

**HALF YEARLY
REPORT
June 30, 2006**



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COMPANY INFORMATION

BOARD OF DIRECTORS

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

GROUP EXECUTIVE COMMITTEE

President	Aamir H. Shirazi
Members	Frahim Ali Khan
	Iftikhar H. Shirazi
	Jawaid Iqbal Ahmed
	Saqib H. Shirazi
	Bashir Makki
Secretary	Theresa Dias

HUMAN RESOURCE COMMITTEE

Chairman	Yusuf H. Shirazi
Members	Aamir H. Shirazi
	Bashir Makki

GROUP SYSTEMS & TECHNOLOGY COMMITTEE

Chairman	Iftikhar H. Shirazi
Members	Abdul Razzaq Ghauri
	Zia Ullah Begg
Secretary	Sarfraz Hassan

AUDIT COMMITTEE

Chairman	Omar Saeed
Members	Frahim Ali Khan
	Jawaid Iqbal Ahmed
Secretary	Pervaiz I. Malik
Chief Internal Auditor	Saleem Mahmood Akhtar

INVESTMENT COMMITTEE

Chairman	Frahim Ali Khan
Members	Iftikhar H. Shirazi
	Arshad P. Rana
Secretary	Muhammad Zafar Riaz

UNDERWRITING COMMITTEE

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

COMPANY INFORMATION**CLAIMS SETTLEMENT COMMITTEE**

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

REINSURANCE & CO-INSURANCE COMMITTEE

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

MANAGEMENT COMMITTEE

Chief Executive	Arshad P. Rana
Chief Financial Officer	Muhammad Zafar Riaz
Senior Manager Technical	Muhammad Munir
Company Secretary	Pervaiz I. Malik

Auditors	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
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Legal Advisors	Mohsin Tayebaly & Co. Ch. Maqsood Advocate Agha Faisal Barrister at Law
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Tax Advisor	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
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Bankers	Allied Bank Ltd. Atlas Bank Ltd. Bank Alfalah Limited Habib Bank Ltd. MCB Bank Ltd. National Bank of Pakistan Standard Chartered Bank United Bank Ltd.
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Registered & Head Office	3-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore. Telephone: (92-42) 7320542-43, 7322271,73 Fax: (92-42) 7234742 Email: info@atlasinsurance.com.pk Website: www.atlasinsurance.com.pk
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CHAIRMAN'S REVIEW

It is my pleasure to present the un-audited accounts of your company for the half year ended June 30, 2006.

The Economy

The fiscal year 2005-2006 ended with a positive note despite high oil prices and massive earthquake in October. The GDP grew 6.6% against target of 7% and 8.6% last year. The manufacturing sector representing 18% of GDP posted growth of 8.6% against 12.6% last year and a target of 12%. The service sector grew 8.8% against 8% of last year. Due to adverse weather conditions, among others, the agriculture sector grew 2.5% against 6.7% of the last year and 4.2% of the target. The per capita income increased from \$742 to \$847, over 14.2% last year. The inflation was 8% against 9.3% of the last year. The revenue collection reached Rs.710 billion, up 13.7%, against last year. The Exports during the year rose to \$16.47 billion against \$14.39 billion of last year, up 14.4%, and imports increased to \$28.2 billion against \$20.63 billion of last year, up 38.8%.

Company Results

The Company performance during the period under review is reflective of the prudent policies of your management. The gross premium at Rs.349.09m against Rs.268.44m of the previous year for the same period was up, 30.04%. The net premium increased to Rs.157.26m against Rs.107.32m of the same period last year, up 46.53%. The underwriting profit rose to Rs.79.61m from Rs.66.27m of the last year, up 20.13%. The Investment income rose to Rs.81.87m against Rs.23.34m of the last year. The value of short term placements, bank deposits and investment stood at Rs.639.42m against Rs.612.54m of the last year. The market value of investment registered at Rs.825.20m against Rs.616.41m of the last year end. The profit before tax stood at Rs.161.96m against Rs.85.33m of the same period last year. After tax provision of Rs.29.81m, the profit after tax stood at Rs.132.15m against Rs.66.16m of the last year. The earning per share was Rs.8.32 against Rs.4.17 of the corresponding period last year.

ع مشك آنتس كه خود ميپود نكه عطار بگويد

(Performance speaks itself)

Future Outlook

All macro economic indicators are positive and the economy is expected to maintain the present pace of growth. The Insurance sector being the back bone of any economy flourishes as the economy grows. The market for insurance sector is conducive and I am confident that your management is well equipped to seize the opportunities and increase market share of your company.

Acknowledgment

I would like to thank the Board of Directors, the Group President, Mr. Aamir H. Shirazi, the Group Director Financial Services, Mr. Frahim Ali Khan, the Group Executive Committee, and the Chief Executive Officer, Mr. Arshad P. Rana and his team for their efforts, dedication and sincerity of purpose. I also express my gratitude to all the reinsurers, our valued clients, banks and SECP for their trust and confidence reposed in your company.

