proceeds from disposal of fixed assets		3,280	1,789
Total cash flow from investing activities		172,576	137,882
Financing activities			
Dividends paid		(65,558)	(144,293)
Financial charges paid		(550)	(507)
Total cash flow from financing activities		(66,108)	(144,800)
Net cash inflow / (outflow) from all activities		464,262	(4,851)
Cash at the beginning of the year		195,929	200,780
Cash at the end of the year	27	660,191	195,929

Reconciliation to Profit and Loss Account

	Note	2009	2008
		(Rupees in thousand)	
Operating cash flows		357,794	2,067
Depreciation		(7,598)	(7,118)
Amortization		-	(1,146)
Financial charges		(550)	(507)
Profit on disposal of fixed assets		1,012	803
Provision for doubtful debts		(2,491)	(1,901)
Increase in assets other than cash		8,443	98,505
(Increase) / decrease in liabilities other than borrowings		(312,812)	11,895
Other adjustments			
- Decrease / (increase) in provision for unearned premium		97	(17,481)
- Increase in commission income unearned		(484)	(1,475)
- Income / (loss) on investments and current and other deposits		118,230	(305,174)
- Rental income		1,736	1,328
- Other income		31,105	18,286
- (Decrease) / increase in provision for deferred commission expense		(5,426)	2,333
Profit / (loss) after taxation		189,056	(199,585)

Definition of cash

Cash comprises cash in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

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

	Note	2009	2008
Cash and other equivalents	12	13	12
Current and other accounts	12	485,278	165,917
Deposits maturing within twelve months	13	174,900	30,000
		660,191	195,929

The annexed notes 1 to 37 form an integral part of these financial statements.

Arshad P. Rana	Ali H. Shirazi	Omar Saeed	Yusuf H. Shirazi
Chief Executive	Director	Director	Chairman

STATEMENT OF PREMIUMS
FINANCIAL YEAR ENDED DECEMBER 31, 2009

Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve Opening	Unearned premium reserve Closing	Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded Opening	Prepaid reinsurance premium ceded Closing	Reinsurance expense	Net premium revenue December 31, 2009	Net premium revenue December 31, 2008
	(Rupees in thousand)									
Direct and facultative										
Fire and property damage	367,657	96,034	232,325	231,366	288,423	66,612	175,367	179,668	51,698	44,945
Marine, aviation and transport	221,155	18,094	22,379	216,870	98,164	9,902	18,267	89,799	127,071	167,377
Motor	244,021	132,207	107,197	269,031	15,372	1,079	1,877	14,574	254,457	286,099
Miscellaneous	77,906	31,097	43,570	65,433	65,342	26,259	36,477	55,124	10,309	9,548
Total	910,739	277,432	405,471	782,700	467,301	103,852	231,988	339,165	443,535	507,969
Treaty										
Fire and property damage	(1)	-	-	(1)	-	-	-	-	(1)	-
Marine, aviation and transport	-	-	-	-	-	-	-	-	-	(23)
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total	(1)	-	-	(1)	-	-	-	-	(1)	(23)
Grand Total	910,738	277,432	405,471	782,699	467,301	103,852	231,988	339,165	443,534	507,946

Note:

Premium written includes administration surcharge amounting to Rs. 10,358 thousand (2008: Rs. 11,835 thousand)

The annexed notes 1 to 37 form an integral part of these financial statements.

Arshad P. Rana	Ali H. Shirazi	Omar Saeed	Yusuf H. Shirazi
Chief Executive	Director	Director	Chairman

Atlas Insurance

STATEMENT OF CLAIMS
FINANCIAL YEAR ENDED DECEMBER 31, 2009

Business underwritten inside Pakistan

Class	Claims paid	Outstanding Claims Opening	Outstanding Claims Closing	Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims Opening	Reinsurance and other recoveries in respect of outstanding claims Closing	Reinsurance and other recoveries revenue	Net claims expense December 31, 2009	Net claims expense December 31, 2008
	(Rupees in thousand)									
Direct and facultative										
Fire and property damage	43,368	102,742	94,999	35,625	38,785	96,560	87,420	29,645	5,980	8,244
Marine, aviation and transport	25,223	36,481	43,308	32,050	17,819	29,083	30,965	19,701	12,349	7,564
Motor	169,154	61,590	64,660	172,224	4,415	1,406	1,709	4,718	167,506	209,027
Miscellaneous	11,756	32,915	46,704	25,545	7,970	28,361	40,274	19,883	5,662	6,546
Total	249,501	233,728	249,671	265,444	68,989	155,410	160,368	73,947	191,497	231,381
Treaty										
Fire and property damage	387	1,756	1,755	386	-	-	-	-	386	11
Marine, aviation and transport	17	1,939	2,387	465	-	-	-	-	465	31
Miscellaneous	7	86	86	7	-	-	-	-	7	11
Total	411	3,781	4,228	858	-	-	-	-	858	53
Grand Total	249,912	237,509	253,899	266,302	68,989	155,410	160,368	73,947	192,355	231,434

The annexed notes 1 to 37 form an integral part of these financial statements.

Arshad P. Rana	Ali H. Shirazi	Omar Saeed	Yusuf H. Shirazi
Chief Executive	Director	Director	Chairman

STATEMENT OF EXPENSES
FINANCIAL YEAR ENDED DECEMBER 31, 2009

Business underwritten inside Pakistan

Class	Commissions paid or payable	Deferred commission Opening	Deferred commission Closing	Net commission expenses	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense December 31, 2009	Net underwriting expense December 31, 2008
	(Rupees in thousand)								
Direct and facultative									
Fire and property damage	17,364	8,663	7,967	18,060	21,638	39,698	49,610	(9,912)	(10,030)
Marine, aviation and transport	7,943	376	568	7,751	51,815	59,566	20,185	39,381	32,523
Motor	12,418	9,733	5,383	16,768	103,436	120,204	321	119,883	105,565
Others including miscellaneous	2,456	1,797	1,225	3,028	4,289	7,317	9,957	(2,640)	(9,923)
Total	40,181	20,569	15,143	45,607	181,178	226,785	80,073	146,712	118,135
Treaty									
Fire and property damage	-	-	-	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-	-	-	(9)
Others including miscellaneous	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	(9)
Grand Total	40,181	20,569	15,143	45,607	181,178	226,785	80,073	146,712	118,126

Note:
Commission from reinsurers is arrived at after taking impact of opening and closing unearned commission.

The annexed notes 1 to 37 form an integral part of these financial statements.

Arshad P. Rana	Ali H. Shirazi	Omar Saeed	Yusuf H. Shirazi
Chief Executive	Director	Director	Chairman

Atlas Insurance

STATEMENT OF INVESTMENT INCOME
FINANCIAL YEAR ENDED DECEMBER 31, 2009

	2009	2008
	(Rupees in thousand)	
Income from non-trading investments		
Held to maturity		
Return on fixed income securities and deposits	4,912	434
Available for sale		
Return on N.I.T. and U.T.P.	112	199
Dividend income		
- from related parties	8,244	11,090
- from others	17,645	21,612
	25,889	32,702
Gain on sale of available for sale investments	118,257	89,635
Less: Provision for impairment in value of 'available-for-sale' investment	(28,143)	(426,440)
Less: Investment related expenses	(2,797)	(1,704)
Net investment income / (loss)	118,230	(305,174)

The annexed notes 1 to 37 form an integral part of these financial statements.

Arshad P. Rana	**Ali H. Shirazi**	**Omar Saeed**	**Yusuf H. Shirazi**
Chief Executive	Director	Director	Chairman

NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED DECEMBER 31, 2009

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. Statement of compliance

2.1 Basis of presentation and statement of compliance

These financial statements have been prepared in accordance with the requirements of the Insurance Ordinance 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002, Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Standards, Interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations effective in current year

- IFRS 4, 'Insurance Contracts' has been issued by the International Accounting Standards Board and has been adopted by the Institute of Chartered Accountants of Pakistan (ICAP). However, The Securities and Exchange Commission of Pakistan (SECP) vide its circular number 22/2009 dated June 30, 2009 deferred its adoption up to September 30, 2009. This standard primarily requires insurance companies to determine adequacy of liability on balance sheet date, disclose impairment of reinsurance assets, if any, nature and extent of risk arising from reinsurance contracts and disclosure of accounting policies in relation to assets, liabilities, income and expense arising from insurance contracts. Its adoption does not have any impact on the classification and valuation of the company's insurance contracts.

- IFRS 7, 'Financial Instruments: 'Disclosures' is effective from January 1, 2009. It requires disclosures about the significance of financial instruments, other than those arising from insurance contracts as defined in IFRS 4, regarding company's financial position and performance. This also includes quantitative and qualitative disclosures on the nature and extent of risks, however it will not have any impact on the classification and valuation of the company's financial instruments.

- IFRS 8, ‘Operating segments’ is effective from January 1, 2009. It sets out requirements for disclosure of external segment reporting based on the internal reporting to the Group Executive Board (in its function as the chief operating decision-maker), which makes decisions on the allocation of resources and assess the performance of the reportable segments. The application of IFRS 8 does not have any material effects for the company.

- IAS 1 (Revised), 'Presentation of financial statements' effective from January 1, 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non - owner changes in equity') in the statement of changes in equity, requiring non owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in performance statement, but company can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). The above standard only impacts the presentation of financial statements. The company has preferred to present two statements; a profit and loss account and a statement of other comprehensive statement.

2.2.2 Standards, amendments and interpretations to existing standards effective in current year but not applicable / relevant to the company's operations

Standards or interpretation	Effective date (accounting periods beginning on or after)
IFRS 2 (amendment), 'Share-based payment'	January 1, 2009
IAS 23 (amendment), 'Borrowing costs'	January 1, 2009
IAS 32 - Puttable financial instruments and obligations arising on liquidation (amendment)	January 1, 2009
IAS 39 and IFRS 7 - Reclassification of financial assets (amendment)	July 1, 2008
IAS 40 (amendment), 'Investment property'	January 1, 2009
IFRIC 16, 'Hedges of a net Investment in a foreign operation'	January 1, 2009

SECP has allowed the insurance companies to defer the application of International Accounting Standard - 39 (IAS 39) "Financial Instruments: Recognition and Measurement", in respect of "investments available for sale" until suitable amendments have been made in the laws. Accordingly, the requirements of IAS - 39, to the extent allowed by the SECP, have not been considered in preparation of these financial statements.

2.2.3 Standards, amendments and interpretation to existing standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting period beginning on or after their respective effective dates:

- IAS 1 (amendment), 'Presentation of financial statements'. This provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. It permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. Company will apply IAS 1 (amendment) from January 1, 2010. It is not expected to have a material impact on company's financial statements.

