

QUARTERLY REPORT
SEPTEMBER 30, 2010



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Corporate Information

BOARD OF DIRECTORS

Chairman
Directors

Mr. Nasser Abdullah Hussain Lootah
Mr. Nasim Beg
Mr. Asadullah Khawaja
Dr. Ahmed Khalil Mohammad Samea Al Mutawa
Mr. Shehryar Faruque
Mr. Husain Lawai

President & CEO

BOARD AUDIT COMMITTEE

Chairman
Members

Mr. Asadullah Khawaja
Mr. Nasim Beg
Mr. Shehryar Faruque

BOARD COMPLIANCE & RISK MGT. COMMITTEE

Members

Mr. Husain Lawai
Mr. Asadullah Khawaja
Mr. Nasim Beg

BOARD HUMAN RESOURCE COMMITTEE

Members

Mr. Husain Lawai
Mr. Asadullah Khawaja
Mr. Shehryar Fauque

COMPANY SECRETARY

Mr. Muhammad Amin Bhoori

CHIEF FINANCIAL OFFICER (Acting)

Mr. Adil Qadeer Ahmed

AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder
(Chartered Accountants)

LEGAL ADVISORS

Mr. Mohsin Tayebally & Co.

REGISTRAR & SHARE TRANSFER OFFICE

THK Associates (Pvt.) Ltd.
Ground floor, State Life Building - 3,
Dr. Ziauddin Ahmed Road,
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TAX ADVISORS

Ernst & Young Ford Rhodes Sidat Hyder
(Chartered Accountants)
Lahore Law Associates

REGISTERED & HEAD OFFICE

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WEBSITE

www.atlasbank.com.pk

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors of Atlas Bank Limited ("the Bank"), I am pleased to present the unaudited financial statements of the Bank for the nine months ended September 30, 2010.

Financial Highlights

Financial Highlights of the Bank for the period under review are as follows:

	September 30, 2010 (Unaudited)	December 31, 2009 (Audited)
	(Rupees in '000)	
Pre-tax (Loss) for the period	(1,578,405)	(2,727,083)
Equity	1,253,073	2,554,008
Paid-up capital	5,001,466	5,001,466
Deposits	20,167,359	26,173,680
Advances (net of provisions)	16,994,185	19,219,928
Investments	2,668,881	4,763,388
Basic and Diluted (Loss) per share	(2.63)	(3.41)

During the period under review, deposits of the Bank decreased by 22.95% as compared to December 31, 2009 mainly due to the attrition in high cost Term Deposits while the Current and Saving Accounts (CASA) base strengthened. The overall cost of deposits reduced to 10.11% for the first nine months of 2010 as compared to 12.21% for the corresponding period of last year. Bank's advances declined by Rs. 2,226 million during the current period of nine months as compared to the year 2009. The Bank maintained comfortable level of liquidity despite of reduction in overall deposits and exceeded in SLR requirement during the period ended September 30, 2010.

During the nine months ended, Bank posted pre tax loss of Rs. 1,578 million for the period ended September 30, 2010 as compared to before tax loss of Rs. 1,845 million in the same period of year 2009. Bank managed to reduce its Administrative cost to Rs. 1,174 million as compared to Rs. 1,356 million reported in the comparable period of 2009. The management will strengthen Remedial Assets Management Division to aggressively pursue for recovery of classified loans and advances

After taking into account the after tax loss of Rs. 11.45 million pertaining to Atlas Capital Markets (Pvt.) Limited, the consolidated after tax loss of Bank and the wholly owned subsidiary stood at Rs. 1,327.49 million against Rs. 1,487.59 million of the corresponding period. The management has decided to reinvigorate the operations of company and endeavor to make it profitable next year.

DIRECTORS' REPORT TO THE MEMBERS

Economic Overview

The recent terrible floods have worsened the delicate macroeconomic conditions and have exerted pressures over the stability and growth prospects of Pakistan's economy for the current fiscal year. Despite a GDP growth estimated at 4.1%, up from 1.2% as compared to the last year, fiscal deficit has been raised to the level of 6.3% of GDP due to high inflationary conditions prevailing in the country. The catastrophic floods in the country lead to a steep rise in CPI /WPI due to spike in food prices which is expected to continue in the FY11.

These challenges would be met by mobilizing additional domestic revenues and foreign aid resources from friendly countries of Pakistan. There are many proposals under consideration with Ministry of Finance to generate additional resources for rehabilitation of flood victims and will be unveiled during the current quarter of the year.

The position of credit to private sector businesses was slightly better during the third quarter of 2010, compared to that in corresponding months of the last year. However, Banks' excess cash reserves with SBP have increased considerably during September 2010 which was mainly due to increase in overall deposits of the banking system. The Country has attained the foreign exchange reserves of US\$17.0 billion

Foreign trade of the country continues to grow on year to year basis. Exports during the nine months of 2010 stood at US \$ 15.6 billion, whereas Import during the period was US \$ 24.2 billion. The balance of trade may deteriorate if the growth of export does not keep pace with that of import during the fiscal year. Foreign remittances from expatriate Pakistani continue to grow during the nine months 2010 i.e., US \$ 7.0 billion as compared to US \$ 6.5 billion for the same period last year. As State Bank of Pakistan under "Pakistan Remittance Initiative Programme" has provided many incentives, it is expected that remittances from expatriate Pakistani will continue to grow during the coming months and will have a positive impact on the current account.

To alleviate the risks to macroeconomic stability, the State Bank has raised the policy rate by 50 basis points which resulted in upward trend in the yield curve along with the hike in KIBOR. Although, this would help to provide some form of stability to our rapidly declining economy, on the other hand the risks to the banking sector will be added in the form of increase in NPLs.

Regardless the downward trend in the macroeconomic conditions capital market has shown progress during September 2010 against the previous months, following international capital markets which have shown some recovery during the past few weeks. The foreign investors continue to invest in Pakistan market during the period as they have hold now almost 33% of liquid shares of major companies listed on stock exchanges of Pakistan.

Branch Network & Business

As at September 30, 2010, the Bank was operating with 40 branches across the country, with a presence in all the provinces of Pakistan and Azad Jammu & Kashmir.

Credit Rating

The Pakistan Credit Rating Agency (PACRA) has maintained the credit rating of the Bank, 'A -' (Single A minus) for long term, and 'A 2' for the short term.

Corporate Governance Rating

The Bank has been assigned the Corporate Governance Rating - 'CGR 7' by JCR-VIS Credit Rating Company Limited.