Yusuf H. Shirazi

DIRECTORS' REPORT

The Directors have pleasure in submitting the Half Yearly Report of the Company together with the Un-audited Accounts reviewed by the auditors and the Auditor's Report for the period ended June 30, 2006.

	<u>June 30,</u> 2006	<u>June 30,</u> 2005
	(Rupees in thousand)	
The overall business figures are:		
Net premium	157,257	107,316
Net claims	48,471	22,423
Investment and other income	87,928	24,271
Net commission	18,440	20,138
Expenses of management	47,617	38,766
Financial results are as follows:		
Profit before tax	161,959	85,330
Less: Provision for taxation	29,805	19,167
Profit after tax	132,154	66,163
Add: Last year's un-appropriated profit	871	970
Balances carried to balance sheet	133,025	67,133

Chairman's Review

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

We express our deep appreciation and thanks to our valued clients, Bankers, Reinsurers and SECP for the cooperation extended to us.

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

FOR THE BOARD OF DIRECTORS

ARSHAD P. RANA
Chief Executive

Lahore: August 24, 2006

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed interim condensed financial statements comprising of:

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

of Atlas Insurance Limited (formerly Muslim Insurance Company Limited) as at June 30, 2006 together with notes forming part thereof for the half year then ended. These interim condensed financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these interim condensed financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed financial statements are free of material misstatements. Our review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed interim condensed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Lahore: August 24, 2006

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

INTERIM CONDENSED BALANCE

	Notes	June 30, 2006 (Un-audited) (Rupees in thousand)	December 31, 2005 (Audited) Restated
Share Capital and Reserves			
Authorized share capital	4	500,000	150,000
Paid-up share capital		158,844	122,188
Retained earnings		133,025	255,059
Reserves		211,064	79,064
		502,933	456,311
Underwriting Provisions			
Provision for outstanding claims (including IBNR)		77,492	76,445
Provision for unearned premium		210,920	131,945
Commission income unearned - deferred		23,893	12,853
Total underwriting provisions		312,305	221,243
Deferred Liabilities			
Deferred tax liability		824	819
Creditors and Accruals			
Premiums received in advance		1,393	10,489
Amounts due to other insurers/reinsurers		97,305	98,943
Accrued expenses		14,847	17,044
Taxation - provision less payments		42,723	27,003
Other creditors and accruals		5,439	6,247
		161,707	159,726
Other Liabilities			
Deposits against performance bonds		1,391	1,391
Dividend		3,102	3,137
Obligations against assets subject to finance lease		295	569
		4,788	5,097
TOTAL LIABILITIES		479,624	386,885
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		982,557	843,196

SHEET AS AT JUNE 30, 2006

	Notes	June 30, 2006 (Un-audited) (Rupees in thousand)	December 31, 2005 (Audited) Restated
Cash and Bank Deposits			
Cash and other equivalent		108	49
Current and other accounts		5,417	18,707
Deposits maturing within twelve months		-	167,120
		5,525	185,876
Loans - Secured, Considered Good			
To employees		1,046	1,242
Investments	7	595,559	280,025
Other Assets			
Premiums due but unpaid-unsecured, considered good		119,149	46,525
Amounts due from other insurers/reinsurers		43,550	43,987
Salvage recoveries accrued		7,950	-
Accrued investment income		2,997	1,235
Reinsurance recoveries against outstanding claims		49,012	48,349
Deferred commission expense		10,524	8,324
Short term placements		38,446	146,684
Prepayments		87,406	61,606
Sundry receivables		337	344
		359,371	357,054
Fixed Assets			
Tangibles			
Land and buildings		4,823	4,917
Furniture, fixtures and office equipments		4,970	4,244
Motor vehicles		7,869	6,465
		17,662	15,625
Intangibles			
Capital work in progress-software		3,394	3,374
TOTAL ASSETS		982,557	843,196

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

Arshad P. Rana
Chief Executive

Aamir H. Shirazi
Director

Muhammad Faruque
Director

Yusuf H. Shirazi
Chairman

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2006

Notes	Quarter ended June 30, 2006					Quarter ended June 30, 2005
	Fire and property	Marine, aviation and transport	Motor act	Misc.	June 30, 2006 aggregate	June 30, 2005 aggregate
	(Rupees in thousand)					
Revenue account						
Net premium revenue	945	53,615	35,458	1,016	91,034	68,127
Net claims	(830)	(1,470)	(25,832)	(238)	(28,370)	(13,344)
Expenses	(391)	(15,869)	(10,443)	(354)	(27,057)	(19,617)
Net commission	4,623	5,535	(1,802)	595	8,951	9,109
Underwriting result	4,347	41,811	(2,619)	1,019	44,558	44,275
Investment income					8,203	4,443
Rental income					219	194
Other income					3,068	1,502
Financial charges					(338)	(180)
General and administration expenses					(2,781)	(2,640)
					8,371	3,319
Profit before tax					52,929	47,594
Provision for taxation	8					
Current period					(15,839)	(8,132)
Deferred					(5)	274
Profit after tax					37,085	39,736
Earnings per share - basic	9				2.33	2.50

