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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Directors	Aamir H. Shirazi Frahim Ali Khan S. Salim Raza Tariq Amin Tariq Iqbal Khan
Chief Executive Officer	Abdul Aziz Rajkotwala

AUDIT COMMITTEE

Chairman	Tariq Amin
Members	Frahim Ali Khan Tariq Iqbal Khan

COMPANY SECRETARY

Irfan Ibrahim Bhaiyat

AUDITORS

Ford Rhodes Sidat Hyder & Co.
(Chartered Accountants)

LEGAL ADVISOR

Mohsin Tayebally & Co.

TAX ADVISORS

Ford Rhodes Sidat Hyder & Co.
(Chartered Accountants)

Lahore Law Associates

REGISTRAR & SHARE TRANSFER OFFICE

THK Associates (Pvt.) Ltd.
Ground floor,
State Life Building – 3,
Dr. Ziauddin Ahmed Road,
Karachi.

UAN (92-21) 111-000-322
Fax: (92-21) 5655595

REGISTERED & HEAD OFFICE

3rd Floor, Federation House,
Abdullah Shah Ghazi Road,
Clifton, Karachi
UAN (92-21) 111-333-225
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E-mail: info@atlasbank.com.pk

WEBSITE

www.atlasbank.com.pk



CHAIRMAN'S REVIEW

It is my pleasure to present the financial statements of your bank for the quarter ended September 30, 2007.

The Economy

Pakistan economy has grown at an average rate of over 7% during the last four years. Despite current internal political environment, the growth momentum continued during the current fiscal year largely owing to rapidly rising investment levels and robust momentum in consumption spending. Foreign investment has risen to 4.1% of GDP from 3.5%, last year. The momentum in aggregate demand is likely to continue during 2008.

The widening trade deficit of US\$3.6 billion during the quarter under review continues to pose a concern as imports are growing twice as fast as exports. The imports rose 8.5% to US\$ 8.1 billion, whereas, exports, although lagging behind, were up 4.8% at US\$ 4.4 billion. Going forward the position could further aggravate owing to the rising international crude oil prices.

Inflation witnessed a decline to an average 6.4% during the first two months of the quarter under review compared to 8.3% recorded during the corresponding period last year. Food inflation has however persistently remained in double digit for the last several months. In order to keep a check on inflation, the SBP is likely to continue with a tight monetary stance during the current financial year, as well.

The banking sector has thrived during the last several years being a major beneficiary of the economic growth. The profits of the banking sector touched almost Rs.100 billion in the year 2006. The momentum has continued with earnings of listed banks registering a growth of 44% to Rs.50 billion during the first half of calendar year 2007. This growth has resulted primarily from aggressive lending and high spreads.

Financial and Operational Review

During the period under review, your Bank posted an after tax loss of Rs.53.6 million. As of September 30, 2007, the equity of the Bank stood at Rs.3.1 billion and total assets grew to Rs.21.9 billion from Rs.17.0 billion as at December 31, 2006. Deposits rose to Rs.12.6 billion against Rs.8.8 billion on December 31, 2006, while advances stood at Rs.7.2 billion as of September 30, 2007 against Rs.7.8 billion as of December 31, 2006, due conservative, cautious approach to begin with.

As the Bank gears up for growth, as per its business plan, administrative expenses have increased from Rs.177 million to Rs.385 million. This has resulted mainly from higher people cost and increase in branch network and technology related expenditures.

The Bank's subsidiary, Atlas Capital Markets (Pvt.) Limited, posted an after tax profit of Rs.8.8 million during the nine months. The consolidated after tax loss of the Bank stood at Rs.45.2 million.

Your Bank has increased its focus on risk management and corporate governance including implementation of Basel II processes and has recently reinforced its risk management setup. A professional risk management team has been put in place and a Board Risk Management Committee has been constituted to oversee the risk management function, including credit risk policies and process and to ensure appropriate supervision and governance within the Bank. Besides, the Bank has also re-constituted its internal committees chaired by professional and experienced staff.