2.2.4 Standards, amendments and interpretations to existing standards that are not relevant to the company's operations and not yet effective

Standards or interpretation	Effective date (accounting periods beginning on or after)
IFRS 3 - Business combinations (revised)	July 1, 2009
IFRS 5 - Measurement of non-current assets (or disposal groups) classified as held for sale (amendment)	July 1, 2009
IFRS 9 - Financial instruments	January 1, 2013
IAS 24 - Related party disclosures (amendment)	July 1, 2011
IAS 27 - Consolidated and separate financial statements (revised)	July 1, 2009

IAS 32 - Classification of rights issues (amendment)	February 1, 2010
IAS 38 - Intangible assets (amendment)	July 1, 2009
IAS 39 - Financial instruments: Recognition and measurement – Eligible hedged items	July 1, 2009
IFRIC 17 - Distribution of non-cash assets to owners	July 1, 2009
IFRIC 18 - Transfer of assets from customers	July 1, 2009
IFRIC 19 - Extinguishing financial liabilities with equity instruments	July 1, 2010

3. Basis of measurement

These financial statements have been prepared under the historical cost convention, except for recognition of certain employee retirement benefits at present value.

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Provision for outstanding claims including incurred but not reported (IBNR)

b) Defined benefit plans

c) Provision for taxation

d) Useful life and residual values of property, plant and equipment

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Insurance contracts

Insurance contracts are those contracts where the company has accepted significant insurance risks from the policyholders by agreeing to compensate the policyholders on the occurrence of a specified uncertain future event (the insured event) that adversely affects the policyholders under the terms and conditions of the contract.

Insurance contracts issued by the company are generally classified in four basic categories i.e. Fire and Property, Marine, Motor and Miscellaneous and are issued to multiple type of clients with business in engineering, automobiles, cement, power, textile, paper, agriculture, services and trading sectors etc and individuals as well. The tenure of these insurance contracts depend upon terms of the policies written and vary accordingly.

- Fire and property insurance contracts generally cover the assets of the policyholders against damages by fire, earthquake, riot and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact and burglary etc and loss of profit followed by the incident of fire.

- Marine, aviation and transport insurance contracts generally provide cover for loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils including loss of or damage to carrying vessel etc.

- Motor insurance contracts provide indemnity for accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage.

- Miscellaneous insurance contracts provide wide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workman compensation, contractors all risk, erection all risk, machinery breakdown, boiler damage, travel and crop etc.

In addition to direct insurance, at times the company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the company. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

The accounting policy for revenue recognition is given in note 4.18.1. Accounting policies for recording of amounts due to / from other insurers / reinsurers / agents and for recognition of claims incurred (both reported and not reported) are stated in note 4.9 and 4.2.1, respectively.

4.2 Underwriting provisions

4.2.1 Provision for outstanding claims including IBNR

The company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims comprise the estimated cost of claims incurred but not settled at the balance sheet date, whether reported or not. Provisions for IBNR are based on the best estimate which takes into account the past trend, expected future patterns of reporting claims and the claims actually reported subsequent to the balance sheet date.

The company accounts for IBNR based on an analysis of past claims reporting pattern by tracking movement in claims incurred in an accounting period.

Reinsurance recoveries against outstanding claims are recognised on occurrence of the related claim liability. These are recorded as an asset and measured at the amount expected to be received.

4.2.2 Unexpired insurance risk

The company determines its liability for unexpired risk, according to the requirements of the Insurance Ordinance, 2000, at a value not less than the sum of provision for unearned premium and premium deficiency reserve.

4.2.2.1 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage at the reporting date. The company maintains its provision for unearned premium net of reinsurances by applying the 1/24th method on fire and property, motor and miscellaneous as stipulated in Accounting Regulation 8(4)(b) of the SEC (Insurance) Rules, 2002, for non life insurance companies. However, in case of marine, premium written net of reinsurances during last month is taken to the provision for unearned premium.

4.2.2.2 Premium deficiency reserve

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve is maintained for each class of business, where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after re-insurance, for claims and other expenses, including reinsurance expense, commissions, and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the policies in force at the balance sheet date, in that class of business. The movement in the premium deficiency reserve is recorded as an expense / income as part of the underwriting results for the year.

An analysis of loss ratios for the expired period are carried out, at each class of business level, keeping in view the historical claim development. Where ratios are adverse an assessment is made if this is due to one off claim and if not, a deficiency in premium is recognised in the current period. The loss ratios for the current and prior year are as follows:

	2009	2008
Fire and property damage	12%	18%
Marine, aviation and transport	10%	5%
Motor	66%	73%
Miscellaneous	55%	69%

Keeping in view the adequacy of the reserves on December 31, 2009, in line with the provisions of the Insurance Ordinance, 2000, and SEC (Insurance Rules) 2002, a premium deficiency reserve is not required, and accordingly no provision for the same has been made in financial statements of the current year.

4.2.3 Commission

4.2.3.1 Commission income

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

4.2.3.2 Commission income unearned

Unearned commission income from the reinsurers represents the portion of income relating to the unexpired period of coverage and is recognised as a liability.

4.3 Staff retirement benefits

4.3.1 Defined contribution plan

The company operates a funded contributory provident fund (defined contribution plan) for all the employees. Equal monthly contributions are made, both by the company and the employees, to the fund, under the terms of the scheme.

4.3.2 Defined benefit plan

The company operates two separate funded gratuity schemes (defined benefit plans) in respect of all the permanent employees (management and non - management) to which the company makes contribution on the basis of recommendations made by the actuary. The latest actuarial valuation was carried out as at December 31, 2009, using the "Projected Unit Credit Method".

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses.

Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceed 10% of the present value of the company's gratuity obligations are amortized over the expected average remaining working lives of the employees.

The company is expected to contribute Rs. 3,247 thousand for management and nil for non-management gratuity fund in the next financial year.

4.3.3 Compensated absences

The company provides for liability in respect of employees' compensated absences in the year in which these are earned.

4.4 Taxation

4.4.1 Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the current year for such years.

4.4.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost.

4.6 Loans to employees

These are recognized at cost, which is the fair value of the consideration given.

4.7 Investments

4.7.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. These are classified into the following categories:

- Held to maturity

- Available for sale

4.7.2 Measurement

4.7.2.1 Held to maturity

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity and are initially measured at the cost being the fair value of consideration paid.

Subsequently these are measured at amortized cost using the effective yield method. Any premium paid or discount availed on acquisition of held to maturity investments is deferred and included in the income for the period on a straight line basis over the term of investment.

4.7.2.2 Available for sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale and are stated at cost being the fair value of consideration paid.

Subsequent to initial recognition at cost, these are stated at the lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by SECP in December, 2002. The company uses latest stock exchange quotations in an active market to determine the market value of its listed investments whereas, impairment of investments in unlisted companies is computed to net assets of the investee on the basis of the latest available audited / unaudited financial statements.

If these investments had been measured at fair value as required by IAS 39, the company's net investments would have been higher by Rs. 87,249 thousand.

All "regular way" purchases and sales of investments are recognized on the trade date which is the date that the company commits to purchase or sell the investment.

4.7.2.3 Sale and repurchase agreements

Securities purchased under an agreement to resell (reverse repo) are not recognized in the financial statements as investment and the amount extended to the counter party is shown as short term placement. The difference between the sale and repurchase price is recognized as mark up earned and included in the other income.

4.8 Reinsurance contracts

The company enters into reinsurance contracts with reinsurance companies by arranging treaty reinsurance, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk at times, reinsurance of excess of capacity is also placed on case to case basis under facultative reinsurance arrangement. The company also accepts facultative reinsurance from other local insurance companies provided the risk meets the underwriting requirements of the company.

The risks undertaken by the company under these contracts for each class of business are stated in note 4.1.

The benefits to which the company is entitled under reinsurance contracts held are recognized as reinsurance assets. These assets include amount due from reinsurers as well as receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Reinsurance liabilities primarily include premium payable and commission payable (incase of facultative acceptance). Reinsurance assets and liabilities are measured consistently with the terms of the underlying reinsurance contracts.

Reinsurance assets and liabilities are derecognized when the contractual rights are extinguished or expired.

The movement in reinsurance assets for the year ending December 31, 2009, is given in statement of premium and statement of claims. Reinsurance assets are not offset against related insurance liabilities.

Recognition criteria of reinsurance assets and liabilities is stated in note 4.9, and recognition criteria for reinsurance income and expenses is stated in note 4.2.3.1 and note 4.21, respectively.

An analysis of reinsurance assets based on credit rating of the entity, from whom it is due is as follows:

Re-insurers	Amounts due from reinsurers		Reinsurance recoveries against outstanding claims		Other reinsurance assets	
	2009	2008	2009	2008	2009	2008
	(Rupees in thousand)					
A or above (including PRCL)	13,193	35,428	141,697	135,291	226,219	101,135
BBB	-	-	1,337	1,333	-	-
Others	6,074	5,099	17,334	18,786	5,769	2,717
Total	19,267	40,527	160,368	155,410	231,988	103,852

4.9 Amounts due to / from other insurers / reinsurers / agents

Amounts due to / from other insurers / reinsurers are recognized when due, and carried at cost less provision for impairment. Cost is the fair value of the consideration to be received / paid in the future for services received / rendered.

4.10 Impairment of assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense. During the year, there being no impairment of financial assets, therefore, no provision has been made in the accounts.

4.11 Prepaid reinsurance premium ceded

Prepaid reinsurance premium ceded is recognised as liability as follows:

a) for reinsurance contracts operating on a proportional basis, on attachment of the underlying policies reinsured; and

b) for reinsurance contracts operating on a non-proportional basis, on inception of the reinsurance contract.

4.12 Deferred commission expense

Deferred commission expense represents the portion of commission expense relating to the unexpired period of coverage. The company maintains its provision for deferred commission by applying the 1/24th method on fire, motor and miscellaneous as stipulated in Accounting Regulation 8(4)(b) of the SEC (Insurance) Rules, 2002, for non life insurance companies. In case of marine commission expense relating to last month is taken as deferred commission expense.

4.13 **Fixed assets**

4.13.1 **Tangible - owned**

Fixed assets except freehold land are stated at cost less accumulated depreciation. Cost of tangible fixed assets consists of historical cost and directly attributable cost of bringing the assets to their present location and condition. Depreciation is charged to income applying the reducing balance method at the rates given in fixed assets schedule to write off the cost of operating fixed assets over their expected useful life. Depreciation on addition to fixed assets is charged from the month in which an asset is acquired or capitalized, whereas no depreciation is charged in the month of disposal.

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Maintenance and normal repairs are charged to income as and when incurred whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain and loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

The assets' residual value and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The company's estimate of the residual value of its fixed assets as at December 31, 2009, has not required any adjustment as its impact is considered insignificant.

4.13.2 **Tangible - leased**

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation on leased assets in charged applying the reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

4.13.3 **Intangible**

The intangible asset is stated at cost less accumulated amortization and impairment, if any. Amortization is calculated on a straight-line basis over the estimated useful life of the asset.

4.13.4 **Capital work-in-progress**

Capital work-in-progress is stated at cost less any identified impairment loss.

4.14 **Creditors, accruals and provisions**

Liabilities for creditors and other accruals are carried at cost which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the company.