DIRECTORS' REPORT TO THE MEMBERS

Change of Management

Pursuant to the Sponsor's Agreement, 58.31% shareholding in Atlas bank Limited has been transferred to Suroor Investment Limited. Consequently the Directors representing Atlas Group resigned from the Board on October 04, 2010 and the Board of Directors of Summit Bank Limited appointed in their place. The management since then offered Golden Hand Shake scheme to the existing employees and more than 250 employees opted to leave the bank under that scheme. Moreover, the operations of the bank are being reviewed to reduce the cost of operations substantially to take benefit of the merger with and into Summit Bank Limited.

Minimum Capital Requirement

In view of some unforeseen delays in effecting the merger of the bank with and into Summit Bank Limited, the Bank is presently short on its Minimum Capital Requirement (MCR) prescribed by the State Bank of Pakistan (SBP), which was earlier expected to be made good by March 31, 2010. SBP has approved Joint Management and Common Board of Directors for Atlas Bank and Summit Bank up to November 01, 2010 or Merger whichever is earlier, owing to acquisition of majority shares in Atlas Bank by the Sponsors of the Summit Bank. EOGM has been scheduled on November 06, 2010 for approval of the Scheme of Merger of Atlas Bank with and into Summit Bank. The Bank has applied to SBP for further extension up to December 31, 2010 for the Joint Management and Board of the bank to comply with regulatory procedures required for completion of merger.

Outlook

After the completion of upcoming merger, a new era for stability and growth will be opened for the bank. The merged bank will benefit from wider branch network, economy of cost of operations and larger market share of target customers. The management will introduce deposit products and services tailored to the market needs. The management will focus to recover the loans and advances classified as Non Performing Loans to improve the quality of Loan Portfolio of the bank.

Acknowledgments

The Board would like to appreciate and thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory authorities for their continuous guidance and support. The Board is grateful to our valued customers for their continued patronage and is committed to improving the quality of service and the experience they share with the bank.

The Board would also like to place on record its appreciation for the employees of the bank for their professionalism, commitment, and dedication during the merger process of the bank with Summit Bank.

On Behalf of the Board of Directors



Husain Lawai
President & CEO
October 25, 2010

Condensed Interim Statement of Financial Position

As at September 30, 2010

		September 30, 2010	December 31, 2009
	Note	----- (Rupees in '000) ----- (Un-Audited)	----- (Rupees in '000) ----- (Audited)
ASSETS			
Cash and balances with treasury banks		1,408,554	1,577,093
Balances with other banks		13,225	97,691
Lendings to financial institutions		262,700	838,438
Investments	4	2,668,881	4,763,388
Advances	5	16,994,185	19,219,928
Operating fixed assets		1,020,246	1,138,909
Deferred tax assets	6	2,102,763	1,813,620
Other assets	7	1,399,669	1,420,439
		25,870,223	30,869,506
LIABILITIES			
Bills payable		473,529	265,875
Borrowings	8	3,458,009	943,114
Deposits and other accounts	9	20,167,359	26,173,680
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		620,976	1,004,777
		24,719,873	28,387,446
NET ASSETS		1,150,350	2,482,060
REPRESENTED BY			
Share capital		5,001,466	5,001,466
Reserves		602,686	587,581
Accumulated loss		(4,351,079)	(3,035,039)
		1,253,073	2,554,008
Deficit on revaluation of assets - net of tax		(102,723)	(71,948)
		1,150,350	2,482,060

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



President & CEO



Chairman



Director



Director

Condensed Interim Profit and Loss Account (Un-Audited)

For the period ended September 30, 2010

Note	Quarter Ended	Period Ended	Quarter Ended	Period Ended
	September 30, 2010	September 30, 2010	September 30, 2009	September 30, 2009
(Rupees in '000)				
	671,665	2,074,682	850,020	2,548,625
Mark-up / return / interest earned	623,132	1,879,779	801,110	2,422,090
Mark-up / return / interest expensed	48,533	194,903	48,910	126,535
Net mark-up / interest income				
5.1 Provision / (reversal of provision) for non-performing loans and advances	174,864	631,906	(58,021)	280,423
Provision for diminution in the value of investments	12,486	47,705	22,850	284,685
Bad debts written off directly	-	-	-	-
	187,350	679,611	(35,171)	565,108
Net mark-up / interest loss after provisions	(138,817)	(484,708)	84,081	(438,573)
Non mark-up / interest income				
Fee, commission and brokerage income	14,663	44,665	16,707	48,678
Dividend income	12,508	22,312	15,166	24,865
Loss from dealing in foreign currencies	(28,066)	(95,357)	(18,194)	(56,793)
Gain on sale / redemption of securities	19,657	68,936	-	845
Unrealised loss on revaluation of investments classified as held-for-trading	-	-	-	-
Other income	2,970	9,766	1,360	21,641
Total non mark-up / interest income	21,732	50,322	15,039	39,236
	(117,085)	(434,386)	99,120	(399,337)
Non mark-up / interest expenses				
Administrative expenses	381,589	1,173,649	448,496	1,356,171
Other provisions / write offs - (reversal)	(1,602)	(30,018)	(2,000)	89,004
Other charges	-	388	489	931
Total non mark-up / interest expenses	379,987	1,144,019	446,985	1,446,106
	(497,072)	(1,578,405)	(347,865)	(1,845,443)
Extraordinary / unusual items	-	-	-	-
Loss before taxation	(497,072)	(1,578,405)	(347,865)	(1,845,443)
Taxation - Current	6,792	22,904	4,756	15,177
- Prior years	-	-	-	59,419
- Deferred	(130,000)	(285,269)	-	(456,851)
	(123,208)	(262,365)	4,756	(382,255)
Loss after taxation	(373,864)	(1,316,040)	(352,621)	(1,463,188)
Loss per share - basic and diluted (Rupees)	(0.75)	(2.63)	(0.71)	(2.93)

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



President & CEO



Chairman



Director



Director

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the period ended September 30, 2010

		Quarter Ended September 30, 2010	Period Ended September 30, 2010	Quarter Ended September 30, 2009	Period Ended September 30, 2009
	Note				
		(Rupees in '000)			
Loss after taxation		(373,864)	(1,316,040)	(352,621)	(1,463,188)
Other comprehensive income / (loss)	5.1.1	-	15,105	-	-
Total comprehensive income / (loss) for the period		(373,864)	(1,300,935)	(352,621)	(1,463,188)

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



President & CEO



Chairman



Director



Director

Condensed Interim Cash Flow Statement (Un-Audited)