The Pakistan Credit Rating Agency has maintained the credit rating of your Bank for long and short term at A- (Single A minus) and A2 (A two), respectively based on the financial statements for the year ended December 31, 2006. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.



Agreement with DEG - Deutsche Investitions

During the quarter, Atlas Bank signed an agreement with DEG - Deutsche Investitions of Germany, a leading international development financial institution, offering it a minority share of 24.9 percent and a seat on the bank's Board ensuring strategic orientation and corporate governance best practices. For DEG, this is the first commercial bank in Pakistan. This will enable Atlas Bank to expand its business with small and medium-sized enterprises and retail and consumer segments. This partnership also assures Atlas Bank's compliance with the regulatory capital requirements in 2007-9.

The agreement was formally exchanged between DEG and Atlas Bank in the presence of the Prime Minister in Islamabad on August 31, 2007. Dr. Winfried Polte, Chairman of DEG's Board of Management, with his team visited Pakistan to oversee the signing of the agreement.

As you are aware Atlas Group, in the financial sector, has a long association with leading international financial institutions including DEG. This venture with DEG will go a long way in the growth of the Bank.

Growth & Expansion

Your Bank continues to make progress. Another 4 branches were opened during the fourth quarter of 2007 taking the overall network to 25 branches. During the quarter, the Bank enhanced and improved upon the services offered by its Contact Centre (0800 24 365). A host of new services related to products and account information, ATMs, Customer Complaints will be available to customers for banking services over the phone 24 hours a day, 365 days a year.

Future Outlook

Your Bank's emphasis in human resource development areas, application of innovative solutions and upgrading of branch facilities to maintain long term growth. The management of your Bank is in the process of making a quantum leap in its IT infrastructure. An advanced ATM controller and middleware is already in place. The core banking system is in the process of replacement that is expected to be completed by the second quarter of 2008. This would enable your bank to launch new products and services.

ء یرداں را یکمند آور اے ہمت مردانہ
(we look forward to beyond horizon)

Acknowledgement

I would like to thank the Board of Directors for their guidance and support and would like to express my sincere appreciation for the dedication, professionalism and sincere efforts of the management team. I would also like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan for the support, guidance and diligent governance, the financial institutions, the customers for their patronage and shareholders for the trust and confidence they have reposed in your Bank.

Yusuf H. Shirazi


Karachi: October 27, 2007




**INTERIM CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2007**

		September 30, 2007	December 31, 2006
	Note	..... (Rupees in '000)	
		(Un-Audited)	(Audited)
ASSETS			
Cash and balances with treasury banks		1,156,907	601,079
Balances with other banks		140,104	191,742
Lendings to financial institutions	4	5,249,740	3,500,844
Investments	5	6,605,421	3,645,195
Advances	6	7,145,968	7,833,786
Operating fixed assets		601,360	301,401
Deferred tax assets - net		10,014	-
Other assets	7	1,027,482	946,539
		21,936,996	17,020,586
LIABILITIES			
Bills payable		428,692	50,158
Borrowings		4,746,619	4,025,949
Deposits and other accounts	8	12,630,402	8,842,946
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	78,368
Other liabilities		1,163,965	1,024,875
		18,969,678	14,022,296
NET ASSETS		2,967,318	2,998,290
REPRESENTED BY			
Share capital		3,125,916	3,125,916
Reserves		2,494	2,494
Accumulated loss		(65,957)	(12,327)
		3,062,453	3,116,083
Deficit on revaluation of assets - net of tax		(95,135)	(117,793)
		2,967,318	2,998,290
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 13 form an integral part of these interim condensed financial statements.