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.15 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

4.16 Financial instruments

All financial assets and financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include cash and bank deposits, loans to employees, investments, premiums due but unpaid, amounts due from other insurers / reinsurers, salvage recoveries accrued, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits against performance bonds and unclaimed dividends. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

4.18 Revenue recognition

4.18.1 Premium income earned

Premium income under a policy is recognised over the period of insurance from the date of the issue of the policy to which it relates to its expiry as follows:

a) for direct business, evenly over the period of the policy; and

b) for proportional reinsurance business, evenly over the period of underlying insurance policies.

Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of the incidence of risk.

Premiums for policies receivable in installments are recognised as receivable at the inception of the policy and is recognised as income over the period of the policy.

4.18.2 Dividend income and bonus shares

Dividend income and entitlement of bonus shares are recognised when the right to receive such dividends and bonus shares is established.

Gain / loss on sale of investments is taken to the profit and loss account in the year of sale as per settlement date.

4.18.3 Income on held to maturity investments

Income on held to maturity investments is recognised on a time proportion basis taking into account the effective yield on investments.

4.18.4 Administration surcharge

This represents documentation and other charges recovered by the company from policy holders in respect of policies issued, at a rate of 5% of the premium restricted to a maximum of Rs.2,000 per policy. Administrative surcharge is recognised as revenue at the time of issuance of policy.

4.18.5 Rental and other income

Rental and other income is recognised on accrual basis.

4.19 Zakat

Zakat deductible compulsorily under the Zakat and Ushr Ordinance, 1980, is accounted for in the year of deduction.

4.20 Expenses

Expenses of management include directly attributable expenses and indirect expenses allocated to various classes of business on the basis of net premium revenue. Expenses not allocable to the underwriting business are charged as administrative expenses.

4.21 Reinsurance expenses

Premium ceded to reinsurers is recognised as expense as follows:

a) for reinsurance contracts operating on a proportional basis, on attachment of the underlying policies reinsured.

b) for reinsurance contracts operating on a non-proportional basis, on inception of the reinsurance contract.

4.22 Pakistan Reinsurance Company Limited (PRCL) - Retrocession

PRCL retrocession business is accounted for on the basis of the statements received relating to the first three quarters of the current year and last one quarter of the previous year.

4.23 Critical accounting estimates and judgments

The company makes estimates and assumptions that affects the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The management has exercised its judgment in the process of applying accounting policies.

The significant estimates made by the management in the current year are referred in note 3.

4.24 Segment reporting

4.24.1 Primary segments

The company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002, as the primary reporting format based on the company's practice of internal reporting to the management on the same basis. The company has determined its primary segments based on insurance risks covered under four types of insurance contracts as stated in note 4.1.

As the operations of the company are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

The company usually accounts for the inter segment sales and transfers, if any, as if the sale and or transfers were made to third parties at fair market price.

5. Issued, subscribed and paid-up capital

2009	2008		2009	2008
(Number of shares)			(Rupees in thousand)	
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500	2,500
33,305,911	26,594,729	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	333,059	265,947
33,555,911	26,844,729		335,559	268,447

11,411,915 shares (2008: 9,129,532) and 10,554,415 (2008: 8,443,532) ordinary shares of the company are held by Shirazi Investments (Private) Limited and Shirazi Capital (Private) Limited respectively, associated undertakings as at December 31, 2009.

6. Reserves

		2009	2008
		(Rupees in thousand)	
Capital reserves			
Capital reserve		2,251	2,251
Reserve for exceptional losses	-note 6.1	2,164	2,164
		4,415	4,415
Revenue reserves			
General reserve			
- At the beginning of the year		549,649	345,649
- Transfer (to) / from the profit and loss account		(335,000)	204,000
		214,649	549,649
Investment fluctuation reserve	-note 6.2	3,000	3,000
		217,649	552,649
		222,064	557,064

6.1 This represents a specific purpose reserve for possible losses on exceptional insurance claims. The reserve was created to avail the deduction thereof in computing taxable income, as allowed previously under the Income Tax Act of 1922. After the introduction of Income Tax Ordinance, 2001, under which the said deductions are not permitted, the company discontinued the setting aside of amounts thereafter as reserve for exceptional losses.

6.2 This has been set aside in prior years to utilise the same against diminution in the value of investments.

		2009	2008
		(Rupees in thousand)	
7. Deferred taxation			
The liability for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation		4,185	2,365
Provision for employee benefits		(7,458)	(492)
		(3,273)	1,873
8. Amounts due to other insurers / reinsurers			
Amounts due to coinsurers		11,703	13,947
Amounts due to reinsurers		254,684	77,406
		266,387	91,353
9. Accrued expenses			
Commission payable		8,517	7,331
Bonus to staff payable		18,050	1,393
Profit commission payable		1,779	2,028
Leave encashment payable		6,192	4,470
Other accrued expenses		4,847	4,507
		39,385	19,729
10. Other creditors and accruals			
Federal insurance fee		2,891	2,540
Federal excise duty		59,418	20,795
Donation payable	- note 24.1	6,987	4,615
Gratuity payable			
- Management staff		3,261	1,826
- Non - management staff		-	(1,812)
	- note 10.1	3,261	14
Workers' welfare fund		7,983	3,239
Others		7,047	3,723
		87,587	34,926

10.1 The latest valuation of scheme was carried out as at December 31, 2009 using the Projected Unit Credit Actuarial Cost Method. Provision has been made in the financial statements to cover the related obligation in accordance with the actuarial recommendations.

Following significant assumptions were used for the actuarial valuation:

- Discount rate	12.75% per annum
- Expected rate of increase in salaries	11.75% per annum
- Expected return on plan assets	12.75% per annum

The amounts recognized in balance sheet are as follows:

	Management staff		Non-management staff	
	2009	2008	2009	2008
	(Rupees in thousand)			
Present value of defined benefit obligation	25,484	11,726	1,768	1,605
Fair value of plan assets	(9,808)	(8,279)	(5,490)	(4,991)
	15,676	3,447	(3,722)	(3,386)
Unrecognised actuarial (loss) / gain	(6,565)	(1,621)	1,396	1,574
Experience adjustment on obligation	(5,850)	-	-	-
Amount not recognised as an asset under paragraph 58(b)	-	-	2,326	-
Liability / (asset) as at December 31	3,261	1,826	-	(1,812)
Net liability / (asset) as at January 1	1,826	1,510	(1,812)	(1,359)
Charge to profit and loss account	1,435	316	1,945	(305)
Benefits paid by the company	-	-	(133)	(148)
Liability / (asset) as at December 31	3,261	1,826	-	(1,812)

10.1.1 **The movement in the present value of defined benefit obligation is as follows:**

Present value of defined benefit obligation	11,726	8,725	1,605	1,640
Service cost	912	709	168	167
Interest cost	1,811	900	248	169
Benefits paid	-	-	(133)	(148)
Experience adjustments	5,850	1,392	-	(223)
Actuarial loss / (gain) on defined benefit obligation	5,185	-	(120)	-
Present value of defined benefit obligation	25,484	11,726	1,768	1,605

10.1.2 **The movement in fair value of plan assets is as follows:**

Fair value as at January 1	8,279	10,437	4,991	5,259
Expected return on plan assets	1,333	1,051	714	508
Company contributions	-	-	-	-
Benefits paid	-	-	-	-
Experience gain / (loss)	196	(3,209)	(215)	(776)
Fair value as at December 31	9,808	8,279	5,490	4,991

10.1.3 **Plan assets are comprised as follows:**

Debt	7,249	5,473	-	3,069
Mutual funds	2,519	2,488	5,010	1,191
Cash and bank balances	-	52	21	21
Receivables	40	266	459	710
	9,808	8,279	5,490	4,991

	Management staff 2009	Management staff 2008	Non-management staff 2009	Non-management staff 2008
	(Rupees in thousand)			
10.1.4 Charge for the year				
Current service cost	912	709	168	167
Interest cost	1,811	900	248	169
Expected return on investments	(1,333)	(1,051)	(714)	(508)
Recognition of actuarial loss / (gain)	45	(242)	(83)	(133)
Effect of asset not recognized under paragraph 58(b)	-	-	2,326	-
Expense for the year	1,435	316	1,945	(305)
Actual return on plan assets	1,529	1,202	632	1,068

The present value of defined benefit obligation, fair value of plan assets and surplus or deficit of gratuity funds is as follows:

As at December 31	2009	2008	2007	2006	2005
			Management staff (Rupees in thousand)		
Present value of defined benefit obligation	25,484	11,726	8,725	7,719	5,511
Fair value of plan assets	(9,808)	(8,279)	(10,437)	(7,776)	(7,746)
	15,676	3,447	(1,712)	(57)	(2,235)
Experience adjustment on obligation	44%	16%	11%	18%	-18%
Experience adjustment on plan assets	-1%	-22%	17%	-5%	79%
			Non-Management staff (Rupees in thousand)		
Present value of defined benefit obligation	1,768	1,605	1,640	1,465	1,555
Fair value of plan assets	(5,490)	(4,991)	(5,259)	(4,313)	(3,016)
	(3,722)	(3,386)	(3,619)	(2,848)	(1,461)
Experience adjustment on obligation	-13%	-14%	-3%	63%	-16%
Experience adjustment on plan assets	-6%	-12%	18%	6%	6%

11. 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 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.

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 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 2007 by allocating certain expenditures to dividend income and capital gain resulting in an additional tax liability of Rs. 6,618 thousand. The company has filed an appeal before the Commissioner of Income Tax (Appeals) 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. 9,014 thousand as the management is confident that the eventual outcome of the above matter will be in favour of the company (2008: Rs. 945 thousand).

11.2 Commitments

Rs. Nil (2008: Rs. Nil)

12. Cash and bank deposits

		2009	2008
		(Rupees in thousand)	
Cash in hand		13	12
Current and other accounts	- note 12.1		
Current accounts		28,068	57,445
Saving accounts		457,210	108,472
		485,278	165,917

The balances in saving accounts bear mark-up which ranges from 5% to 15% (2008: 5% to 15%) per annum.

12.1 These include Rs. 459,285 thousand (2008: Rs. 120,443 thousand) held with Atlas Bank Limited, an associated undertaking.

13. Deposits maturing within twelve months

These deposits bear mark up which ranges from 11% to 18% (2008: 18%) per annum.

14. Loans to employees - secured considered good

	2009	2008
	(Rupees in thousand)	
Executives	63	227
Others	138	238
	201	465
Less: Current maturity	(138)	(264)
	63	201

These represent the interest free loans to employees, for the purchase of motor vehicles, in accordance with the policy of the company. These loans are secured against the registration of the vehicles and are repayable in monthly installments over a period of five years.

		2009	2008
		(Rupees in thousand)	

15. Investments

The investments comprise of the following:

		2009	2008
Held to maturity	- note 15.1	36,077	-
Available for sale	- note 15.2	522,173	494,201
		558,250	494,201
Aggregate market value as at December 31		645,300	524,032

15.1 Held to maturity

		2009	2008
Statutory deposits	- note 15.1.1	35,000	-
Unamortized premium on investment bonds		1,077	-
		36,077	-

15.1.1 Statutory deposits

	Maturity	Effective Yield %	2009	2008
			(Rupees in thousand)	
Pakistan Investment Bonds	August, 2011	11.27%	35,000	-

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 December 31, 2009, amounts to Rs. 35,878 thousand (2008: Rs. Nil). Profit on PIBs is received bi-annually.