	Half Year ended June 30, 2006					Half Year ended June 30, 2005
	Fire and property	Marine, aviation and transport	Motor act	Misc.	June 30, 2006 aggregate	June 30, 2005 aggregate
	(Rupees in thousand)					
Revenue account						
Net premium revenue	2,642	88,046	64,699	1,870	157,257	107,316
Net claims	(1,063)	(3,628)	(43,304)	(476)	(48,471)	(22,423)
Expenses	(977)	(26,535)	(19,480)	(625)	(47,617)	(38,766)
Net commission	8,235	12,405	(3,263)	1,063	18,440	20,138
Underwriting result	8,837	70,288	(1,348)	1,832	79,609	66,265
Investment income					81,871	23,343
Rental income					437	389
Other income					5,620	539
Financial charges					(427)	(304)
General and administration expenses					(5,151)	(4,902)
					82,350	19,065
Profit before tax					161,959	85,330
Provision for taxation	8					
Current period					(29,800)	(25,600)
Prior period					-	5,886
Deferred					(5)	547
Profit after tax					132,154	66,163
Earnings per share - basic	9				8.32	4.17

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

Arshad P. Rana
Chief Executive

Aamir H. Shirazi
Director

Muhammad Faruque
Director

Yusuf H. Shirazi
Chairman

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2006

	June 30, 2006	June 30, 2005
	(Rupees in thousand)	
Operating Cash Flows		
(a) Underwriting activities		
Premiums received	267,364	232,615
Re-insurance premiums paid	(139,684)	(76,582)
Claims paid	(68,661)	(42,348)
Re-insurance and other recoveries received	12,624	19,594
Commission paid	(12,961)	(10,237)
Commission received	40,311	29,043
Net cash flow from underwriting activities	98,993	152,085
(b) Other operating activities		
Income tax paid	(14,080)	(8,716)
General management expenses paid	(50,755)	(41,806)
Other operating receipts	31	5,062
Loans advanced	(103)	(694)
Loans repayments received	134	539
Net cash flow from other operating activities	(64,773)	(45,615)
Total cash flow from all operating activities	34,220	106,470
Investment activities		
Profit / return received	1,842	-
Dividends received	6,726	10,329
Rentals received	437	389
Payments for investments	(701,570)	(106,948)
Proceeds from disposal of investments	451,564	28,383
Proceeds from disposal of fixed assets	671	2,109
Payments for short term Investments	-	(31,600)
Proceeds from disposal of short term placements	114,251	18,385
Fixed capital expenditures	(2,224)	(3,434)
Total cash flow from investing activities	(128,303)	(82,387)
Financing Activities		
Dividends paid	(85,567)	(20,369)
Financial charges paid	(427)	(304)
Payments on finance leases	(274)	(1,951)
Total cash flow from financing activities	(86,268)	(22,624)
Net cash (out flow)/in flow from all activities	(180,351)	1,459
Cash at the beginning of the period	185,876	17,706
Cash at the end of the period	5,525	19,165
Reconciliation to profit and loss account		
Operating cash flows	34,220	106,470
Depreciation expense	(1,465)	(1,284)
Financial charges	(427)	(304)
Amortization of deferred cost	-	(1,565)
Profit on disposal of fixed assets	602	432
Gain on investments	81,871	18,820
Increase in assets other than cash	110,092	16,467
Increase in liabilities other than running finance	(92,739)	(72,873)
Profit after taxation	132,154	66,163

Definition of cash

Cash for the purpose of cash flow is constituted of cash in hand, balance with banks, stamps in hand and short term placements with banks.