Abdul Aziz Rajkotwala
Chief Executive Officer


Yusuf H. Shirazi
Chairman


Tariq Amin
Director



S. Salim Raza
Director




**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	Quarter Ended Sept. 30, 2007	Period Ended Sept. 30, 2007	Quarter Ended Sept. 30, 2006	Period Ended Sept. 30, 2006
..... (Rupees in '000)				
Mark-up / return / interest earned	323,042	988,704	259,192	571,558
Mark-up / return / interest expensed	311,468	939,739	220,915	477,815
Net mark-up / interest income	11,574	48,965	38,277	93,743
Provision against non-performing loans and advances	39,798	42,862	14,782	16,432
Reversal of provision for diminution in value of investments	-	(303)	-	-
Bad debts written off directly	-	5	-	-
	39,798	42,564	14,782	16,432
Net mark-up / interest income after provisions	(28,224)	6,401	23,495	77,311
Non mark-up / interest income				
Fee, commission and brokerage income	5,176	14,064	3,314	7,184
Dividend income	24,913	32,534	9,350	11,024
Income from dealing in foreign currencies	13,737	18,114	1,652	5,936
Gain on sale of securities	51,957	169,837	10,904	32,737
Unrealised gain / (loss) on revaluation of investments classified as held for trading	4,889	3,903	1,054	(704)
Other income	2,447	6,183	1,711	2,286
Total non mark-up / interest income	103,119	244,635	27,985	58,463
	74,895	251,036	51,480	135,774
Non mark-up / interest expenses				
Administrative expenses	164,414	385,282	75,521	177,429
Other provisions / write offs	-	-	-	-
Other charges	2,857	3,196	-	464
Total non mark-up / interest expenses	167,271	388,478	75,521	177,893
	(92,376)	(137,442)	(24,041)	(42,119)
Extraordinary items / unusual items	-	-	-	-
Loss before taxation	(92,376)	(137,442)	(24,041)	(42,119)
Taxation - Current	3,634	10,539	2,616	4,221
- Prior	(377)	(377)	(9,294)	(31,477)
- Deferred	(39,177)	(93,974)	(18,528)	(27,705)
	(35,920)	(83,812)	(25,206)	(54,961)
(Loss) / profit after taxation	(56,456)	(53,630)	1,165	12,842
Accumulated loss brought forward	(9,501)	(12,327)	(7,596)	(19,273)
Accumulated loss before appropriation of statutory reserve	(65,957)	(65,957)	(6,431)	(6,431)
Earnings per share - Basic and diluted (Rupee)	(0.18)	(0.17)	0.01	0.07

The annexed notes 1 to 13 form an integral part of these interim condensed financial statements.


Abdul Aziz Rajkotwala
Chief Executive Officer


Yusuf H. Shirazi
Chairman


Tariq Amin
Director



S. Salim Raza
Director




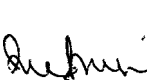
**INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**


	September 30, 2007	September 30, 2006
	..... (Rupees in '000)	
Cash flows from operating activities		
Loss before taxation	(137,442)	(42,119)
Less: Dividend income	32,534	11,024
	(169,976)	(53,143)
Adjustments		
Depreciation	26,578	11,041
Amortisation	23,443	14,597
Provision against non-performing advances	42,862	16,432
Reversal of provision for diminution in value of investments	(303)	-
Bad debts written off directly	5	-
	92,585	42,070
	(77,391)	(11,073)
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,748,896)	1,851,813
Held-for-trading securities	(1,520,889)	(50,750)
Advances	644,951	(1,808,756)
Other assets (excluding current taxation)	(88,651)	(219,475)
	(2,713,485)	(227,168)
Increase / (decrease) in operating liabilities		
Bills payable	378,534	16,962
Borrowings	720,670	(2,699,493)
Deposits	3,787,456	2,871,626
Other liabilities	139,090	225,468
	5,025,750	414,563
	2,234,874	176,322
Payment of provision against off-balance sheet obligations	-	-
Income tax paid	(4,749)	(24,010)
Net cash flows from operating activities	2,230,125	152,312
Cash flow from investing activities		
Net investment in available-for-sale securities	(1,437,604)	319,104
Redemption of held-to-maturity securities	26,820	-
Dividend received	15,942	1,734
Investments in operating fixed assets	(340,249)	(67,266)
Sale proceeds of operating fixed assets	9,156	-
Net cash flows (used in) / from investing activities	(1,725,935)	253,572
Cash flow from financing activities	-	-
Increase in cash and cash equivalents	504,190	405,884
Cash and cash equivalents at the beginning of the period	792,821	233,026
Cash and cash equivalents acquired upon amalgamation	-	288,892
Cash and cash equivalents at the end of the period	1,297,011	927,802