For the period ended September 30, 2010

	September 30, 2010	September 30, 2009
	----- (Rupees in '000) -----	
Cash flow from operating activities		
Loss before taxation	(1,578,405)	(1,845,443)
Dividend income	(22,312)	(24,865)
	(1,600,717)	(1,870,308)
Adjustments		
Depreciation	87,946	95,719
Amortisation	18,862	9,217
Provision against non-performing advances	631,906	280,423
Provision for diminution in value of investments	47,705	284,685
Other provisions / write offs - (reversal)	(30,018)	89,004
(Gain) / Loss on disposal of fixed assets	(56)	4,466
	756,345	763,514
	(844,372)	(1,106,794)
(Increase) / decrease in operating assets		
Lendings to financial institutions	600,738	(3,473,465)
Held-for-trading securities	-	4,691
Advances	1,608,942	845,682
Other assets (excluding advance taxation)	33,039	(250,576)
	2,242,719	(2,873,668)
(Decrease) / increase in operating liabilities		
Bills payable	207,654	(4,738)
Borrowings	2,514,895	(4,406,246)
Deposits	(6,006,321)	9,506,488
Other liabilities	(383,801)	(177,845)
	(3,667,573)	4,917,659
	(2,269,226)	937,197
Income tax paid	(31,001)	(30,160)
Net cash (used in) / inflow from operating activities	(2,300,227)	907,037
Cash flow from investing activities		
Net investment in available-for-sale securities	2,012,153	(891,113)
Dividend received	23,158	23,172
Investment in operating fixed assets	(3,810)	(76,453)
Sale proceeds from disposal of operating fixed assets	15,721	35,161
Net cash inflow from / (used in) investing activities	2,047,222	(909,233)
Cash flow from financing activities	-	-
(Decrease) / increase in cash and cash equivalents	(253,005)	(2,196)
Cash and cash equivalents at the beginning of the period	1,674,784	1,669,274
Cash and cash equivalents at the end of the period	1,421,779	1,667,078

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



President & CEO



Chairman



Director



Director

Condensed Interim Statement of Changes in Equity (Un-Audited)

For the period ended September 30, 2010

Note	Issued, subscribed and paid-up share capital	Capital Reserves			Accumulated loss	Total
		Share premium	Statutory reserve	Others		
(Rupees in '000)						
Balance as at December 31, 2008	5,001,466	577,537	2,494	-	(1,331,930)	4,249,567
Loss after taxation for the period ended September 30, 2009	-	-	-	-	(1,463,188)	(1,463,188)
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive income / (loss) for the period ended September 30, 2009	-	-	-	-	(1,463,188)	(1,463,188)
Balance as at September 30, 2009	5,001,466	577,537	2,494	-	(2,795,118)	2,786,379
Loss after taxation for the quarter ended December 31, 2009	-	-	-	-	(239,921)	(239,921)
Other comprehensive income / (loss)	-	-	-	7,550	-	7,550
Total comprehensive income / (loss) for the quarter ended December 31, 2009	-	-	-	7,550	(239,921)	(232,371)
Balance as at December 31, 2009	5,001,466	577,537	2,494	7,550	(3,035,039)	2,554,008
Loss after taxation for the period ended September 30, 2010	-	-	-	-	(1,316,040)	(1,316,040)
Other comprehensive income / (loss)	5.1.1	-	-	15,105	-	15,105
Total comprehensive income / (loss) for the period ended September 30, 2010	-	-	-	15,105	(1,316,040)	(1,300,935)
Balance as at September 30, 2010	5,001,466	577,537	2,494	22,655	(4,351,079)	1,253,073

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



President & CEO



Chairman



Director



Director

Notes to the Condensed Interim Financial Statements (Un-Audited)

For the period ended September 30, 2010

1. STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Bank Limited (the Bank) was incorporated in Pakistan on July 17, 2003 as a Public Limited Company under the Companies Ordinance, 1984 with the object of conducting banking business and related services and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The Bank commenced its commercial operations effective March 25, 2004. The registered office of the Bank is situated at Third Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi and it operates with 40 branches (December 31, 2009: 40 branches) in Pakistan.
- 1.2 At September 30, 2010, 291,541,583 shares (58.31% of issued shares of the Bank) were transferred by Atlas Group to Suroor Investments Limited (SIL), a company incorporated in Mauritius, and consequently SIL has become the parent company of the Bank.
- 1.3 The State Bank of Pakistan (SBP) vide BSD Circular No. 7 of 2009 dated April 15, 2009 has set the Minimum Capital Requirement (MCR) for banks upto Rs.10 billion to be achieved in a phased manner by December 31, 2013. The MCR (free of losses) and Capital Adequacy Ratio (CAR) as of December 31, 2010 is Rs.7 billion and 10% respectively. The paid up capital of the Bank as of September 30, 2010 amounts to Rs. 5 billion and the Bank has reserves and accumulated loss of Rs.602.69 million and Rs.4,351.08 million respectively as of said date.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements of the Bank have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting", provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 2.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, IFRS - 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirement of various circulars issued by the SBP.
- 2.3 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated May 12, 2004, and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2009.
- 2.4 These are separate condensed interim financial statements of the Bank in which investment in subsidiary is reported on the basis of direct equity interest and is not consolidated.

3. ACCOUNTING POLICIES

3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2009.

3.2 In addition to above, following new / revised standards, amendments and interpretations to accounting standards became effective during the period:

IFRS 2 - Share-based Payment: Amendments relating to Group Cash-settled Share-based Payment Transactions

IFRS 3 - Business Combinations (Revised)

IAS 27 - Consolidated and Separate Financial Statements (Amendment)

IFRIC 17 - Distributions of Non-cash Assets to owners

The adoption of the above standards, amendments and interpretations did not affect these condensed interim financial statements of the Bank.

Note	September 30, 2010 (Un-Audited)			December 31, 2009 (Audited)		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	(Rupees in '000)					

4. INVESTMENTS

INVESTMENTS BY TYPES

Available-for-sale securities

Listed Companies (ordinary shares)	100,748	-	100,748	695,000	-	695,000
Mutual Funds (units / certificates)	129,707	-	129,707	614,517	-	614,517
Term Finance Certificates	432,075	-	432,075	611,004	-	611,004
Pakistan Investment Bonds	965,974	-	965,974	983,820	-	983,820
Market Treasury Bills	794,394	-	794,394	1,934,680	-	1,934,680
Unlisted Companies (ordinary shares) 4.1	31,000	-	31,000	31,000	-	31,000
	2,453,898	-	2,453,898	4,870,021	-	4,870,021

Subsidiary

Unlisted Company - Atlas Capital Markets (Private) Limited	396,942	-	396,942	396,942	-	396,942
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Total Investments at cost

	2,850,840	-	2,850,840	5,266,963	-	5,266,963
Less: Provision for Diminution in value of Investments	(34,229)	-	(34,229)	(390,493)	-	(390,493)

Investments (net of provisions)

	2,816,611	-	2,816,611	4,876,470	-	4,876,470
Deficit on revaluation of available-for-sale securities	(147,730)	-	(147,730)	(113,082)	-	(113,082)

Total investments at market value*

	2,668,881	-	2,668,881	4,763,388	-	4,763,388
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4.1 Includes investment amounting to Rs. 30 million in Atlas Asset Management Limited, a related party.