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

Arshad P. Rana
Chief Executive

Aamir H. Shirazi
Director

Muhammad Faruque
Director

Yusuf H. Shirazi
Chairman

INTERIM CONDENSED STATEMENT OF PREMIUMS (UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2006

		Quarter ended			June 30, 2006				Quarter ended		
Business underwritten inside Pakistan		Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	June 30, 2005
Class			Opening	Closing			Opening	Closing			Net premium revenue
		(Rupees in thousands)									
Direct and facultative											
	1. Fire and property damage	55,738	65,313	90,354	30,697	45,019	59,092	74,363	29,748	949	4,476
	2. Marine, aviation and transport	66,788	20,004	9,526	77,266	17,334	8,346	2,029	23,651	53,615	47,593
	3. Other motor business	68,636	68,392	100,433	36,595	1,134	11	8	1,137	35,458	14,757
	4. Miscellaneous	6,716	7,765	10,607	3,874	4,051	5,267	6,460	2,858	1,016	1,283
	Total	<u>197,878</u>	<u>161,474</u>	<u>210,920</u>	<u>148,432</u>	<u>67,538</u>	<u>72,716</u>	<u>82,860</u>	<u>57,394</u>	<u>91,038</u>	<u>68,109</u>
Treaty											
	5. Proportional										
	Fire	(4)	-	-	(4)	-	-	-	-	(4)	13
	Marine	-	-	-	-	-	-	-	-	-	11
	Miscellaneous	-	-	-	-	-	-	-	-	-	(6)
	Total	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>18</u>
	Grand Total	<u>197,874</u>	<u>161,474</u>	<u>210,920</u>	<u>148,428</u>	<u>67,538</u>	<u>72,716</u>	<u>82,860</u>	<u>57,394</u>	<u>91,034</u>	<u>68,127</u>

		Half Year ended			June 30, 2006				Half Year ended		
Business underwritten inside Pakistan		Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	June 30, 2005
Class			Opening	Closing			Opening	Closing			Net premium revenue
		(Rupees in thousands)									
Direct and facultative											
	1. Fire and property damage	98,385	49,786	90,354	57,817	82,059	47,475	74,363	55,171	2,646	10,341
	2. Marine, aviation and transport	134,091	13,635	9,526	138,200	48,476	3,707	2,029	50,154	88,046	68,925
	3. Other motor business	106,509	60,917	100,433	66,993	2,254	48	8	2,294	64,699	26,243
	4. Miscellaneous	10,103	7,607	10,607	7,103	5,694	5,999	6,460	5,233	1,870	1,789
	Total	<u>349,088</u>	<u>131,945</u>	<u>210,920</u>	<u>270,113</u>	<u>138,483</u>	<u>57,229</u>	<u>82,860</u>	<u>112,852</u>	<u>157,261</u>	<u>107,298</u>
Treaty											
	5. Proportional										
	Fire	(4)	-	-	(4)	-	-	-	-	(4)	13
	Marine	-	-	-	-	-	-	-	-	-	11
	Miscellaneous	-	-	-	-	-	-	-	-	-	(6)
	Total	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>18</u>
	Grand Total	<u>349,084</u>	<u>131,945</u>	<u>210,920</u>	<u>270,109</u>	<u>138,483</u>	<u>57,229</u>	<u>82,860</u>	<u>112,852</u>	<u>157,257</u>	<u>107,316</u>

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

Arshad P. Rana
 Chief Executive

Aamir H. Shirazi
 Director

Muhammad Faruque
 Director

Yusuf H. Shirazi
 Chairman

INTERIM CONDENSED STATEMENT OF CLAIMS (UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2006

		Q u a r t e r e n d e d			J u n e 3 0 , 2 0 0 6					Q u a r t e r e n d e d	
		Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	June 30, 2005
Class			Opening	Closing			Opening	Closing			Net claims expense
		(R u p e e s i n t h o u s a n d)									
Business underwritten inside Pakistan											
Direct and facultative											
	1. Fire and property damage	3,161	15,280	23,714	11,595	2,673	14,490	22,726	10,909	686	556
	2. Marine, aviation and transport	(5,689)	12,919	13,172	(5,436)	(7,065)	10,444	10,613	(6,896)	1,460	3,297
	3. Other motor business	27,099	20,572	19,007	25,534	(195)	356	253	(298)	25,832	9,293
	4. Miscellaneous	769	18,199	17,818	388	636	15,861	15,420	195	193	44
	Total	<u>25,340</u>	<u>66,970</u>	<u>73,711</u>	<u>32,081</u>	<u>(3,951)</u>	<u>41,151</u>	<u>49,012</u>	<u>3,910</u>	<u>28,171</u>	<u>13,190</u>
Treaty											
	5. Proportional										
	Fire	144	1,756	1,756	144	-	-	-	-	144	68
	Marine	10	1,939	1,939	10	-	-	-	-	10	54
	Miscellaneous	45	86	86	45	-	-	-	-	45	32
	Total	<u>199</u>	<u>3,781</u>	<u>3,781</u>	<u>199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199</u>	<u>154</u>
	Grand Total	<u>25,539</u>	<u>70,751</u>	<u>77,492</u>	<u>32,280</u>	<u>(3,951)</u>	<u>41,151</u>	<u>49,012</u>	<u>3,910</u>	<u>28,370</u>	<u>13,344</u>