		2009	2008
		(Rupees in thousand)	

15.2 Available for sale

		2009	2008
Related parties			
- Mutual funds - Quoted	- note 15.2.2	98,239	40,239
- Ordinary shares - Quoted	- note 15.2.3	271,904	268,357
- Ordinary shares - Unquoted	- note 15.2.4	-	-
		370,143	308,596
Others			
- Mutual funds - Quoted	- note 15.2.5	2,938	2,845
- Ordinary shares - Quoted	- note 15.2.6	149,092	182,760
		152,030	185,605
		522,173	494,201

15.2.1 As per the requirements of the SEC (Insurance) Rules, 2002, the available for sale investments are to be stated at lower of cost or market value (market value being taken as lower if the fall is other than temporary). During the year, the company has charged to income Rs. 28,143 thousand (2008: Rs. 426,940 thousand) being permanent diminution in the value of its investments.

Number of units/shares 2009	2008	Face value	Fund's / Company's name	2009	2008
		Rupees		(Rupees in thousand)	
15.2.2 Mutual funds - Quoted					
100,000	100,000	500	Atlas Islamic Fund Market value Rs. 48,836 thousand (2008: Rs. 37,183 thousand)	37,183	37,183
7,286	7,286	500	Atlas Stock Market Fund Market value Rs. 3,368 thousand (2008: Rs. 2,795 thousand)	2,795	2,795
16,210	545	500	Atlas Income Fund Market value Rs. 8,367 thousand (2008: Rs. 261 thousand)	8,261	261
97,750	-	500	Atlas Islamic Income Fund Market value Rs. 50,107 thousand (2008: Rs. Nil)	50,000	-
				98,239	40,239
15.2.3 Ordinary shares - Quoted					
1,542,128	1,340,981	10	Atlas Honda Limited Equity held: 2.84% (2008: 2.84%) Market value Rs. 214,094 thousand (2008: Rs. 239,352 thousand)	215,296	215,296
708,840	354,420	10	Atlas Engineering Limited Equity held: 2.87% (2008: 2.87%) Market value Rs. 9,144 thousand (2008: Rs. 9,123 thousand)	10,852	7,308
146,326	121,939	10	Atlas Battery Limited Equity held: 1.74% (2008: 1.74%) Market value Rs. 26,476 thousand (2008: Rs. 11,376 thousand)	11,376	11,376
			Carried forward	237,524	233,980

Number of units/shares 2009	Number of units/shares 2008	Face value Rupees	Fund's / Company's name	2009 (Rupees in thousand)	2008 (Rupees in thousand)
			Brought forward	237,524	233,980
1,427,931	1,427,931	10	Atlas Bank Limited Equity held: 0.29% (2008: 0.29%) Market value Rs. 4,912 thousand (2008: Rs. 4,740 thousand)	4,740	4,740
850,000	850,000	10	Honda Atlas Cars (Pakistan) Limited Equity held: 0.60% (2008: 0.60%) Market value Rs. 16,252 thousand (2008: Rs. 9,792 thousand)	9,795	9,792
1,739,267	1,739,267	10	Cherat Cement Company Limited Equity held: 1.82% (2008: 1.82%) Market value Rs. 21,828 thousand (2008: Rs. 19,845 thousand)	19,845	19,845
				271,904	268,357

15.2.4 **Ordinary shares - Unquoted**

Number of units/shares 2009	Number of units/shares 2008	Face value Rupees	Fund's / Company's name	2009 (Rupees in thousand)	2008 (Rupees in thousand)
50,000	50,000	10	Arabian Sea Country Club -note 15.2.4.1	-	-
				370,143	308,596

15.2.4.1 The name of Chief Executive is Mr. Arif Ali Khan Abbasi. The break-up value is Rs. 8.25 per share (2008: Rs. 7.85 per share) based on audited accounts for the year ended June 30, 2009.

15.2.5 **Mutual funds - Quoted**

Number of units/shares 2009	Number of units/shares 2008	Face value Rupees	Fund's / Company's name	2009 (Rupees in thousand)	2008 (Rupees in thousand)
22,902	22,902	10	Unit Trust of Pakistan Market value Rs. 2,622 thousand (2008: Rs. 2,368 thousand)	1,980	1,980
38,253	34,579	10	National Investment Trust units -note 15.2.5.1 Market value Rs. 1,157 thousand (2008: Rs. 1,153 thousand)	958	865
				2,938	2,845

15.2.5.1 This represents 28,000 (2008: 28,000) units held as statutory deposit with The State Bank of Pakistan under section 29(2)(a) of the Insurance Ordinance, 2000.

Number of units/shares 2009	2008	Face value Rupees	Fund's / Company's name	2009 (Rupees in thousand)	2008
15.2.6 Ordinary shares - Quoted					
			Commercial Banks		
-	33,736	10	Askari Bank Limited Market value Rs. Nil (2008: Rs. 492 thousand)	-	492
105,687	61,500	10	Bank Alfalah Limited Market value Rs. 1,455 thousand (2008: Rs. 1,029 thousand)	1,535	1,029
-	21	10	Faysal Bank Limited Market value Rs. Nil (2008: Rs. 0.24 thousand)	-	-
21,319	200	10	MCB Bank Limited Market value Rs. 4,683 thousand (2008: Rs. 25 thousand)	3,263	25
-	82,500	10	National Bank of Pakistan Market value Rs. Nil (2008: Rs. 4,151 thousand)	-	4,151
-	175,000	10	The Bank Of Punjab Market value Rs. Nil (2008: Rs. 2,310 thousand)	-	2,310
107,581	90,625	10	United Bank Limited Market value Rs. 6,288 thousand (2008: Rs. 3,345 thousand)	4,961	3,345
			Textile Composite		
165,000	110,000	10	Nishat Chunian Limited Market value Rs. 3,498 thousand (2008: Rs. 1,064 thousand)	2,393	1,064
-	150,000	10	Nishat Mills Limited Market value Rs. Nil (2008: Rs. 3,390 thousand)	-	3,390
			Insurance		
12,474	10,000	10	Adamjee Insurance Company Limited Market value Rs. 1,538 thousand (2008: Rs. 1,018 thousand)	1,206	1,018
9,375	9,375	10	IGI Insurance Limited Market value Rs. 824 thousand (2008: Rs. 1,081 thousand)	1,081	1,081
91,221	182,221	10	Pakistan Reinsurance Company Limited Market value Rs. 2,381 thousand (2008: Rs. 4,317 thousand)	2,161	4,317
			Carried forward	16,600	22,222

Number of units/shares 2009	2008	Face value Rupees	Fund's / Company's name	2009 (Rupees in thousand)	2008
			Brought forward	16,600	22,222
			Cement		
-	25,000	10	D. G. Khan Cement Company Limited Market value Rs. Nil (2008: Rs. 532 thousand)	-	532
15,000	50,000	10	Lucky Cement Limited Market value Rs. 994 thousand (2008: Rs. 1,564 thousand)	478	1,564
			Refinery		
-	20,000	10	National Refinery Limited Market value Rs. Nil (2008: Rs. 1,903 thousand)	-	1,903
			Power Generation		
252,000	240,000	10	The HUB Power Company Limited Market value Rs. 7,832 thousand (2008: Rs. 3,382 thousand)	5,943	3,382
10,000	-	10	Kot Addu Power Company Limited Market value Rs. 459 thousand (2008: Rs. Nil)	385	-
			Oil & Gas Marketing		
-	58	10	Sui Southern Gas Company Limited Market value Rs. Nil (2008: Rs. 1 thousand)	-	1
			Oil & Gas Exploration		
29,000	406	10	Oil and Gas Development Company Limited Market value Rs. 3,208 thousand (2008: Rs. 20 thousand)	3,049	20
49,920	24,000	10	Pakistan Oilfields Limited Market value Rs. 11,520 thousand (2008: Rs. 2,460 thousand)	9,421	2,460
68,644	118,965	10	Pakistan Petroleum Limited Market value Rs. 13,014 thousand (2008: Rs. 11,970 thousand)	9,275	11,970
33,800	-	10	Pakistan State Oil Company Limited Market value Rs. 10,053 thousand (2008: Rs. Nil)	7,680	-
			Carried forward	52,831	44,054

Number of units/shares 2009	2008	Face value Rupees	Fund's / Company's name	2009 (Rupees in thousand)	2008
			Brought forward	52,831	44,054
			Technology & Communication		
-	25,000	10	Pakistan Telecommunication Company Limited Market value Rs. Nil (2008: Rs. 422 thousand)	-	422
			Fertilizer		
222,950	212,500	10	Engro Corporation Limited (formerly Engro Chemical Pakistan Limited) Market value Rs. 40,860 thousand (2008: Rs. 20,498 thousand)	29,942	20,498
-	574,000	10	Fauji Fertilizer Bin Qasim Limited Market value Rs. Nil (2008: Rs. 7,405 thousand)	-	7,405
568,950	750,024	10	Fauji Fertilizer Company Limited Market value Rs. 58,562 thousand (2008: Rs. 44,049 thousand)	37,353	44,049
			Pharmaceuticals		
41,781	41,781	10	Abbott Laboratories (Pakistan) Limited Market value Rs. 5,065 thousand (2008: Rs. 3,744 thousand)	2,763	2,763
-	62	10	Glaxosmithkline (Pakistan) Limited Market value Rs. Nil (2008: Rs. 5 thousand)	-	1
			Chemicals		
-	50,000	10	ICI Pakistan Limited Market value Rs. Nil (2008: Rs. 3,436 thousand)	-	3,436
			Paper and Board		
844,888	844,888	10	Cherat Papersack Limited -note 15.2.1 Market value Rs. 17,025 thousand (2008: Rs. 45,168 thousand)	17,025	45,168
-	72,973	10	Packages Limited Market value Rs. Nil (2008: Rs. 5,925 thousand)	-	5,925
			Food & Personal Care Products		
2,000	2,000	50	Unilever Pakistan Limited Market value Rs. 4,600 thousand (2008: Rs. 3,615 thousand)	1,816	1,816
			Carried forward	141,730	175,537

Number of units/shares 2009	2008	Face value Rupees	Fund's / Company's name	2009 (Rupees in thousand)	2008
			Brought forward	141,730	175,537
			Transport		
18,000	25,000	10	Pakistan International Container Terminal Limited	1,274	1,135
			Market value Rs. 1,784 thousand (2008: Rs. 1,135 thousand)		
			Engineering		
55,000	55,000	10	Crescent Steel and Allied Products Limited	937	937
			Market value Rs. 1,431 thousand (2008: Rs. 937 thousand)		
			Tobacco		
25,000	25,000	10	Pakistan Tobacco Company Limited	2,658	2,658
			Market value Rs. 2,625 thousand (2008: Rs. 2,658 thousand)		
			Miscellaneous		
20,000	20,000	10	Tri-Pack Films Limited	2,493	2,493
			Market value Rs. 2,060 thousand (2008: Rs. 2,493 thousand)		
				149,092	182,760