* Unlisted investments are carried at cost less provision for diminution in value of investment, if any.

September 30, December 31,
2010 2009

----- (Rupees in '000) -----
(Un-Audited) (Audited)

5. ADVANCES

Loans, cash credits, running finances etc. In Pakistan	18,481,504	19,641,498
Net investment in finance lease In Pakistan	334,030	686,610
Bills discounted and purchased (excluding market treasury bills) Payable in Pakistan	15,232	98,489
Payable outside Pakistan	-	15,329
	15,232	113,818
Financing in respect of Continuous Funding System (CFS)	-	-
Advances - gross	18,830,766	20,441,926
Provision for non-performing advances - specific	(1,835,179)	(1,220,436)
- general (against consumer financing)	(1,402)	(1,562)
	(1,836,581)	(1,221,998)
Advances - net of provision	16,994,185	19,219,928

5.1 Advances include Rs 4,064.33 million (December 31, 2009: Rs. 2,807.16 million) which have been placed under non-performing status as detailed below:

September 30, 2010 (Un-Audited)

Classified Advances			Provision required	Provision held
Domestic	Overseas	Total		

(Rupees in '000)

Category of classification

Other assets especially mentioned	-	-	-	-
Substandard	688,285	-	688,285	99,576
Doubtful	1,030,723	-	1,030,723	280,234
Loss	2,345,321	-	2,345,321	1,455,369
	4,064,329	-	4,064,329	1,835,179

December 31, 2009 (Audited)

Classified Advances			Provision required	Provision held
Domestic	Overseas	Total		

(Rupees in '000)

Other assets especially mentioned	-	-	-	-
Substandard	736,785	-	736,785	131,684
Doubtful	667,303	-	667,303	178,182
Loss	1,403,073	-	1,403,073	910,570
	2,807,161	-	2,807,161	1,220,436

September 30, 2010

December 31, 2009

	(Un-Audited)			(Audited)		
	Specific	General	Total	Specific	General	Total

(Rupees in '000)

Opening balance	1,220,436	1,562	1,221,998	759,245	4,822	764,067
Charge for the year	756,185	-	756,185	713,220	-	713,220
Reversals	(124,119)	(160)	(124,279)	(185,275)	(3,260)	(188,535)
	632,066	(160)	631,906	527,945	(3,260)	524,685
Transferred to :						
- Other assets	(2,218)	-	(2,218)	(7,323)	-	(7,323)
- Capital reserve	(15,105)	-	(15,105)	(7,550)	-	(7,550)
	(17,323)	-	(17,323)	(14,873)	-	(14,873)
	614,743	(160)	614,583	513,072	(3,260)	509,812
Amount written off	-	-	-	(51,881)	-	(51,881)
Closing balance	1,835,179	1,402	1,836,581	1,220,436	1,562	1,221,998

5.1.1 During the period the Bank has rescheduled / restructured advance amounting to Rs.199.88 million, which resulted in reversal of provision amounting to Rs.15.10 million to the capital reserve as allowed under SBP Circular No.10 of 2009 dated 20 October 2009.

	September 30, 2010	December 31, 2009
	(Rupees in '000)	
	(Un-Audited)	(Audited)
6. DEFERRED TAX ASSETS - net		
Deferred tax debits arising in respect of:		
- Deficit on revaluation of investments	45,008	41,134
- Provision against advances	192,776	229,066
- Provision against lendings to financial institutions	-	8,750
- Provision against investments	11,980	136,673
- Net investment in lease finance	4,086	5,249
- Tax losses	1,988,922	1,545,433
	2,242,772	1,966,305
Deferred tax credit arising due to:		
- operating fixed assets	(140,009)	(152,685)
	2,102,763	1,813,620
7. OTHER ASSETS		
Includes carrying value of goodwill amounting to Rs.377.42 (December 31, 2009: Rs.377.42) million.		
8. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under export refinance scheme	950,971	918,114
Unsecured		
Call borrowings	2,500,000	25,000
Overdue nostro accounts	7,038	-
	2,507,038	25,000
	3,458,009	943,114
9. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	10,870,299	15,300,490
Savings deposits	5,912,338	6,104,829
Current accounts - non-remunerative	2,521,880	2,267,946
Margin and other accounts - non-remunerative	90,732	74,546
	19,395,249	23,747,811
Financial Institutions		
Remunerative deposits	764,336	2,418,516
Non-remunerative deposits	772,110	7,353
	772,110	2,425,869
	20,167,359	26,173,680
9.1 Particulars of deposits		
In local currency	18,445,686	24,191,088
In foreign currency	1,721,673	1,982,592
	20,167,359	26,173,680
10. CONTINGENCIES AND COMMITMENTS		
10.1 Direct credit substitutes		
Includes general guarantees of indebtedness, bank acceptances and standby letters of credit serving as financial guarantees for loans and securities issued in favour of:		
i) Government	62,229	22,282
ii) Banking companies and other financial institutions	-	-
iii) Others	96,819	3,092
	159,048	25,374

10.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, shipping guarantees and stand by letters of credit etc. favouring:

i) Government	239,959	398,059
ii) Banking companies and other financial institutions	11,040	11,040
iii) Others	109,015	192,686
	360,014	601,785

10.3 Trade-related contingent liabilities - letter of credit

429,200 576,446

10.4 Commitment in respect of forward lending

- commitment to extend credit facilities

3,954,898 5,346,022

10.5 Commitment in respect of forward exchange contracts

- purchase

1,516,297 3,183,513

- sale

337,384 1,792,450

10.6 Commitment for the acquisition of fixed assets

59,437 61,077

10.7 Other contingencies - Taxation

10.7.1 In respect of the assessment years 1997-1998 to 2002-2003 and tax year 2003, the taxation authorities apportioned / allocated administrative and financial expenses against exempt income for the said years. The Bank preferred an appeal against the said action of the authorities before the Commissioner Inland Revenue (Appeals) [CIR (A)] who decided the issue in favour of the Bank. However, the department filed an appeal against the appellate order before the Income Tax Appellate Tribunal (ITAT), Karachi which through a Larger Bench disapproved the formula for apportionment of expenses between exempt capital gain and other taxable income and set aside the assessment with the direction to the assessing officer to allow expenses against exempt income by identifying their nature and relation amongst the various sources of income. The Bank contends that the jurisdiction of Larger Bench was limited only to answer a legal question related to apportionment of administrative expenses and that it could not include the financial charges as well, while deciding the matter.

The revised assessments have not been made by the tax department and accordingly, no tax liability in respect thereof exists at the date of statement of financial position nor an estimate could be made of the liability that may result from the unfavourable outcome of the matter.