The annexed notes 1 to 13 form an integral part of these interim condensed financial statements.


Abdul Aziz Rajkotwala
Chief Executive Officer


Yusuf H. Shirazi
Chairman


Tariq Amin
Director



S. Salim Raza
Director




**INTERIM CONDENSED STATEMENT OF
CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	Issued, subscribed and paid-up share capital	Statutory reserve	Accum- lated (loss)/ profit	Total
..... (Rupees in '000)				
Balance as at January 1, 2006	1,537,000	758	(19,273)	1,518,485
Issue of share capital upon amalgamation	1,588,916	-	-	1,588,916
Profit after taxation for the period ended September 30, 2006	-	-	12,842	12,842
Transfer to statutory reserve	-	2,568	(2,568)	-
Balance as at September 30, 2006	3,125,916	3,326	(8,999)	3,120,243
Loss after taxation for the quarter ended December 31, 2006	-	-	(4,160)	(4,160)
Transfer from statutory reserve	-	(832)	832	-
Balance as at December 31, 2006	3,125,916	2,494	(12,327)	3,116,083
Loss after taxation for the period ended September 30, 2007	-	-	(53,630)	(53,630)
Transfer to statutory reserve	-	-	-	-
Balance as at September 30, 2007	<u>3,125,916</u>	<u>2,494</u>	<u>(65,957)</u>	<u>3,062,453</u>

The annexed notes 1 to 13 form an integral part of these interim condensed financial statements.


Abdul Aziz Rajkotwala
Chief Executive Officer


Yusuf H. Shirazi
Chairman


Tariq Amin
Director


S. Salim Raza
Director



**NOTES TO THE INTERIM CONDENSED
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

1. STATUS AND NATURE OF BUSINESS

- 1.1** 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. The Bank commenced its commercial operations effective from March 25, 2004. It is listed on Karachi, Lahore and Islamabad stock exchanges. The registered office of the Bank is situated at Third Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi and it operates with 21 branches in Pakistan.
- 1.2** During the period, the Bank has increased its authorised share capital from Rs.5,000 million (500,000,000 ordinary shares of Rs.10/- each) to Rs.7,000 million (700,000,000 ordinary shares of Rs.10/- each) as approved by shareholders in their general meeting held on March 29, 2007.

2. STATEMENT OF COMPLIANCE

- 2.1** These condensed financial statements have been prepared in accordance with approved accounting standards as applicable to Banks in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise such International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 1984. Wherever 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) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.
- 2.2** The SBP as per BSD Circular No.10 dated August 26, 2002 has deferred the applicability of IAS-39 "Financial Instruments: Recognition and Measurement" and IAS-40 "Investment Property" for Banking companies till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these interim condensed financial statements. However, investments have been classified and valued in accordance with the requirement of various circulars issued by SBP.
- 2.3** The disclosures made in these interim condensed 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". Accordingly, these condensed financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2006 with the exception of the following:

3.1 Change in accounting policy

During the period, the Bank has changed its accounting policy in respect of goodwill consequent upon the notification by the SECP regarding applicability of IFRS-3 "Business Combinations". In accordance with the new policy the goodwill arising on business combination is carried at cost less any impairment in value. Previously, such goodwill was amortised over a period of 10 years from the date of business combination and was reviewed for any indication of impairment at each balance sheet date. The said change in accounting policy has been applied prospectively in accordance with the transitional provisions of IFRS-3. Accordingly, the Bank has discontinued amortisation of goodwill with effect from January 1, 2007 and the carrying value of the goodwill as of the said date would be tested for impairment on an annual basis.