		2009	2008
		(Rupees in thousand)	
16. Premiums due but unpaid			
- Considered good		102,119	108,620
- Considered doubtful		5,021	2,530
		107,140	111,150
Less: Provision for doubtful receivables	-note 16.1	(5,021)	(2,530)
		102,119	108,620

16.1 Provision for doubtful receivables

	2009	2008
Balance as at January 1	2,530	629
Provision made / (reversed) during the year	2,491	1,901
	5,021	2,530
Bad debts written off	-	-
Balance as at December 31	5,021	2,530

		2009	2008
		(Rupees in thousand)	

17. Amounts due from other insurers / reinsurers

		2009	2008
Unsecured			
- Considered good	-note 17.1	97,812	93,286
- Considered doubtful		1,959	1,959
		99,771	95,245
Less: Provision for doubtful receivables	-note 17.2	(1,959)	(1,959)
		97,812	93,286

17.1 Considered good

	2009	2008
Amounts due from coinsurers	78,545	52,759
Amounts due from reinsurers	19,267	40,527
	97,812	93,286

17.2 Provision for doubtful receivables

	2009	2008
Balance as at January 1	1,959	1,959
Provision made / (reversed) during the year	-	-
	1,959	1,959
Bad debts written off	-	-
Balance as at December 31	1,959	1,959

18. Accrued investment income

	2009	2008
Dividend receivable	1,421	596
Profit receivable on PIBs	1,318	-
Profit receivable on term deposit receipts	1,558	636
	4,297	1,232

19. Prepayments

	2009	2008
Prepaid reinsurance premium ceded	231,988	103,852
Others	1,301	1,764
	233,289	105,616

20. Sundry receivables

		2009	2008
Advances to employees - unsecured, considered good	-note 20.1	728	649
Deposits and prepaid rent		2,742	1,577
Advance to contractor		48	1,213
Claims receivable		5,820	6,289
Short term placements		-	93,033
		9,338	102,761

20.1 Included in advances to employees are amounts due from executives of Rs. 188 thousand (2008: Rs. 73 thousand)

21. Fixed assets

21.1 Tangible

	Cost as at January 1, 2009	Additions	Deletions	Cost as at December 31, 2009	Rate	Accumulated depreciation as at January 1, 2009	Charge for the year	On disposal	Accumulated depreciation as at December 31, 2009	Book value as at December 31, 2009
	(Rupees in thousand)				%	(Rupees in thousand)				
Freehold land	1,168	-	-	1,168	-	-	-	-	-	1,168
Building on freehold land	20,910	-	-	20,910	5	5,648	763	-	6,411	14,499
Furniture and fixtures	3,261	351	-	3,612	10	503	283	-	786	2,826
Office equipments	8,124	656	-	8,780	10	1,751	699	-	2,450	6,330
Computers										
Owned	10,842	1,032	(100)	11,774	30	6,218	1,554	(78)	7,694	4,080
Vehicles Owned	30,509	5,952	(4,874)	31,587	20	11,398	4,299	(2,628)	13,069	18,518
	74,814	7,991	(4,974)	77,831		25,518	7,598	(2,706)	30,410	47,421

	Cost as at January 1, 2008	Additions	Deletions	Cost as at December 31, 2008	Rate	Accumulated depreciation as at January 1, 2008	Charge for the year	On disposal	Accumulated depreciation as at December 31, 2008	Book value as at December 31, 2008
	(Rupees in thousand)				%	(Rupees in thousand)				
Freehold land	1,168	-	-	1,168	-	-	-	-	-	1,168
Building on freehold land	8,500	12,410	-	20,910	5	5,117	531	-	5,648	15,262
Furniture and fixtures	2,412	849	-	3,261	10	218	285	-	503	2,758
Office equipments	5,937	2,430	(243)	8,124	10	1,342	557	(148)	1,751	6,373
Computers										
Owned	9,159	2,053	(370)	10,842	30	4,863	1,610	(255)	6,218	4,624
Vehicles Owned	25,006	7,394	(1,891)	30,509	20	8,378	4,135	(1,115)	11,398	19,111
	52,182	25,136	(2,504)	74,814		19,918	7,118	(1,518)	25,518	49,296

21.2 Intangible

	Cost as at January 1, 2009	Additions	Deletions	Cost as at December 31, 2009	Rate	Accumulated amortization as at January 1, 2009	Charge for the year	On disposal	Accumulated amortization as at December 31, 2009	Book value as at December 31, 2009
	(Rupees in thousand)				%	(Rupees in thousand)				
Computer software	3,429	-	-	3,429	33	3,429	-	-	3,429	-
	3,429	-	-	3,429		3,429	-	-	3,429	-

	Cost as at January 1, 2008	Additions	Deletions	Cost as at December 31, 2008	Rate	Accumulated amortization as at January 1, 2008	Charge for the year	On disposal	Accumulated amortization as at December 31, 2008	Book value as at December 31, 2008
	(Rupees in thousand)				%	(Rupees in thousand)				
Computer software	3,429	-	-	3,429	33	2,283	1,146	-	3,429	-
	3,429	-	-	3,429		2,283	1,146	-	3,429	-

21.3 Disposal of operating fixed assets

Particulars of the assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		(Rupees in thousand)				
Vehicles						
Honda Civic - LRE 9334	Atlas Battery Limited - related party	529	323	206	206	Company's policy
Honda City - LWP 3839	Atlas Battery Limited - related party	918	406	512	511	Company's policy
Honda City - FSG 9666	Muhammad Ashraf Khan	525	76	449	400	Tender
Honda City - AJP 193	S.M. Sohail Anjum	529	323	206	400	Tender
Toyota Corolla - LXJ 0743	Muhammad Bashir	350	286	64	365	Tender
Suzuki Mehran - LZN 1715	Sabir Abbas	250	118	132	140	Tender
Suzuki Cultus - LEE 07 5922	Khalid Mehmood	525	108	417	450	Tender
Honda CD-70 - LEX 08 5303	Ali Ahmed Chaudhry - employee	53	8	45	50	Company's policy
Honda Civic - LRA 4774	Rashid Ali	1,195	980	215	736	Tender
Computers						
Laptop	Atlas Battery Limited - related party	100	78	22	22	Company's policy
		4,974	2,706	2,268	3,280	

		2009	2008
		(Rupees in thousand)	

22. Expenses

Salaries, wages and other benefits	- note 22.1	117,025	90,092
Utilities		2,485	1,950
Rent, rates and taxes		5,885	6,031
Telephone and communication		3,852	4,783
Vehicle running and maintenance		8,927	8,647
Repair and maintenance		2,546	3,115
Travelling and conveyance		3,498	5,178
Printing, stationery and computer expenses		3,841	3,872
Education and training		125	209
Fee and subscriptions		4,534	3,185
Service charges		602	2,313
Entertainment		539	696
Advertisement expenses		575	3,145
Trackers		19,388	12,831
Others		7,356	7,885
		181,178	153,932

The above expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of net premium revenue.

22.1 Included in salaries, wages and benefits are Rs. 4,540 thousand (2008: Rs. 3,953 thousand) in respect of provident fund contribution by the company.

	2009	2008
	(Rupees in thousand)	

23. Other income

Income from financial assets		
Return on bank deposits	30,688	8,327
Income on reverse repo transactions	103	9,783
	30,791	18,110
Income from non-financial assets		
Gain on sale of fixed assets	1,012	803
Miscellaneous	314	176
	1,326	979
	32,117	19,089

24. General and administration expenses

Legal and professional charges		806	145
Donations	- note 24.1	2,372	-
Directors' fee		100	150
Auditors' remuneration	- note 24.2	597	389
Depreciation		7,598	7,118
Provision for doubtful debts		2,491	1,901
Amortization of intangible asset		-	1,146
Workers' welfare fund		4,744	3,239
Others		98	28
		18,806	14,116

Atlas Insurance

24.1 Donations

This amount represents Rs. 2,372 thousand (2008: Rs. Nil) donation to Atlas Foundation situated at 2nd Floor, Federation House, Clifton, Karachi - 74000, in which the following directors of the company are members of its Board of Directors:

Name of Directors
Mr. Yusuf H. Shirazi
Mr. Frahim Ali Khan

With the exception of their directorship, the directors and their spouses have no interest in the donee.

	2009	2008
	(Rupees in thousand)	
24.2 Auditors' remuneration		
Audit fee	300	175
Half yearly review and other certifications	200	175
Out of pocket expenses	97	39
	597	389
25. Provision for taxation		
For the year		
- Current year	53,284	59,192
- Deferred	(7,098)	1,636
	46,186	60,828
Prior year		
- Deferred	1,952	(2,237)
	48,138	58,591

25.1 Tax charge reconciliation

	2009	2008
	%	%
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	35.00	35.00
Tax effect of amounts that are:		
- Chargeable to tax at a lower rate	(2.95)	6.09
- Exempt for tax purposes	(17.08)	21.83
- Not admissible for tax purposes	4.50	(105.86)
Effect of change in prior year's tax	0.82	1.59
Effect of rounding and others	-	(0.21)
Effective tax rate	20.29	(41.56)

	2009	2008
	(Rupees in thousand)	

26. Earnings per share

There is no dilutive effect on basic earnings per share which is based on:

	2009	2008
Net profit / (loss) after tax	189,056	(199,585)
	(Number of shares)	
Weighted average number of ordinary shares	33,555,911	33,555,911
	(Rupees per share)	
Earnings per share (basic / diluted)	5.63	(5.95)

27. Cash and cash equivalents

	2009	2008
	(Rupees in thousand)	
Cash in hand	13	12
Current and other accounts	485,278	165,917
Deposits maturing within 12 months	174,900	30,000
	660,191	195,929

28. Remuneration of chief executive, director and executives

Aggregate amounts charged in the accounts for the year for remuneration, including all benefits to chief executive, director and executives of the company are as follows:

	Chief Executive		Director		Executives	
	2009	2008	2009	2008	2009	2008
			(Rupees in thousand)			
Managerial remuneration	7,728	6,896	8,524	-	12,169	15,161
Bonus	-	750	600	-	-	3,231
Medical reimbursement	112	117	107	-	659	303
House rent and utility expenses	3,696	3,298	1,751	-	5,996	7,307
Retirement benefits						
a) Provident fund	739	660	815	-	1,047	1,244
b) Service gratuity	280	250	309	-	408	471
Other reimbursable expenses	733	459	395	-	2,418	2,568
Total	13,288	12,430	12,501	-	22,697	30,285
Number of persons	1	1	1	-	15	8

Fees paid to 3 (2008: 3) non-executive directors for attending meetings during the year Rs. 100 thousand (2008: Rs. 150 thousand). In addition, the chief executive and some of the executives are also provided with free use of company cars, in accordance with the policy of the company.