Based on the opinion of the legal counsel of the Bank and considering the latest judgment of the Honourable Lahore High Court in a similar case, the management believes that the outcome of the above pending assessments would be favourable. Hence, no provision has been made in respect of the above in these condensed interim financial statements.

10.7.2 For tax assessment in respect of tax years 2003 to 2005 and 2008 various disallowances have been made by assessing officer including provision against non-performing advances, leasing losses, allocation of expenses against exempt income and amortisation of intangible and deferred cost. In relation to tax year 2003 the Bank filed an appeal before ITAT, in respect of disallowances of provision for non-performing advances, who confirmed the order of CIR(A) against which the Bank has filed tax references before Sindh High Court. In respect of tax years 2004, 2005 and 2008 the Bank has filed appeals before CIR(A) in respect of aforesaid issues. The above matters may result in reduction of claimed tax losses with an aggregate tax impact of Rs. 263 million. The management of the Bank is confident about the favourable outcome of the appeals and hence, no adjustment with regard to the above matters has been made in these condensed interim financial statements.

10.7.3 For the tax year 2006, 2007 and 2009, the taxation authorities have initiated proceedings under section 122(5A) of the Ordinance, however, such proceedings are yet to culminate.

11. RELATED PARTY TRANSACTIONS

The details of transactions with related parties are as follows:

Key management personnel

Advances

	As of	
	September 30, 2010	December 31, 2009
	----- (Rupees in '000) -----	
	(Un-Audited)	(Audited)
As at January 01	87,615	82,469
Disbursements	-	38,618
Repayments	(37,062)	(33,472)
As at Sept. 30 / December 31	50,553	87,615

Deposits

As at January 01	15,540	29,924
Receipts	305,762	478,075
Withdrawals	(312,527)	(492,459)
As at Sept. 30 / December 31	8,775	15,540

Subsidiary

Deposits

As at January 01	1,198	2,566
Receipts	228,175	339,239
Withdrawals	(228,433)	(340,607)
As at Sept. 30 / December 31	940	1,198

Entities having directors in common with the Bank

Advances

As at January 01	207,450	533,221
Disbursements	-	340,149
Repayments	(39,846)	(665,920)
As at Sept. 30 / December 31	167,604	207,450

Running Finance

	47,537	-
--	--------	---

Facilities in respect of non-funded exposure

	20,698	20,698
--	--------	--------

Deposits

As at January 01	908,610	1,491,635
Receipts	4,086,392	14,546,681
Withdrawals	(4,891,363)	(15,129,706)
As at Sept. 30 / December 31	103,639	908,610

Other Receivables

	4,958	-
--	-------	---

Other Payables

	1,981	-
--	-------	---

Lending to Financial Institutions

	275,000	-
--	---------	---

Borrowings

	2,500,000	-
--	-----------	---

For the period ended

	September 30, 2010	September 30, 2009
	----- (Rupees in '000) -----	
	(Un-Audited)	(Un-Audited)

Key management personnel

Mark-up / return / interest earned	2,680	4,022
Mark-up / return / interest expensed	540	1,332
Compensation	67,398	76,494

Subsidiary

Mark-up / return / interest earned	511	3,883
Mark-up on deposit	57	366
Brokerage expense paid	276	129

Employees benefit plans

Payments to Atlas Bank Limited - Employees Gratuity Fund	11,564	7,019
Payments to Atlas Bank Limited - Employees Provident Fund	25,630	28,601

For the period ended
September 30, September 30,
2010 2009
 ----- (Rupees in '000) -----
 (Un-Audited) (Un-Audited)

Entities having directors in common with the Bank

Mark-up / return / interest earned	20,780	39,160
Mark-up / return / interest expensed	60,945	75,272
Rent paid	8,100	8,100
Sharing of rent received	1,410	1,253
Insurance premium	-	8,657
Insurance claim	1,457	3,203
Printing and stationery expense	173	92
Purchase of photocopier, PABX and others	3,227	767
Operating lease rental income	-	6,336
Purchase of mutual fund units	-	250,000
Redemption of mutual fund units	306,051	-

12. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment results are as follows:

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
----- (Rupees in '000) -----						
September 30, 2010 (Un-Audited)						
Total income	102,669	1,725,607	293,940	1,891	896	2,125,003
Total expenses	(150,582)	(2,404,023)	(1,148,803)	-	-	(3,703,408)
Net loss before tax	(47,913)	(678,416)	(854,863)	1,891	896	(1,578,405)
September 30, 2009 (Un-Audited)						
Total income	178,036	1,438,847	968,286	1,965	727	2,587,861
Total expenses	(490,394)	(2,503,191)	(1,439,719)	-	-	(4,433,304)
Net loss before tax	(312,358)	(1,064,344)	(471,433)	1,965	727	(1,845,443)

13. GENERAL

13.1 Figures have been rounded off to the nearest thousand rupee.

13.2 Figures for the period ended September 30, 2010 and the period ended September 30, 2009 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors as the same was not required under the law.

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors on October 25, 2010



President & CEO



Chairman



Director



Director



Atlas Bank Limited

Condensed Interim Consolidated Financial Statements
For the period ended September 30, 2010

Condensed Interim Consolidated Statement of Financial Position

As at September 30, 2010

Note	September 30, 2010	December 31, 2009
	----- (Rupees in '000) -----	
	(Un-Audited)	(Audited)
ASSETS		
Cash and balances with treasury banks	1,408,573	1,577,143
Balances with other banks	65,684	163,350
Lendings to financial institutions	262,700	868,438
Investments	2,287,292	4,368,573
Advances	16,994,304	19,220,644
Operating fixed assets	1,213,991	1,336,386
Deferred tax assets	2,115,027	1,825,884
Other assets	1,499,647	1,547,287
	25,847,218	30,907,705
LIABILITIES		
Bills payable	473,529	265,875
Borrowings	3,458,009	1,013,114
Deposits and other accounts	20,167,140	26,172,718
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	695,864	1,060,160
	24,794,542	28,511,867
NET ASSETS	1,052,676	2,395,838
REPRESENTED BY		
Share capital	5,001,466	5,001,466
Reserves	602,686	587,581
Accumulated loss	(4,448,753)	(3,121,261)
	1,155,399	2,467,786
Deficit on revaluation of assets - net of tax	(102,723)	(71,948)
	1,052,676	2,395,838

CONTINGENCIES AND COMMITMENTS

5

The annexed notes from 1 to 7 form an integral part of these interim condensed consolidated financial statements.