Had there been no change in the above accounting policy, the total assets of the Bank would have been lower and loss for the period would have been higher by Rs.40.42 million.

3.2 Change in accounting estimate

During the period, the Bank has revised the accounting estimate regarding the amortisation of deferred cost. The said cost would now be fully amortised by the end of the current year as against the previous amortisation pattern which would have resulted in full amortisation of the cost in 5 years from the date of incurrence.

Had there been no change in the above accounting estimate, the loss for the period would have been lower and total assets of the Bank would have been higher by Rs.10.26 million.

	September 30, 2007	December 31, 2006
	..... (Rupees in '000)	
	(Un-Audited)	(Audited)

4. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	760,000	-
Repurchase agreement lendings (Reverse Repos)	3,614,894	2,306,795
Certificates of investment	100,000	100,000
Letters of placement	750,000	382,114
Treasury deposit receipts	24,846	711,935
	<u>5,249,740</u>	<u>3,500,844</u>

5. INVESTMENTS

Note	September 30, 2007 (Un-Audited)			December 31, 2006 (Audited)		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
	..... (Rupees in '000)					

INVESTMENTS BY TYPES

Held-for-trading securities

Listed Companies (ordinary shares)	89,395	-	89,395	125,011	-	125,011
Mutual Funds (units/certificates)	1,900,000	-	1,900,000	350,000	-	350,000
	<u>1,989,395</u>	<u>-</u>	<u>1,989,395</u>	<u>475,011</u>	<u>-</u>	<u>475,011</u>

Available-for-sale securities

Listed Companies (ordinary shares)	268,089	-	268,089	131,496	127,822	259,318
Mutual Funds (units/certificates)	364,526	-	364,526	128,720	-	128,720
Term Finance Certificates	754,775	-	754,775	328,646	541,940	870,586
Pakistan Investment Bonds	563,371	469,369	1,032,740	567,594	479,969	1,047,563
Market Treasury Bills	543,318	1,241,338	1,784,656	46,004	414,992	460,996
Unlisted Companies (ordinary shares) 5.1	31,000	-	31,000	31,000	-	31,000
	<u>2,525,079</u>	<u>1,710,707</u>	<u>4,235,786</u>	<u>1,233,460</u>	<u>1,564,723</u>	<u>2,798,183</u>

Held-to-maturity securities

Term Finance Certificates - unlisted - Dewan Cement Ltd.	108,427	-	108,427	135,247	-	135,247
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Subsidiary

Unlisted Company - Atlas Capital Markets (Pvt.) Ltd.	396,942	-	396,942	396,942	-	396,942
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Investments at cost

	5,019,843	1,710,707	6,730,550	2,240,660	1,564,723	3,805,383
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Less: Provision for Diminution in
value of Investments

	(7,766)	-	(7,766)	(8,069)	-	(8,069)
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Investments (Net of Provisions)

	5,012,077	1,710,707	6,722,784	2,232,591	1,564,723	3,797,314
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Surplus/(Deficit) on revaluation
of Held-for-trading securities

	3,903	-	3,903	(2,602)	-	(2,602)
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Deficit on revaluation of
Available-for-sale securities

	(121,266)	-	(121,266)	(84,920)	(64,597)	(149,517)
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Total investments at market value

	<u>4,894,714</u>	<u>1,710,707</u>	<u>6,605,421</u>	<u>2,145,069</u>	<u>1,500,126</u>	<u>3,645,195</u>
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5.1 Includes investment amounting to Rs.30 million in Atlas Asset Management Limited, a related party. This has been classified as strategic investment in accordance with guidelines contained in BPD Circular Letter No. 16 of 2006 dated August 01, 2006.