29. Transactions with associated undertakings

Related parties comprise associated undertakings, 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. Remuneration of directors and key management personnel is disclosed in note 28. Particulars of transactions with the company's staff retirement benefit scheme are disclosed in note 10 to the financial statements. Period end balances and transactions with related parties are as follows:

		2009	2008
		(Rupees in thousand)	
Related parties	**Period end balances**		
	Provision for outstanding claims (including IBNR)	24,518	14,732
	Premium received in advance	44,260	138
	Premiums due but unpaid	42,316	38,977
	Transactions during the period		
	Premium underwritten	488,733	391,774
	Premium collected	570,249	309,282
	Claims paid	44,015	45,680
	Vehicles purchased	79	2,131
	Office equipments purchased	425	462
	Office equipments sold	660	73
	Rent received	708	578
	Rent paid	2,333	2,207
	Profit received on bank accounts	17,154	7,370
	Interest received on deposits	5,341	-
	Brokerage charged	2,485	4,025
	Dividends received	8,244	11,563
	Dividends paid	45,778	53,379
	Donations	2,372	-
	Investments	61,544	-
Post employment benefit plans	**Transactions during the period**		
	Expense charged in respect of retirement benefit plans	7,920	3,964

30. Segment reporting

The Company has four primary business segments for reporting purposes namely fire, marine, motor and miscellaneous.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross premium earned by the segments.

	Fire		Marine		Motor		Miscellaneous		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	(Rupees in thousand)									
Revenue										
Premiums earned	231,365	208,119	216,870	268,773	269,031	292,163	65,433	131,547	782,699	900,602
Segment Results	55,243	46,720	74,876	127,245	(32,932)	(28,493)	7,280	12,914	104,467	158,386
Investment income									118,230	(305,174)
Rental income									1,736	1,328
Other income									32,117	19,089
Financial charges									(550)	(507)
General and administration expenses									(18,806)	(14,116)
									132,727	(299,380)
Profit / (loss) before tax									237,194	(140,994)
Provision for tax									(48,138)	(58,591)
Net Profit / (loss)									189,056	(199,585)
Other information										
Segment assets	329,853	218,493	105,197	99,617	91,081	90,296	94,690	85,909	620,821	494,315
Unallocated assets									1,284,272	845,648
Consolidated total assets									1,905,093	1,339,963
Segment liabilities	440,422	241,556	157,825	88,767	280,887	225,569	123,024	82,408	1,002,158	638,300
Unallocated liabilities									154,972	75,644
Consolidated total liabilities									1,157,130	713,944

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

30.1 Revenue in fire, marine, motor and miscellaneous segments includes revenue from customers in excess of 10% of total revenue of the company.

31. Insurance risk management

31.1 Insurance risk

The risk under any one insurance contract is the probability that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that larger the portfolio of similar insurance contracts, the smaller the relative variability about expected outcome will be. In addition, a more diversified portfolio is less likely to be effected by a change in any subset of the portfolio.

The company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Three level retention authority is practiced for analysis of each risk. For larger risks, Major Risk Advice (MRA) is prepared to study placement of risk before finalization and Risk Card System is implemented to check any geographic accumulation of risks.

Concentration of insurance risk

One of the most important elements of effective risk management in fire and property insurance is monitoring of risk accumulation both at a given premise and in a certain geographical spread of location. Risk segregation in a particular location is done through risk inspection prior to underwriting. Wide variety of factors associated with risk are evaluated while conducting such risk surveys. These include risk location, physical hazards associated with nature of business being conducted or occupation of the premises, manufacturing process, storage of raw material, furnished goods and utilities etc., type of construction and the layout plan of the manufacturing facility for segregation of risk to study the possibility of spread of fire from one risk to another adjacent or closely located facility and the values exposed at each risk etc are studied in such risk inspections. While studying such aspects reference is made to standard construction specifications and criteria of segregation of risk as laid down by Insurance Association of Pakistan and those specified by the participating reinsurers in the respective reinsurance arrangements. This include, though not limited to, presence of perfect walls, double fire proof iron doors and distance between the risks. This helps avoid spread of uncontrolled fire and explosion in one area and limit the damage.

To monitor accumulation of various risks in a particular geographical location a system generated location card is developed which is available with the underwriters and reinsurance personnels in order to check high accumulation of values exposed to insurance in a given location. In order to further safeguard large financial commitments company’s retention in various risks exposed to an unexpected catastrophic event, an excess of loss reinsurance coverage besides proportional treaty has been arranged which provides protection to numerous net retentions exposed on various risks and possibly getting affected due to an unforeseen catastrophic event like earthquake and flood etc.

Individual risk location factor and risk amounts are essential fields of the policy data interphase of the system. It provides instant and risk factor amount which is dependent on data collection provided under the policy schedule.

In marine cargo insurance, complete underwriting details, besides sum insured and premium, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc are fed into the system. The reinsurance module of the system is designed to satisfy the requirements to monitor accumulation of various consignments over one vessel or carrier. Despite such controls the respective reinsurance, beyond normal coverage, also addresses to cover unknown accumulation, which may otherwise could not be identified in time for one reason or the other.

	Maximum insured loss		Loss ceded		Net retention	
	2009	2008	2009	2008	2009	2008
	(Rupees in thousand)					
Fire and property damage	111,387,204	87,050,791	86,213,696	61,396,923	25,173,508	25,653,868
Marine, aviation and transport	8,571,370	6,927,269	3,755,974	2,619,893	4,815,396	4,307,376
Motor	5,791,051	7,585,972	86,866	50,826	5,704,185	7,535,146
Miscellaneous	48,808,806	27,828,120	40,935,946	23,921,052	7,872,860	3,907,068
	174,558,431	129,392,152	130,992,482	87,988,694	43,565,949	41,403,458

Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables that complicates quantitative sensitivity analysis. However, the company uses assumption of mixture of total claims based on past experience, survey reports and market data to measure its claims liabilities. Data for the contract held is derived mostly from the company's quarterly claims reports and screening of the actual insurance contracts carried out at year-end 2009. The company has reviewed the individual contracts and in particular the types of customers to whom company issues contracts and the actual reporting years of claims. Change in mark-up rates of the banks, law and order situation and geo-political situation of South Asia could possibly have an impact on the unexpired risks. Though no major impact is foreseen given the current portfolio of the company. However, this information is used to develop scenarios related to claims that are used for the projection.

	Net impact of increase / decrease in average claims by 10% on			
	underwriting result		shareholders equity	
	2009	2008	2009	2008
	(Rupees in thousand)			
Fire and property damage	637	826	414	537
Marine, aviation and transport	1,281	760	833	494
Motor	16,751	20,902	10,888	13,586
Miscellaneous	567	656	369	426
Total	19,236	23,144	12,504	15,043

Claim development

Accident Year	2005	2006	2007	2008	2009	Total
	(Rupees in thousand)					
Estimate of ultimate claims costs:						
At end of accident year	38,129	87,997	166,193	215,052	112,376	
One year later	34,812	104,429	140,134	207,008	-	
Two years later	31,578	102,425	136,044	-	-	
Three years later	30,817	102,540	-	-	-	
Four years later	30,306	-	-	-	-	
Current estimate of cumulative claims	30,306	102,540	136,044	207,008	112,376	588,274
Cumulative payments to date	(28,314)	(98,802)	(123,418)	(122,345)	-	(372,879)
Liability recognised in the statement of financial position	1,992	3,738	12,626	84,663	112,376	215,395

31.2 Reinsurance risk

As per general practice of the insurance industry, in order to minimize financial exposure arising from large claims, the company, in the normal course of business, enters into agreements with other companies for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from sizeable risks, and provide additional underwriting capacity which also constitutes towards the growth of premium. A significant portion of the reinsurance is affected under treaty, facultative and also under excess of-loss reinsurance contracts to protect company's exposure towards catastrophic losses.

To minimize its exposure to any possible losses from reinsurers' insolvencies, the company evaluates the financial condition of the reinsurers, their rating and monitors concentrations of credit risk arising from the respective geographic regions, activities or economic characteristics of the reinsurers.

32. Financial risk management

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices. The company has invested its funds in ordinary shares, Term Deposit Receipts and National Investment Trust units, resulting in exposure due to the fluctuation in the rate of interest and dividend earned thereon and the possibility of capital gains or losses arising from the sale of these investments.

The company minimizes such risk by having a diversified investments portfolio. In addition, the company's Investment Committee actively monitors the key factors that affect investment market and all investment related decisions are taken after due consultation with the Investment Committee.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The company is not exposed to currency risk as none of the financial assets and liabilities are payable in foreign currency, at the end of the year.

(ii) Other price risk

Available for sale investments are stated at lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002. The carrying and market value of these investments have been disclosed in note 15.2 to the financial statements. Fair value is determined on the basis of objective evidence at each reporting date.

(iii) Interest rate risk

Interest / yield rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. The company is exposed to interest / yield rate risk for certain deposits with the banks.

	2009	2008
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Deposits maturing within 12 months	174,900	30,000
Statutory deposits	35,000	-
Variable rate instruments		
Financial assets		
Bank balances - saving accounts	457,210	108,472
Total exposure	667,110	138,472

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the company.

Cash flow sensitivity analysis for variable rate instruments

If the Karachi Inter Bank Offer Rate (KIBOR), had fluctuated by 10%, with all other variables held constant, the impact on profit before taxation for the year would have been higher / lower by Rs. 3,890 thousand and impact on shareholder's equity would have been higher / lower by Rs. 2,528 thousand.

(b) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs. 1,602,635 thousand (2008: Rs. 1,162,228 thousand), the financial assets which are subject to credit risk amounted to Rs. 1,602,622 thousand (2008: Rs. 1,162,216 thousand). The company believes that it is not exposed to major concentration of credit risk.

(i) Concentration of credit risk

Concentration of credit risk occurs when a number of counter parties are engaged in similar business activities. As a result, any change in economic, political or other conditions would have an impact on their ability to meet contractual obligations in similar manner. The company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organization of sound financial standing covering various industrial sectors and segments.

(ii) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2009	2008
	(Rupees in thousand)	
Current and other accounts	485,278	165,917
Deposits maturing within twelve months	174,900	30,000
Loans to employees	201	465
Investments	557,173	494,201
Premiums due but unpaid	102,119	108,620
Amounts due from other insurers / reinsurers	97,812	93,286
Salvage recoveries accrued	13,391	12,578
Accrued investment income	4,297	1,232
Reinsurance recoveries against outstanding claims	160,368	155,410
Sundry receivables	7,083	100,507
	1,602,622	1,162,216

The company maintains a general provision against doubtful receivables. The related movement is disclosed in note 16.1 and 17.2. The company has assessed that remaining past due balances are not impaired since these relate to a number of insurers / reinsurers with no recent history of default.