President & CEO



Chairman



Director



Director

Condensed Interim Consolidated Profit and Loss Account (Un-Audited)

For the period ended September 30, 2010

	Quarter Ended September 30, 2010	Period Ended September 30, 2010	Quarter Ended September 30, 2009	Period Ended September 30, 2009
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	673,201	2,080,137	845,300	2,543,921
Mark-up / return / interest expensed	623,099	1,880,645	799,726	2,435,141
Net mark-up / interest income	50,102	199,492	45,574	108,780
Provision / (reversal of provision) for non-performing loans and advances	174,863	631,906	(58,020)	280,423
Provision for diminution in the value of investments	12,487	47,705	22,850	284,685
Bad debts written off directly	-	-	-	-
	187,350	679,611	(35,170)	565,108
Net mark-up / interest loss after provisions	(137,248)	(480,119)	80,744	(456,328)
Non mark-up / interest income				
Fee, commission and brokerage income	20,625	66,297	26,615	74,058
Dividend income	12,508	22,312	15,166	24,865
Loss from dealing in foreign currencies	(28,066)	(95,357)	(18,194)	(56,793)
Gain on sale / redemption of securities	19,657	69,077	657	1,502
Unrealised gain / (loss) on revaluation of investments classified as held-for-trading	353	353	116	371
Other income	4,578	14,376	5,456	41,804
Total non mark-up / interest income	29,655	77,058	29,816	85,807
	(107,593)	(403,061)	110,560	(370,521)
Non mark-up / interest expenses				
Administrative expenses	395,064	1,214,550	462,924	1,407,805
Other provisions / write offs - (reversal)	(1,602)	(30,018)	(2,000)	89,004
Other charges	153	955	489	931
Total non mark-up / interest expenses	393,615	1,185,487	461,413	1,497,740
	(501,208)	(1,588,548)	(350,853)	(1,868,261)
Extraordinary items / unusual items	-	-	-	-
Loss before taxation	(501,208)	(1,588,548)	(350,853)	(1,868,261)
Taxation - Current	6,994	24,214	5,513	16,758
- Prior years	-	-	-	59,419
- Deferred	(130,000)	(285,269)	-	(456,851)
	(123,006)	(261,055)	5,513	(380,674)
Loss after taxation	(378,202)	(1,327,493)	(356,366)	(1,487,587)
Loss per share - Basic and diluted (Rupees)	(0.76)	(2.65)	(0.71)	(2.97)

The annexed notes from 1 to 7 form an integral part of these interim condensed consolidated financial statements.



President & CEO



Chairman



Director



Director

Condensed Interim Consolidated Statement of Comprehensive Income (Un-Audited)

For the period ended September 30, 2010

	Quarter Ended	Period Ended	Quarter Ended	Period Ended
	September 30, 2010	September 30, 2010	September 30, 2009	September 30, 2009
----- (Rupees in '000) -----				
Loss after taxation	(378,202)	(1,327,493)	(356,366)	(1,487,587)
Other comprehensive income / (loss)	-	15,105	-	-
Total comprehensive income / (loss) for the period	<u>(378,202)</u>	<u>(1,312,388)</u>	<u>(356,366)</u>	<u>(1,487,587)</u>

The annexed notes from 1 to 7 form an integral part of these interim condensed consolidated financial statements.



President & CEO



Chairman



Director



Director

Condensed Interim Consolidated Cash Flow Statement (Un-Audited)

For the period ended September 30, 2010

	September 30, 2010	September 30, 2009
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Loss before taxation	(1,588,548)	(1,868,261)
Dividend income	(22,312)	(24,865)
	(1,610,860)	(1,893,126)
Adjustments		
Depreciation	91,688	100,616
Amortisation	19,339	9,788
Provision / (reversal) of provision against non-performing advances	631,906	280,423
Other provisions / write offs - (reversal)	(30,018)	89,005
Provision for diminution in the value of investments (Gain) / Loss on disposal of fixed assets	47,705 (531)	284,685 10,429
	760,089	774,945
	(850,771)	(1,118,181)
(Increase) / decrease in operating assets		
Lendings to financial institutions	630,738	(3,448,465)
Held-for-trading securities	-	4,469
Advances	1,609,539	745,746
Other assets (excluding current taxation)	(53,018)	(61,791)
	2,187,259	(2,760,041)
Increase / (decrease) in operating liabilities		
Bills payable	207,654	(4,738)
Borrowings	2,444,895	(4,492,922)
Deposits	(6,005,578)	9,507,712
Other liabilities	(364,296)	(207,681)
	(3,717,325)	4,802,371
	(2,380,837)	924,149
Income tax paid	80,616	(32,709)
Net cash flow (used in) / from operating activities	(2,300,221)	891,440
Cash flow from investing activities		
Net investment in available-for-sale securities	1,998,928	(891,113)
Dividend received	23,158	24,888
Investments in operating fixed assets	(4,835)	(78,861)
Sale proceeds of operating fixed assets	16,734	60,848
Net cash flow from / (used in) investing activities	2,033,985	(884,238)
Cash flow from financing activities	-	-
Increase in cash and cash equivalents	(266,236)	7,202
Cash and cash equivalents at the beginning of the period	1,740,493	1,734,051
Cash and cash equivalents at the end of the period	1,474,257	1,741,253

The annexed notes from 1 to 7 form an integral part of these interim condensed consolidated financial statements.



President & CEO



Chairman



Director



Director

Condensed Interim Consolidated Statement of Changes in Equity (Un-Audited)

For the period ended September 30, 2010

	Issued, subscribed and paid-up share capital	Capital Reserves			Accumulated (loss)	Total
		Share Premium	Statutory Reserve	Others		
(Rupees in '000)						
Balance as at December 31, 2008	5,001,466	577,537	2,494	-	(1,366,254)	4,215,243
Loss after taxation for the period ended September 30, 2009	-	-	-	-	(1,487,587)	(1,487,587)
Other comprehensive income for the period ended September 30, 2009	-	-	-	-	-	-
Total comprehensive income / (loss) for the period ended September 30, 2009	-	-	-	-	(1,487,587)	(1,487,587)
Balance as at September 30, 2009	5,001,466	577,537	2,494	-	(2,853,841)	2,727,656
Loss after taxation for the quarter ended December 31, 2009	-	-	-	-	(267,420)	(267,420)
Other comprehensive income for the quarter ended December 31, 2009	-	-	-	7,550	-	7,550
Total comprehensive income / (loss) for the quarter ended December 31, 2009	-	-	-	7,550	(267,420)	(259,870)
Balance as at December 31, 2009	5,001,466	577,537	2,494	7,550	(3,121,261)	2,467,786
Loss after taxation for the period ended September 30, 2010	-	-	-	-	(1,327,493)	(1,327,493)
Other comprehensive income for the period ended September 30, 2010	-	-	-	15,105	-	15,105
Total comprehensive income / (loss) for the period ended September 30, 2010	-	-	-	15,105	(1,327,493)	(1,312,388)
Balance as at September 30, 2010	5,001,466	577,537	2,494	22,655	(4,448,754)	1,155,399

The annexed notes from 1 to 7 form an integral part of these interim condensed consolidated financial statements.