		H a l f Y e a r e n d e d			J u n e 3 0 , 2 0 0 6					Half Year ended	
		Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	June 30, 2005
Class			Opening	Closing			Opening	Closing			Net claims expense
		(R u p e e s i n t h o u s a n d)									
Business underwritten inside Pakistan											
Direct and facultative											
	1. Fire and property damage	5,292	16,043	23,714	12,963	4,567	15,249	22,726	12,044	919	2,668
	2. Marine, aviation and transport	11,367	20,165	13,172	4,374	6,784	16,641	10,613	756	3,618	3,455
	3. Other motor business	42,119	18,029	19,007	43,097	(3)	457	253	(207)	43,304	15,857
	4. Miscellaneous	1,734	18,427	17,818	1,125	1,276	16,002	15,420	694	431	289
	Total	<u>60,512</u>	<u>72,664</u>	<u>73,711</u>	<u>61,559</u>	<u>12,624</u>	<u>48,349</u>	<u>49,012</u>	<u>13,287</u>	<u>48,272</u>	<u>22,269</u>
Treaty											
	5. Proportional										
	Fire	144	1,756	1,756	144	-	-	-	-	144	68
	Marine	10	1,939	1,939	10	-	-	-	-	10	54
	Miscellaneous	45	86	86	45	-	-	-	-	45	32
	Total	<u>199</u>	<u>3,781</u>	<u>3,781</u>	<u>199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199</u>	<u>154</u>
	Grand Total	<u>60,711</u>	<u>76,445</u>	<u>77,492</u>	<u>61,758</u>	<u>12,624</u>	<u>48,349</u>	<u>49,012</u>	<u>13,287</u>	<u>48,471</u>	<u>22,423</u>

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

Arshad P. Rana
Chief Executive

Aamir H. Shirazi
Director

Muhammad Faruque
Director

Yusuf H. Shirazi
Chairman

INTERIM CONDENSED STATEMENT OF EXPENSES (UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2006

		Q u a r t e r e n d e d			J u n e 3 0 , 2 0 0 6					
Business underwritten inside Pakistan		Commissions paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense	Quarter ended June 30, 2005 Net underwriting expense
Class		(R u p e e s i n t h o u s a n d)								
Direct and facultative										
	1. Fire and property damage	2,817	4,691	5,122	2,386	391	2,777	7,009	(4,232)	(2,057)
	2. Marine, aviation and transport	1,532	311	711	1,132	15,869	17,001	6,737	10,264	8,019
	3. Other motor business	2,893	3,323	4,406	1,810	10,443	12,253	8	12,245	4,150
	4. Miscellaneous	111	292	285	118	354	472	713	(241)	337
	Total	<u>7,353</u>	<u>8,617</u>	<u>10,524</u>	<u>5,446</u>	<u>27,057</u>	<u>32,503</u>	<u>14,467</u>	<u>18,036</u>	<u>10,449</u>
Treaty										
	5. Proportional									
	Fire	-	-	-	-	-	-	-	-	28
	Marine	70	-	-	70	-	70	70	-	27
	Miscellaneous	-	-	-	-	-	-	-	-	4
	Total	<u>70</u>	<u>-</u>	<u>-</u>	<u>70</u>	<u>-</u>	<u>70</u>	<u>70</u>	<u>-</u>	<u>59</u>
	Grand Total	<u>7,423</u>	<u>8,617</u>	<u>10,524</u>	<u>5,516</u>	<u>27,057</u>	<u>32,573</u>	<u>14,537</u>	<u>18,036</u>	<u>10,508</u>

		H a l f Y e a r e n d e d			J u n e 3 0 , 2 0 0 6					
Business underwritten inside Pakistan		Commissions paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense	Half Year ended June 30, 2005 Net underwriting expense
Class		(R u p e e s i n t h o u s a n d)								
Direct and facultative										
	1. Fire and property damage	5,264	4,441	5,122	4,583	977	5,560	12,818	(7,258)	(1,030)
	2. Marine, aviation and transport	2,561	744	711	2,594	26,535	29,129	15,069	14,060	9,124
	3. Other motor business	4,757	2,933	4,406	3,284	19,480	22,764	21	22,743	9,998
	4. Miscellaneous	309	206	285	230	625	855	1,293	(438)	477
	Total	<u>12,891</u>	<u>8,324</u>	<u>10,524</u>	<u>10,691</u>	<u>47,617</u>	<u>58,308</u>	<u>29,201</u>	<u>29,107</u>	<u>18,570</u>
Treaty										
	5. Proportional									
	Fire	-	-	-	-	-	-	-	-	28
	Marine	70	-	-	70	-	70	-	70	27
	Miscellaneous	-	-	-	-	-	-	-	-	4
	Total	<u>70</u>	<u>-</u>	<u>-</u>	<u>70</u>	<u>-</u>	<u>70</u>	<u>-</u>	<u>70</u>	<u>59</u>
	Grand Total	<u>12,961</u>	<u>8,324</u>	<u>10,524</u>	<u>10,761</u>	<u>47,617</u>	<u>58,378</u>	<u>29,201</u>	<u>29,177</u>	<u>18,629</u>