Age analysis of receivables is as follows:

	2009	2008
	(Rupees in thousand)	
- Upto one year	89,891	100,782
- Past one but less than three years	14,167	8,467
- Over three but less than five years	2,998	1,901
- More than five years	84	-
	107,140	111,150

(iii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating Short term	Rating Long term	Rating Agency	2009	2008
				(Rupees in thousand)	
National Bank of Pakistan	A1+	AAA	JCR-VIS	213	-
Allied Bank Limited	A1+	AA	PACRA	6,538	6,152
Askari Bank Limited	A1+	AA	PACRA	5	-
Atlas Bank Limited	A2	A -	JCR-VIS	459,285	120,443
Bank Alfalah Limited	A1+	AA	PACRA	11,086	31,125
Faysal Bank Limited	A1+	AA	JCR-VIS	6	-
Habib Bank Limited	A1+	AA+	JCR-VIS	2,885	1,388
MCB Bank Limited	A1+	AA+	PACRA	2,301	3,397
Samba Bank Limited	A1	A	JCR-VIS	-	-
Silkbank Limited	A3	A -	JCR-VIS	401	-
Soneri Bank Limited	A1+	AA -	PACRA	239	-
Standard Chartered Bank (Pakistan) Limited	A1+	AA+	JCR-VIS	219	19
United Bank Limited	A1+	AA+	JCR-VIS	2,100	3,393
				485,278	165,917
Term deposit certificates					
Askari Bank Limited	A1+	AA	PACRA	25,000	-
Soneri Bank Limited	A1+	AA -	PACRA	5,000	-
Al Baraka Islamic Bank	A1	A	JCR-VIS	15,000	-
Silkbank Limited	A3	A -	JCR-VIS	79,900	-
Faysal Bank Limited	A1+	AA	JCR-VIS	50,000	-
Atlas Bank Limited	A2	A -	JCR-VIS	-	30,000
				174,900	30,000

(c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Atlas Insurance

Maturity analysis of financial assets and liabilities

	2009						
	Interest / mark-up bearing			Non interest / mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	2009
	(Rupees in thousand)						
Financial assets							
On balance sheet							
Cash and other equivalents	-	-	-	13	-	13	13
Current and other accounts	457,210	-	457,210	28,068	-	28,068	485,278
Deposits maturing within twelve months	174,900	-	174,900	-	-	-	174,900
Loans to employees	-	-	-	138	63	201	201
Investments	-	35,000	35,000	522,173	-	522,173	557,173
Premiums due but unpaid	-	-	-	102,119	-	102,119	102,119
Amounts due from other insurers / reinsurers	-	-	-	97,812	-	97,812	97,812
Salvage recoveries accrued	-	-	-	13,391	-	13,391	13,391
Accrued investment income	2,876	-	2,876	1,421	-	1,421	4,297
Reinsurance recoveries against outstanding claims	-	-	-	160,368	-	160,368	160,368
Sundry receivables	-	-	-	7,083	-	7,083	7,083
	634,986	35,000	669,986	932,586	63	932,649	1,602,635
Off balance sheet	-	-	-	-	-	-	-
Total	634,986	35,000	669,986	932,586	63	932,649	1,602,635
Financial liabilities							
On balance sheet							
Insurance contracts - short term	-	-	-	405,471	-	405,471	405,471
Less: reinsurance assets held to cover insurance contracts	-	-	-	(231,988)	-	(231,988)	(231,988)
	-	-	-	173,483	-	173,483	173,483
Provision for outstanding claims (including IBNR)	-	-	-	253,899	-	253,899	253,899
Amounts due to other insurers / reinsurers	-	-	-	266,387	-	266,387	266,387
Accrued expenses	-	-	-	39,385		39,385	39,385
Creditors and accrued expenses	-	-	-	24,517	-	24,517	24,517
Deposits against performance bonds	-	-	-	1,391	-	1,391	1,391
Dividends payable	-	-	-	14,603		14,603	14,603
	-	-	-	773,665	-	773,665	773,665
Off balance sheet	-	-	-	-	-	-	-
Total	-	-	-	773,665	-	773,665	773,665
On balance sheet gap	634,986	35,000	669,986	158,921	63	158,984	828,970
Off balance sheet gap	-	-	-	-	-	-	-

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

	2008						
	Interest / mark-up bearing			Non interest / mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	2008
	(Rupees in thousand)						
Financial assets							
On balance sheet							
Cash and other equivalents	-	-	-	12	-	12	12
Current and other accounts	108,472	-	108,472	57,445	-	57,445	165,917
Deposits maturing within twelve months	30,000	-	30,000	-	-	-	30,000
Loans to employees	-	-	-	264	201	465	465
Investments	-	-	-	494,201	-	494,201	494,201
Premiums due but unpaid	-	-	-	108,620	-	108,620	108,620
Amounts due from other insurers / reinsurers	-	-	-	93,286	-	93,286	93,286
Salvage recoveries accrued	-	-	-	12,578	-	12,578	12,578
Accrued investment income	636	-	636	596	-	596	1,232
Reinsurance recoveries against outstanding claims	-	-	-	155,410	-	155,410	155,410
Sundry receivables	93,033	-	93,033	7,474	-	7,474	100,507
	232,141	-	232,141	929,886	201	930,087	1,162,228
Off balance sheet	-	-	-	-	-	-	-
Total	232,141	-	232,141	929,886	201	930,087	1,162,228
Financial liabilities							
On balance sheet							
Insurance contracts - short term	-	-	-	277,432	-	277,432	277,432
Less: reinsurance assets held to cover insurance contracts	-	-	-	(103,852)	-	(103,852)	(103,852)
	-	-	-	173,580	-	173,580	173,580
Provision for outstanding claims (including IBNR)	-	-	-	237,509	-	237,509	237,509
Amounts due to other insurers / reinsurers	-	-	-	91,353	-	91,353	91,353
Accrued expenses	-	-	-	19,729	-	19,729	19,729
Creditors and accrued expenses	-	-	-	11,132	-	11,132	11,132
Deposits against performance bonds	-	-	-	1,391	-	1,391	1,391
Dividends payable	-	-	-	13,049	-	13,049	13,049
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-
	-	-	-	547,743	-	547,743	547,743
Off balance sheet	-	-	-	-	-	-	-
Total	-	-	-	547,743	-	547,743	547,743
On balance sheet gap	232,141	-	232,141	382,143	201	382,344	614,485
Off balance sheet gap	-	-	-	-	-	-	-

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

32.1 Financial instruments by categories

	Held to maturity 2009	Held to maturity 2008	Available for sale 2009	Available for sale 2008	Loans and receivables 2009	Loans and receivables 2008	Total 2009	Total 2008
	(Rupees in thousand)							
Financial assets as per balance sheet								
Cash and other equivalents	-	-	-	-	13	12	13	12
Current and other accounts	-	-	-	-	485,278	165,917	485,278	165,917
Deposits maturing within twelve months	174,900	30,000	-	-	-	-	174,900	30,000
Loans to employees	-	-	-	-	201	465	201	465
Investments	35,000	-	522,173	494,201	-	-	557,173	494,201
Premiums due but unpaid	-	-	-	-	102,119	108,620	102,119	108,620
Amounts due from other insurers / reinsurers	-	-	-	-	97,812	93,286	97,812	93,286
Salvage recoveries accrued	-	-	-	-	13,391	12,578	13,391	12,578
Accrued investment income	-	-	-	-	4,297	1,232	4,297	1,232
Reinsurance recoveries against outstanding claims	-	-	-	-	160,368	155,410	160,368	155,410
Sundry receivables	-	-	-	-	7,083	100,507	7,083	100,507
	209,900	30,000	522,173	494,201	870,562	638,027	1,602,635	1,162,228

	Other financial liabilities 2009	Other financial liabilities 2008
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Provision for outstanding claims (including IBNR)	253,899	237,509
Amounts due to other insurers / reinsurers	266,387	91,353
Accrued expenses	39,385	19,729
Creditors and accrued expenses	24,517	11,132
Deposits against performance bonds	1,391	1,391
Dividends payable	14,603	13,049
	600,182	374,163

32.2 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide return for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The company's objectives when managing capital are:

(i) to be in compliance with the paid-up capital requirement set by the SECP. The company's current paid-up capital is in excess of the limit prescribed by the SECP;

(ii) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders; and

(iii) to provide an adequate return to shareholders.

The company manages the capital structure in context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts.

33. Fair value of financial instruments

The carrying value of all financial instruments reported in the financial statements approximate their fair value except for available for sale investments which are stated at lower of cost or market value in accordance with the requirements of the SEC (Insurance) Rules, 2002. The carrying and fair value of these investments have been disclosed in note 15.2 to the financial statements. Fair value is determined on the basis of objective evidence at each reporting date.

34. Date of authorization for issue

These financial statements were authorized for issue on March 19, 2010, by the Board of Directors of the company.

35. Non - adjusting events after the balance sheet date

The board of directors has proposed a final dividend for the year ended December 31, 2009 of Rs. 4.00 (2008: Rs. 2.50) per share, amounting to Rs. 134,224 thousand (2008: Rs. 67,112 thousand) at their meeting held on March 19, 2010 for the approval of the members at the Annual General Meeting to be held on April 29, 2010. The board has also recommended to transfer Rs. 22,000 thousand (2008: Rs. Nil) to general reserves and stock dividend of Rs. 1.00 (2008: Rs. 2.50) per share, amounting to Rs. 33,556 thousand (2008: Rs. 67,112 thousand) to reserves for issue of bonus shares from accumulated reserves.

36. General

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

37. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant rearrangements have been made.

Arshad P. Rana Chief Executive	Ali H. Shirazi Director	Omar Saeed Director	Yusuf H. Shirazi Chairman

Atlas Insurance

DISTRIBUTION OF SHAREHOLDING IN CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

AS AT DECEMBER 31, 2009

Number of Shareholders	Shareholding From	Shareholding To	Total Shares held
160	1	100	6,823
222	101	500	61,501
108	501	1,000	84,265
241	1,001	5,000	542,725
68	5,001	10,000	516,026
22	10,001	15,000	271,432
15	15,001	20,000	251,478
6	20,001	25,000	134,034
4	25,001	30,000	113,305
4	30,001	35,000	133,197
3	35,001	40,000	111,238
5	40,001	45,000	214,646
2	45,001	50,000	99,327
2	65,001	70,000	137,461
1	70,001	75,000	71,625
1	80,001	85,000	82,221
1	95,001	100,000	97,532
1	125,001	130,000	125,303
1	135,001	140,000	140,000
2	160,001	165,000	325,566
1	210,001	215,000	212,500
1	945,001	950,000	946,452
1	3,295,001	3,300,000	3,295,500
1	10,550,001	10,555,000	10,554,415
1	11,410,001	11,415,000	11,411,915
874			29,940,487

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2009

Number of Shareholders	Shareholding From	Shareholding To	Total Shares held
228	1	100	9,105
265	101	500	72,023
122	501	1,000	94,921
327	1,001	5,000	732,024
107	5,001	10,000	794,691
34	10,001	15,000	437,029
24	15,001	20,000	402,774
12	20,001	25,000	263,988
8	25,001	30,000	224,368
7	30,001	35,000	230,214
5	35,001	40,000	188,266
5	40,001	45,000	214,646
2	45,001	50,000	99,327
1	55,001	60,000	55,900
1	60,001	65,000	62,435
4	65,001	70,000	271,623
2	70,001	75,000	143,210
2	80,001	85,000	166,781
1	90,001	95,000	94,353
1	95,001	100,000	97,532
1	125,001	130,000	125,303
1	130,001	135,000	134,193
1	135,001	140,000	140,000
2	160,001	165,000	325,566
1	210,001	215,000	212,500
1	830,001	835,000	832,117
1	920,001	925,000	922,740
1	945,001	950,000	946,452
1	3,295,001	3,300,000	3,295,500
1	10,550,001	10,555,000	10,554,415
1	11,410,001	11,415,000	11,411,915
1,170			33,555,911

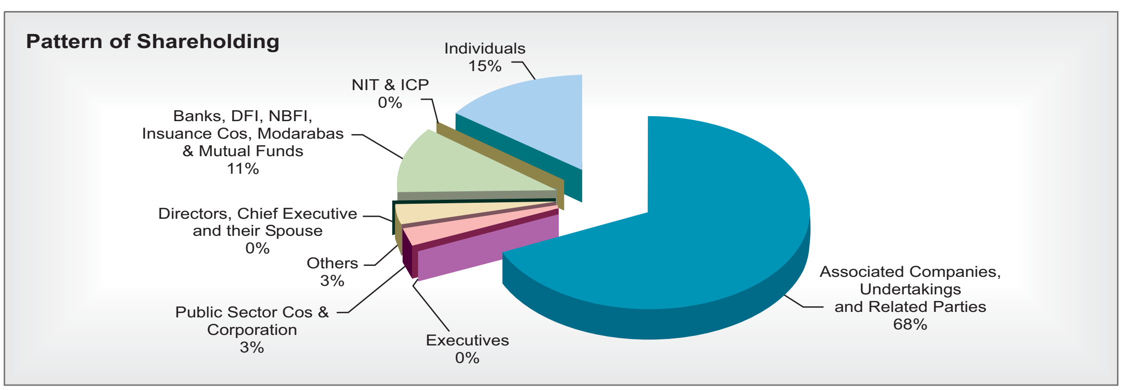
The slabs representing nil holding have been omitted.