President & CEO



Chairman



Director



Director

Notes to the Condensed Interim Consolidated Financial Statements (Un-Audited)

For the period ended September 30, 2010

1. GROUP AND ITS OPERATIONS

- 1.1 The group comprise of Atlas Bank Limited - the holding company and Atlas Capital Markets (Private) Limited - a wholly owned subsidiary.
- 1.2 Atlas Bank Limited (the Bank) was incorporated on July 17, 2003 as a Public Limited Company under the Companies Ordinance, 1984 with the object of conducting banking business and related services and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The Bank commenced its commercial operations effective March 25, 2004.
- 1.3 The Atlas Capital Markets (Private) Limited (the subsidiary company) was incorporated in Pakistan on March 08, 2006 under the Companies Ordinance, 1984. The subsidiary company is a corporate member of Karachi Stock Exchange (Guarantee) Limited, Lahore Stock Exchange (Guarantee) Limited, Islamabad Stock Exchange (Guarantee) Limited and National Commodity Exchange Limited. The principal activities of the subsidiary company are equity and money market brokerage, advisory and consultancy services.
- 1.4 The principal place of business of the Bank is situated at Third Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi and the registered office of the subsidiary company is situated at 209-B, 2nd Floor, Park Towers, Abdullah Shah Ghazi Road, Clifton, Karachi.
- 1.5 At September 30, 2010, 291,541,583 shares (58.31% of issued shares of the Bank) were transferred by Atlas Group to Suroor Investments Limited (SIL), a company incorporated in Mauritius, and consequently SIL has become the parent company of the Bank.
- 1.6 The State Bank of Pakistan (SBP) vide BSD Circular No. 7 of 2009 dated April 15, 2009 has set the Minimum Capital Requirement (MCR) for banks upto Rs.10 billion to be achieved in a phased manner by December 31, 2013. The MCR (free of losses) and Capital Adequacy Ratio (CAR) as of December 31, 2010 is Rs.7 billion and 10% respectively. The paid up capital of the Bank as of September 30, 2010 amounts to Rs. 5 billion and the Bank has reserves and accumulated loss of Rs.602.69 million and Rs.4,448.75 million respectively as of said date.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the SECP and the SBP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962, or the requirements of the said directives shall prevail.
- 2.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, IFRS - 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirement of various circulars issued by the SBP.

3. BASIS OF CONSOLIDATION

These consolidated financial statements comprise the financial statements of the Bank and its subsidiary company. The financial statements of the subsidiary company have been prepared using consistent accounting policies. Material intra-group balances and transactions have been eliminated for the purposes of consolidation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Bank for the year ended December 31, 2009.
- 4.2 The following new / revised standards, amendments and interpretations to accounting standards became effective during the period:

IFRS 2 - Share-based Payment: Amendments relating to Group Cash-settled Share-based Payment Transactions
IFRS 3 - Business Combinations (Revised)
IAS 27 - Consolidated and Separate Financial Statements (Amendment)
IFRIC 17 - Distributions of Non-cash Assets to owners

The adoption of the above standards, amendments and interpretations did not affect these condensed interim consolidated financial statements of the Bank.

5. CONTINGENCIES AND COMMITMENTS

5.1 Direct credit substitutes

Includes general guarantees of indebtedness favouring :

- i) Government
- ii) Banking companies and other financial institutions
- iii) Others

62,229	22,282
-	-
96,819	33,092
159,048	55,374

5.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, shipping guarantees favouring:

- i) Government
- ii) Banking companies and other financial institutions
- iii) Others

239,959	398,059
11,040	11,040
109,015	192,686
360,014	601,785

5.3 Trade related contingent liabilities

Letter of credit

429,200 576,446

5.4 Commitment in respect of forward lending

- commitment to extend credit

3,954,898 5,346,022

5.5 Commitment in respect of forward exchange contracts

- purchase

1,516,297 3,183,513

- sale

337,384 1,792,450

5.6 Commitment for the acquisition of operating fixed assets

59,437 61,077

5.7 Tax contingencies

5.7.1 In respect of the assessment years 1997-1998 to 2002-2003 and tax year 2003, the taxation authorities apportioned / allocated administrative and financial expenses against exempt income for the said years. The Bank preferred an appeal against the said action of the authorities before the Commissioner Inland Revenue (Appeals) [CIR (A)] who decided the issue in favour of the Bank. However, the department filed an appeal against the appellate order before the Income Tax Appellate Tribunal (ITAT), Karachi which through a Larger Bench disapproved the formula for apportionment of expenses between exempt capital gain and other taxable income and set aside the assessment with the direction to the assessing officer to allow expenses against exempt income by identifying their nature and relation amongst the various sources of income. The Bank contends that the jurisdiction of Larger Bench was limited only to answer a legal question related to apportionment of administrative expenses and that it could not include the financial charges as well, while deciding the matter.

The revised assessments have not been made by the tax department and accordingly, no tax liability in respect thereof exists at the date of statement of financial position nor an estimate could be made of the liability that may result from the unfavourable outcome of the matter.

Based on the opinion of the legal counsel of the Bank and considering the latest judgment of the Honourable Lahore High Court in a similar case, the management believes that the outcome of the above pending assessments would be favourable. Hence, no provision has been made in respect of the above in these financial statements.

5.7.2 For tax assessment in respect of tax years 2003 to 2005 and 2008 various disallowances have been made by assessing officer including provision against non-performing advances, leasing losses, allocation of expenses against exempt income and amortisation of intangible and deferred cost. In relation to tax year 2003 the Bank filed an appeal before ITAT, in respect of disallowances of provision for non-performing advances, who confirmed the order of CIR(A) against which the Bank has filed tax references before Sindh High Court. In respect of tax years 2004, 2005 and 2008 the Bank has filed appeals before CIR(A) in respect of aforesaid issues. The above matters may result in reduction of claimed tax losses with an aggregate tax impact of Rs.263 million. The management of the Bank is confident about the favourable outcome of the appeals and hence, no adjustment with regard to the above matters has been made in the financial statements.

5.7.3 For the tax year 2006, 2007 and 2009, the taxation authorities have initiated proceedings under section 122(5A) of the Ordinance, however, such proceedings are yet to culminate.

5.7.4 In respect of the subsidiary company, the tax authorities initiated proceedings under section 122 (5A) of the Ordinance for the tax year 2008 and 2009 and has passed amended assessment order, in which certain disallowances were made having a tax impact of Rs.3.65 million. The subsidiary company has filed an appeal before the CIR(A) against the amended order, which is pending adjudication. The management expects a favourable outcome of the appeal, hence no provision in this regard has been made in these financial statements.