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

 Arshad P. Rana
 Chief Executive

 Aamir H. Shirazi
 Director

 Muhammad Faruque
 Director

 Yusuf H. Shirazi
 Chairman

INTERIM CONDENSED STATEMENT OF INVESTMENT INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2006

	Quarter ended		Half Year ended	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
	(Rupees in thousand)			
Income from Non-Trading Investments				
Held to Maturity				
Others, Term Finance Certificates	280	435	1,060	926
Available for Sale				
Dividend income	3,138	4,008	9,270	10,336
	3,418	4,443	10,330	11,262
Gain on Sale of Non Trading Investments				
- Available for sale	1,645	-	68,361	7,978
Income on reverse repo transactions	3,140	-	6,013	4,523
Investment related expenses	-	-	(2,833)	(420)
Net Investment Income	8,203	4,443	81,871	23,343

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2006

	Capital Reserves			Revenue Reserves				Total
	Share capital	Capital reserve	Exceptional losses reserve	Reserve for bonus shares	General reserve	Investment fluctuation reserve	Unappropriated profit	
(Rupees in thousand)								
Balance as on January 01, 2005 as previously reported	101,823	2,251	2,164	20,365	71,649	3,000	970	202,222
Effect of change in accounting policy (Note 3)								
Proposed final dividend	-	-	-	-	-	-	20,365	20,365
Proposed transfer to general reserve	-	-	-	-	(41,000)	-	41,000	-
Proposed transfer to reserve for bonus shares	-	-	-	(20,365)	-	-	20,365	-
Balance as on January 01, 2005 - restated	<u>101,823</u>	<u>2,251</u>	<u>2,164</u>	<u>-</u>	<u>30,649</u>	<u>3,000</u>	<u>82,700</u>	<u>222,587</u>
Final dividend for the year 2004	-	-	-	-	-	-	(20,365)	(20,365)
Transfer to general reserve	-	-	-	-	41,000	-	(41,000)	-
Transfer to reserve for bonus shares	-	-	-	20,365	-	-	(20,365)	-
Bonus shares issued during the period	20,365	-	-	(20,365)	-	-	-	-
Net profit for the period	-	-	-	-	-	-	66,163	66,163
Balance as on June 30, 2005	<u>122,188</u>	<u>2,251</u>	<u>2,164</u>	<u>-</u>	<u>71,649</u>	<u>3,000</u>	<u>67,133</u>	<u>268,385</u>
Balance as on January 01, 2006 as previously reported	122,188	2,251	2,164	36,656	203,649	3,000	871	370,779
Effect of change in accounting policy (Note 3)								
Proposed final dividend	-	-	-	-	-	-	85,532	85,532
Proposed transfer to general reserve	-	-	-	-	(132,000)	-	132,000	-
Proposed transfer to reserve for bonus shares	-	-	-	(36,656)	-	-	36,656	-
Balance as on January 01, 2006 - restated	<u>122,188</u>	<u>2,251</u>	<u>2,164</u>	<u>-</u>	<u>71,649</u>	<u>3,000</u>	<u>255,059</u>	<u>456,311</u>
Final dividend for the year 2005	-	-	-	-	-	-	(85,532)	(85,532)
Transfer to general reserve	-	-	-	-	132,000	-	(132,000)	-
Transfer to reserve for bonus shares	-	-	-	36,656	-	-	(36,656)	-
Bonus shares issued during the period	36,656	-	-	(36,656)	-	-	-	-
Net profit for the period	-	-	-	-	-	-	132,154	132,154
Balance as on June 30, 2006	<u>158,844</u>	<u>2,251</u>	<u>2,164</u>	<u>-</u>	<u>203,649</u>	<u>3,000</u>	<u>133,025</u>	<u>502,933</u>

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

Arshad P. Rana
Chief Executive

Aamir H. Shirazi
Director

Muhammad Faruque
Director

Yusuf H. Shirazi
Chairman

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2006****1. STATUS AND NATURE OF BUSINESS**

Atlas Insurance Limited (Formerly Muslim Insurance Company Limited) was incorporated as a public limited company in Pakistan on September 06, 1935 and is listed on Lahore and Karachi stock exchanges. The company is engaged in general insurance business. The registered office of the company is situated at 3-Bank Square, Lahore. In order to capitalize the image of Atlas Group, on 3rd April, 2006 the Company name was changed from Muslim Insurance Company Limited to Atlas Insurance Limited.