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage of Shares held
Directors, CEO their spouse and minor children	6	50,573	0.15%
Associated Companies, undertakings & related parties	4	22,892,195	68.22%
NIT and ICP	1	608	0.00%
Banks, DFIs & NBFCs - Local	2	36,550	0.11%
Banks, DFIs & NBFCs - Foreign	1	3,295,500	9.82%
Insurance Companies	1	140,000	0.42%
Modaraba and Mutual Funds	3	202,112	0.60%
Public Sector Companies & Corporations	1	946,452	2.82%
Shareholders holding 10% or more voting interest in the Company*	2	21,966,330	65.46%
Individuals:			
- Resident Pakistani	1,106	4,964,477	14.79%
- Non - Resident Pakistan	8	27,407	0.08%
Others:			
Joints Stock Companies	33	60,237	0.18%
Others	4	939,800	2.80%
Total	1,170	33,555,911	100.00%

* Shareholders having 10% or more voting interest in the company exist in Associated Companies, therefore, not included in the total.

PATTERN OF SHAREHOLDING AS AT DECEMBER 31, 2009
Information required under the Code of Corporate Governance

Categories of shareholders	Number of shareholders	Number of shares held	Percentage of shares held
Associated Companies, Undertakings and Related Parties (Name wise detail)			
Shirazi Investments (Pvt.) Limited	1	11,411,915	34.01%
Shirazi Capital (Pvt.) Limited	1	10,554,415	31.45%
Atlas Foundation	1	922,740	2.75%
Iftikhar Shirazi Family Trust	1	3,125	0.01%
NIT and ICP			
IDBP - (ICP Unit)	1	608	0.00%
Director, Chief Executive and their spouse and minor children			
Mr. Yusuf H. Shirazi & Mrs. Khawar S. Shirazi	1	3,125	0.01%
Mr. Azam Faruque	1	1	0.00%
Mr. Omar Saeed	1	1	0.00%
Mr. Ali H. Shirazi	1	3,125	0.01%
Mr. Frahim Ali Khan	1	1	0.00%
Mr. Arshad P. Rana	1	44,320	0.13%
Executives	2	7,944	0.02%
Public Sector Companies & Corporation			
State Life Insurance Corporation of Pakistan	1	946,452	2.82%
Banks, Development Finance Institutions Non-Banking Financial Institutions Insurance Companies, Modarabas and Mutual Funds	7	3,674,162	10.95%
Shareholders holding 10% or more voting interest	-	-	
Individuals	1,112	4,983,940	14.85%
Others	37	1,000,037	2.98%
	1,170	33,555,911	100.00%



Details of transaction in the shares by the directors

Name	No. of Shares: Gifted	No. of Shares: Received as Gift	No. of Shares: Purchased	Date of Transaction	Price Per Share
Mr. Yusuf H. Shirazi	-	3,125	-	11-07-2009	N/A
Mr. Yusuf H. Shirazi	(3,125)	-	-	30-12-2009	N/A
Mr. Azam Faruque	-	-	1	01-04-2009	43.00
Mr. Omar Saeed		-	1	01-04-2009	38.00
Mr. Frahim Ali Khan	(6,589)	-	-	27-07-2009	N/A
Mr. Arshad P. Rana	-	-	5,000	12-03-2009	32.05
Mr. Arshad P. Rana	-	-	2,377	02-09-2009	29.03

Atlas Insurance

COMPANY OFFICES

HEAD OFFICE

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

NORTH ZONE OFFICES & BRANCHES
LAHORE

IRSHAD FARRUKH BHATTI Circle Chief, Lahore Circle-I	City Branch 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.	37212365-6, 37312858, 37312868, 37230558-9 Fax: 37212367
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
KH. MUHAMMAD NADEEM Branch Manager	Napier Road Branch Nairobi Mansion Napier Road, Lahore.	37352560 Fax: 37358190
ZAFAR HUSSAIN JAMAL Branch Manager	Mall Road Branch Hafeez Chambers, 85-Shahrah-e-Quaid-e-Azam, Lahore.	36305595, 36271663 Fax: 36369576
MUHAMMAD WASIM PURI Branch Manager	Faisal Town Branch 753 - C, Faisal Town, Lahore.	35173551-2 Fax: 35173557

RAWALPINDI

MAHMOOD AHMED Chief Manager MANZAR ALI NAQVI Manager	101/13, Bank Road, Grand Hotel Building, P.O. Box 119, Rawalpindi.	5563413 Fax: 5798083

FAISALABAD BRANCH - II

MUHAMMAD ASIF AKRAM Branch Manager	123-B, People's Colony No. 1, D - Ground, Faisalabad.	8721256, 8734176 Fax: 8732499

FAISALABAD BRANCH - I

RANA SAGHIR Branch Manager	Chartered Bank Chambers, Railway Road, Faisalabad.	2647194 Fax: 2635080

SAHIWAL

SALEEM TAHIR Acting Incharge	147-Railway Road, Sahiwal.	4466044 Fax: 4224344

MULTAN

AFTAB AHMED KHAN Branch Manager	Atlas Honda Building, Azmat Wasti Road, Multan.	4544494

SIALKOT

REHAN NAZIR GHUMAN Branch Manager	Office No. 7, 1st Floor, Mughal Plaza, Kutchery Road, Sialkot.	4264195, 4594520 Fax: 4290095

GUJRANWALA

AMJAD RAFIQ DHILLO Branch Manager	Gujranwala Branch 2nd Floor, Al-Azhar Plaza, G. T. Road, Gujranwala.	3847118 Fax: 3847074
MUHAMMAD IKRAM Branch Manager	GTR Branch 2nd Floor, Crescent Plaza, G. T. Road, Gujranwala.	3841725

SOUTH ZONE OFFICE

Ground Floor, Federation House, Abdullah Shah Ghazi Road, Main Clifton, Karachi.	PABX: Fax:	35378806-7 35369395-6 35378515
ARSHAD P. RANA Chief Executive Officer	Direct: Extension:	35378757 201
MUHAMMAD IMRAN Asst. Vice President Claims & U/W	Extension:	217
JAWAID IRSHAD Manager Motor	Extension:	215
MUHAMMAD AFZAL Company Secretary	Extension:	202

SOUTH ZONE BRANCHES
KARACHI

M. FAROOQ KANDLAWALA Circle Chief, Karachi Circle - I	Tower Branch State Life Building No. 7, Room No. 101, Ist Floor, G. Allana Road, Karachi.	32316503, 32201471 Fax: 32315248
ABDUL AZIZ Chief Manager	Corporate Branch 1/10, Arkey Square, 1st Floor, Shahrah-e-Liaquat, Karachi	32421030, 32422911 Fax: 32421387
IMRAN SATTAR Deputy Chief Manager	Plaza Branch 3/3 Rimpa Plaza, M.A. Jinah Road, Karachi.	32729339, 32720858 Fax: 32749004
TARIQ NASIM Chief Manager	New Challi Branch 1st Floor, Room No. 106-107, Rehmani Chamber, Altaf Hussain Road, Karachi.	32218286, 32218288 Fax: 32610280
MUHAMMAD SHAHID Branch Manager	Zamzama Branch Kanta Bai Building, 18 - C, Zamzama Commercial Lane No. 1, Phase - V, DHA, Karachi.	35830131, 35835902 Fax: 35835733

HYDERABAD

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

SUKKUR

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

Atlas Group Companies

	*Year of Establishment / Acquisition**
Shirazi Investments	1962
Atlas Honda	1963
Atlas Battery	1966
Shirazi Trading	1973
Atlas Insurance	1980*
Atlas Engineering	1981*
Atlas Bank	1990
HONDA Honda Atlas Cars	1992
HONDA Honda Atlas Power Product	1997
TOTAL Total Atlas Lubricants	1997
Atlas Asset Management	2002
Shirazi Capital	2005
Atlas Capital Markets	2006
Atlas Power	2007

Atlas Insurance

COMMITTED TO
PROTECT

FORM OF PROXY

I/We_________________________________ of _________________________________ being member(s) of Atlas Insurance Limited and holder(s) of ________ Ordinary Shares as per Registered Folio No.____________ hereby appoint ___________________________ of __________________________ or failing him ______________________ of ___________________________ as my / our proxy to attend, act and vote for me/us and on my / our behalf at the 75th Annual General Meeting of the Company to be held at Registered Office on April 29, 2010 at 03:00 p.m., at 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore and at every adjournment thereof.

As witness my/our hand this _____ day of _______ 2010.

Signature:_____________________________

Address:______________________________

____

Affix
Revenue
Stamp

Signature

Witness:

Signature:_____________________________

Address:______________________________

____

Notes:

1. A member entitled to attend and vote at the General Meeting of the Company is entitled to appoint proxy to attend and vote on his / her behalf. No person shall act, as a proxy who is not a member of the Company except that a company may appoint a person who is not a member.

2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his / her constituted attorney or if such appointer is a company, under the common seal of such company.

3. The Form of proxy, duly completed, must be received at the Company's Registered Office, 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore, not later than 48 hours before the meeting.

AFFIX
POSTAGE

The Secretary
Atlas Insurance Limited
3 - Bank Square,
Shahrah-e-Quaid-e-Azam,
Lahore.

Fold Here

Fold Here

Fold Here

Fold Here

Atlas Insurance Limited

3-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore-54000 **Ph:** (92-42) 37320542-3, 37322271, 37322273, 37310658 **Fax:** (92-42) 37234742
Email: info@atlasinsurance.com.pk **Website:** www.atlasinsurance.com.pk