6. GENERAL

Figures have been rounded off to the nearest thousand rupees.

7. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue by the Board of Directors on October 25, 2010.



President & CEO



Chairman



Director



Director

Branch Network

S #	Branch Name	Address	PABX Nos.	Fax
01	Bahadurabad Branch, Karachi	28-Adam Arcade, Sub Plot # B/7 & B/8, Block # 3, BMCHS, Karachi	021-4145317, 4145321-23	021-4145324
02	Cloth Market Branch, Karachi	41, Saleh Muhammad Street, Cloth Market, Karachi	021-2461601-3	021-2461608
03	DHA Phase-1 Branch, Karachi	101-C, Commercial Area 'B', Phase-1 DHA, Karachi	021-5314062, 5314064-7,	021-5314070
04	Kh-e-Tanzeem Branch, Karachi	4-C, Tauheed Commercial, Kh-e-Tanzeem, Phase-5, Karachi	021-5869147, 5810977, 5871640, 5869427	021-5869342
05	Kh-e-Shahbaz Branch, Karachi	Plot No. 21-C Khayaban-e-Shahbaz, Phase VI, DHA Karachi	021-5344936-5344957-5344963-5344966	021-5344942
06	Hasan Square Branch, Karachi	1/15, Hassan Square, Block 13/A, Gulshan-e-Iqbal, Karachi	021-4818759-60, 4818763	021-4818720
07	I. I. Chundrigar Road Branch, Karachi	P&O Plaza (ex-Volkart Building), I. I. Chundrigar Road, Karachi	021-2463746-50	021-2463744
08	Korangi Industrial Area Branch, Karachi	37/9, Sector 15, Korangi Industrial Area, Karachi	021-5121240-43	021-5121251
09	KPT Interchange Branch, Karachi	Honda Defence Building, 67/1, Korangi Road, KPT Interchange, Karachi	021-5205480-81	021-5318840
10	Shahrah-e-Faisal Branch, Karachi	44/A-Nice Trade Orbit, Shop 8, Blk-6, PECHS, Shahrah-e-Faisal, Karachi	021-4328426-7	021-4386180
11	SITE Branch, Karachi	B/53, Estate Avenue, SITE Area, Karachi	021-2587535-37, 2554702-05	021-2587672
12	Jodia Bazar Branch, Karachi	Plot# 65,N.P.2,Napier Quarter,Karachi	021-2537845-48	021-2537842
13	Zaibun Nisa Street Branch, Karachi	B-6/16-A, Sadar Bazar Quarters, Zaibun Nisa Street, Karachi	021-5660612, 5660615	021-5224761
14	Hyderi Branch, Karachi	Plot No. D-10, Block-F, North Nazimabad, Karachi	021-6724982-86	021-6724987
15	Gujar Khan Branch, Gujjar Khan	Hammad Plaza, G.T Road Gujjar Khan	051-3516431-34	051-3516435
16	Minara Road Branch, Sukkur	C.C No. C-550, Plot # 10-B, 10-C, Regent Colony, Sukkur	071-5626291,318,334,336	071-5626340
17	Azam Cloth Branch, Lahore	285-286, Punjab Block, Azam Cloth Market, Lahore	042- 7642390-4, 7661686, 7642394	042-7661863
18	Circular Road Branch, Lahore	1 SE, 38-R-55/D, Circular Road, Lahore	042-7379209-10-11, 7379213	042-7379212
19	Faisal Town Branch, Lahore	853/D, Akbar Chowk, Faisal Town, Lahore	042-5204101-2	042-5204104
20	Gulberg Branch, Lahore	131/A-E-1, Gulberg-III, Lahore	042-5871740-43, 45	042-5871744
21	Model Town Branch, Lahore	14-15, Central Commercial Market, Model Town, Lahore	042-5915540-48	042-5915549
22	PASSCO House Branch, Lahore	PASSCO House,11, Kashmir Road, Adjacent LDA Plaza, Lahore	042-6300670-1, 6300673-4	042-6310362
23	The Mall Branch, Lahore	56, Ground Floor, Sh-e-Quaid-e-Azam (The Mall), Lahore	042-6284801-4, 6284799	042-6284805
24	Z Block DHA Branch, Lahore	323-Z, DHA, Phase-3, Lahore	042-5693113-5	042-5693117
25	Blue Area Branch, Islamabad	24-West Raza Noor Plaza, Jinnah Avenue, Blue Area, Islamabad	051-2871630-32	051-2871596
26	F-11 Markaz Branch, Islamabad	28-Alkaram Plaza, F-11 Markaz, Islamabad	051-2228027-28	051-2228365
27	F6 Markaz Branch, Islamabad	2-Fateh Plaza, Block C, Super Market, F-6 Markaz, Islamabad	051-2601701-3	051-2601710
28	Mirpur Branch, Azad Kashmir	Ghazi Archade, 6-B/3, Part II, Allama Iqbal Road, Mirpur, Azad Kashmir	058610-46406-9	058610-45405
29	Kotwali Road Branch, Faisalabad	P-12, Kotwali Road, Faisalabad	041-2412151-53	041-2412154
30	G. T. Road Branch, Gujranwala	B/11-S7/103, G. T. Road, Gujranwala	055-3842751, 29	055-3842890
31	G. T. Road Branch, Gujrat	Small Estate, G. T. Road (Next to Mybank), Gujrat	053-3533934	053-3533995
32	Sadar Branch, Hyderabad	91/3-4, Saddar, Behind Cantonment Police Station, Hyderabad	022-2730054	022-2730046
33	Abdali Road Branch, Multan	77, Abdali Tower, Moaza Taraf Ismail, Abdali Road, Multan	061-4575264,269, 4500253	918-4575249
34	Sadar Branch, Peshawar	Shop No. 4 Jasmine Arcade, Fakhar-e-Alam Road, Peshawar	091-5260185,6	091-5260917
35	M. A. Jinnah Road Branch, Quetta	20-21, Ward No. 18, Main M. A. Jinnah Road, Quetta	081-2842369-70, 2842372	081-2842374
36	Bank Road Branch, Rawalpindi	60, Bank Road, Rawalpindi	051-5120778-80, 5564123	051-5528148
37	Club Road Branch, Sargodha	2-B, Civil Lines, Club Road, Sargodha	048-3741845-7, 3729197-8	048-3741843
38	Paris Road Branch, Sialkot	B1,16S, 71/A/1, Paris Road, Sialkot	052-4602712-17	052-4598849
39	Cantt Branch, Lahore	Day building 1482/A, Abdul Rehman Road, Lahore Cantt	042-6603062-65	042-6603065
40	Kamoki Branch	Madni Trade Centre, G.T Road, Kamoki	055-6815181-4	055-6815180

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