2. BASIS OF PREPERATION

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the audited financial statements of the Company for the year ended December 31, 2005 except for the following:

3.1 Appropriation Out of Profits

During the period, the Institute of Chartered Accountants of Pakistan issued Circular No. 06/2006 with respect to treatment of proposed dividend, bonus issue and other appropriations. The aforesaid circular requires these declarations of dividends to holders of equity instrument including declaration of bonus issues and other appropriations except appropriations which are required by law after the balance sheet date, should not be recognized as liabilities or changes in reserves at the balance sheet date. Previously, the transfers were considered as adjusting events and were recorded at the balance sheet date. This change in the accounting policy has been accounted for retrospectively and comparative information has been restated in accordance with the treatment specified in International Accounting Standard – 8 "Change in Accounting Policies, Change in Accounting Estimates and Errors". The effect of this change in accounting policy is reflected in the statement of changes in equity.

3.2 Change in Accounting Estimate

During the current period the company changed its accounting estimate in relation to the depreciation on tangible fixed assets. The depreciation is charged in the month of addition, whereas no depreciation is charged in the month of disposal. Previously, full depreciation was charged in the year of addition and no depreciation was charged in the year of disposal. Had this change not been made, the profit during the period would have been decreased and tangible fixed assets at the period end would have been decreased by Rs.114,932

4. SHARE CAPITAL

<u>June 30,</u> 2006	<u>Dec. 31,</u> 2005	<u>Notes</u>	<u>June 30,</u> 2006	<u>Dec. 31,</u> 2005
No. of shares			(Rupees in thousand)	
		Auhtorised		
50,000,000	15,000,000	Ordinary shares of Rs.10/- each	500,000	150,000
		Fully paid shares		
250,000	250,000	Ordinary shares of Rs.10/- each paid in cash	2,500	2,500
		Bonus shares		
11,968,812	9,932,344	Opening balance of fully paid bonus shares of Rs.10/- each	119,688	99,323
3,665,643	2,036,468	Issued during the year of Rs.10/- each	36,656	20,365
<u>15,884,455</u>	<u>12,218,812</u>		<u>158,844</u>	<u>122,188</u>

5. CONTINGENCIES AND COMMITMENTS

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

6. ADDITIONS / DELETIONS

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

	<u>Additions</u>	<u>Deletions</u>
	(Rupees in thousand)	
Vehicles	2,168	119
Office equipments	527	25
Computers	1,657	136
	<u>4,352</u>	<u>280</u>

7. INVESTMENTS

	<u>June 30,</u> 2006	<u>Dec. 31,</u> 2005
	(Rupees in thousand)	
Held to Maturity		
Term Finance Certificates	9,329	11,218
Available For Sale		
Mutual funds	8,135	8,135
Quoted shares	578,095	260,672
Unquoted shares	500	500
	<u>586,730</u>	<u>269,307</u>
	596,059	280,525
Less : Provision for diminution in the value of shares	500	500
Cost of shares of concerns incorporated in Pakistan	<u>595,559</u>	<u>280,025</u>
Aggregated market value of Investments as on June 30, 2006 (December 31, 2005)	<u>825,202</u>	<u>616,406</u>

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

7.2 The name of the Chief Executive of Arabian Sea Country Club is Mr. Arif Ali Khan Abbasi. The break-up value of the share is Rs.8.39 (2005: Rs.8.39) based on annual financial statements for the year ended June 30, 2005.

8. TAXATION

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

9. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period:

	Quarter Ended	
	<u>June 30,</u> 2006	<u>June 30,</u> 2005
	(Rupees in thousand)	
Net profit after tax for the period	<u>37,085</u>	<u>39,736</u>
	(Number of Shares)	
Weighted average number of shares	<u>15,884,455</u>	<u>15,884,455</u>
	(Rupees per Share)	
Basic/adjusted earnings per share (Rs.)	<u>2.33</u>	<u>2.50</u>
	Half Year Ended	
	<u>June 30,</u> 2006	<u>June 30,</u> 2005
	(Rupees in thousand)	
Net profit after tax for the period	<u>132,154</u>	<u>66,163</u>
	(Number of Shares)	
Weighted average number of shares	<u>15,884,455</u>	<u>15,884,455</u>
	(Rupees per Share)	
Basic/adjusted earnings per share (Rs.)	<u>8.32</u>	<u>4.17</u>

The earnings per share in the corresponding period has been restated to take account of the effect of bonus shares during the current period. Prior this restatement earnings per share was Rs.5.41 and Rs.3.25 for the half year ended and quarter ended June 30, 2005 respectively.

No figure of diluted earnings per share has been presented as the company has not issued any instruments which would have an impact on earnings per share when exercised.

10. TRANSACTIONS WITH RELATED PARTIES

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

	<u>June 30,</u> 2006	<u>June 30.</u> 2005
	(Rupees in thousand)	
Premium underwritten	209,515	180,742
Premium collected	146,697	149,875
Claims paid	15,972	15,592
Lease rentals	292	2,089
Vehicles purchased	918	102
Rent received	207	207
Interest received	1,250	501
Fee received	4,722	-
Dividend received	-	137
Fixed deposits	-	31,600
Brokerage paid for purchase of shares	4,510	600
Brokerage paid for sale of shares	4,297	-

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

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

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

11. SEGMENT REPORTING

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

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

	Fire and property damage		Marine, aviation & transport		Other motor business		Miscellaneous		Total	
	June 30, 2006	Dec. 31, 2005	June 30, 2006	Dec. 31, 2005	June 30, 2006	Dec. 31, 2005	June 30, 2006	Dec. 31, 2005	June 30, 2006	Dec. 31, 2005

(R u p e e s i n t h o u s a n d)

OTHER INFORMATION

Segment assets	136,055	76,188	102,175	59,763	32,671	15,210	23,670	23,704	294,571	174,865
Unallocated corporate assets									687,986	668,331
Consolidated total assets									<u>982,557</u>	<u>843,196</u>
Segment liabilities	139,129	86,811	78,184	92,024	138,823	101,336	31,581	28,552	387,717	308,723
Unallocated corporate liabilities									91,907	78,161
Consolidated total liabilities									<u>479,624</u>	<u>386,884</u>
Capital expenditure-according to above ratios	<u>1,569</u>	<u>1,906</u>	<u>882</u>	<u>5,580</u>	<u>1,565</u>	<u>2,082</u>	<u>356</u>	<u>241</u>	<u>4,372</u>	<u>9,809</u>
Depreciation/Amortization -according to above ratio	<u>484</u>	<u>621</u>	<u>272</u>	<u>1,819</u>	<u>483</u>	<u>679</u>	<u>110</u>	<u>79</u>	<u>1,350</u>	<u>3,198</u>

12. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were authorized for issue on August 24, 2006 in accordance with a resolution of Board of Directors of the Company.

13. GENERAL

13.1 Figures in these interim condensed financial statements have been rounded off to the nearest thousand rupees.

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

13.3 Figures of the quarters ended June 2005 and June 2006 have not been subject to limited scope review by the external auditors.

Arshad P. Rana
Chief Executive

Aamir H. Shirazi
Director

Muhammad Faruque
Director

Yusuf H. Shirazi
Chairman

COMPANY OFFICES

HEAD OFFICE

3-Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	PABX: Fax:	7320542, 7320543 7322271, 7322273 7234742
ARSHAD P. RANA Chief Executive	Direct: Extension:	7234812 301
MUHAMMAD ZAFAR RIAZ Chief Financial Officer	Direct: Extension:	7234757 307
MUHAMMAD MUNIR Sr. Manager Technical	Direct: Extension:	7314241 309
PERVAIZ I. MALIK Company Secretary	Direct: Extension:	7314241 308
ASAD MAHMOOD AWAN Manager Marketing	Direct: Extension:	7234757 312
SALEEM MAHMOOD Chief Internal Auditor	Extension:	302

NORTH ZONE OFFICES & BRANCHES

LAHORE

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

RAWALPINDI

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

FAISALABAD BRANCH - I

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

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

REHAN NAZIR GHUMAN Branch Incharge	Allama Iqbal Market, Shahrah-e-Aiwan-e-Sannat-o-Tijarat, Sialkot.	594520 Fax: 592863
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SAHIWAL

HABIB-UR-REHMAN CH. Branch Manager	147-Railway Road, Sahiwal.	66044 Fax: 66044
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MULTAN

BASHIR AHMED GHAURI Branch Manager	Atlas Honda Building, Azmat Wasti Road, Multan.	544494
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SOUTH ZONE OFFICE

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

ARSHAD P. RANA Chief Executive	Direct:	5378757
	Extension:	201

JAWAID IRSHAD Manager Motor Claims	Extension:	215
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MUHAMMAD IMRAN Manager Fire & Marine Claims	Extension:	217
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ALI ASGHAR Manager Underwriting	Extension:	216
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SOUTH ZONE BRANCHES
KARACHI

ABDUL AZIZ Chief Manager	Corporate Branch 1/10, Arkey Square, 1st Floor, Shahrah-e-Liaquat, Karachi.	2421030, 2422911 Fax: 2421387
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M. FAROOQ KANDLAWALA Chief Manager	Tower Branch State Life Building No. 7 Room No. 101, 1st Floor G. Allana Road, Karachi.	2201471 2316503, 2315248 Fax: 2315248
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IMRAN SATTAR Branch Manager	Plaza Branch 3/3 Rimpa Plaza M.A. Jinah Road, Karachi.	2729339 Fax: 2720852
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HYDERABAD

ZAFAR AHMAD GHOURI Chief Manager	Akbar Chamber, Saddar, P.O. Box: 284, Hyderabad.	2782660, 2782659 Fax: 2786410
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SUKKUR

ABDUL MAJEED QURESHI Chief Manager	House No. C-631/13, Minara Road, Sukkur.	5625965 Fax: 5625977
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Email: info@atlasinsurance.com.pk **Website:** www.atlasinsurance.com.pk