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	September 30, 2007	December 31, 2006
 (Rupees in '000)	
	(Un-Audited)	(Audited)
6. ADVANCES		
Loans, cash credits, running finances, etc. In Pakistan	4,226,398	3,438,305
Net investment in finance lease In Pakistan	3,233,361	3,741,601
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	55,871	55,054
Payable outside Pakistan	35,868	67,323
	91,739	122,377
Financing in respect of Continuous Funding System (CFS)	-	896,830
Advances - gross	7,551,498	8,199,113
Provision for non-performing advances		
- specific	(398,520)	(356,678)
- general (against consumer financing)	(7,010)	(8,649)
	(405,530)	(365,327)
Advances - net of provision	7,145,968	7,833,786

6.1 Advances include Rs.658.60 million (December 31, 2006: Rs.493.91 million) which have been placed under non-performing status as detailed below:

	September 30, 2007				
	Domestic	Overseas	Total	Provision required	Provision held
	..... (Rupees in '000)				
Category of classification					
Substandard	171,579	-	171,579	28,904	28,904
Doubtful	124,992	-	124,992	42,280	42,280
Loss	362,033	-	362,033	327,336	327,336
	658,604	-	658,604	398,520	398,520

7. OTHER ASSETS

Includes Rs.516.50 million representing carrying value of goodwill as of September 30, 2007 (December 31, 2006: Rs.516.50 million).



	September 30, 2007	December 31, 2006
	..... (Rupees in '000)	
	(Un-Audited)	(Audited)
8. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	2,157,048	2,412,613
Savings deposits	3,478,320	929,567
Current accounts - Non-remunerative	879,125	399,540
Margin and other accounts	42,655	23,404
	6,557,148	3,765,124
Financial Institutions		
Remunerative deposits	6,067,134	5,071,593
Non-remunerative deposits	6,120	6,229
	6,073,254	5,077,822
	12,630,402	8,842,946
Particulars of deposits		
In local currency	12,506,258	8,734,074
In foreign currency	124,144	108,872
	12,630,402	8,842,946
9. CONTINGENCIES AND COMMITMENTS		
9.1 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	-	-
ii) Banking companies and other financial institutions	-	-
iii) Others	569,000	910,507
	569,000	910,507
9.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, shipping guarantees and stand by letters of credit etc. favouring:		
i) Government	33,434	8,958
ii) Banking companies and other financial institutions	2,853	6,202
iii) Others	1,154,012	610,187
	1,190,299	625,347
9.3 Other contingencies		
Underwriting of shares and modaraba certificates	10,000	15,000
Underwriting of TFCs	105,000	60,000

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	September 30, 2007	December 31, 2006
 (Rupees in '000) (Rupees in '000)
	(Un-Audited)	(Audited)
9.4 Commitment in respect of forward lending		
Commitment to extend credit facilities	753,709	1,253,189
9.5 Commitment in respect of forward exchange contracts		
Purchase	182,305	106,653
Sale	426,538	-
9.6 Commitment for the acquisition of operating fixed assets		
Tangible	186,897	27,106
Intangible	47,809	-
9.7 Other commitments for		
Purchase of securities	122,000	40,000
Financing in respect of continuous funding system	-	440,975

10. RELATED PARTY TRANSACTIONS

Related parties comprises of group companies, staff retirement funds and key management personnel including major shareholders of the Bank.

Transactions with related parties are at arm's length prices except for transactions with executives that are undertaken in accordance with their terms of employment.

The details of transactions with related parties during the period ended September 30, 2007 is as follows:

	As of	
	September 30, 2007	December 31, 2006
	..... (Rupees in '000) .....	..... (Rupees in '000)
	(Un-Audited)	(Audited)
<u>Key management personnel</u>		
Advances		
As at January 01	8,112	363
Transferred upon amalgamation	-	8,687
Disbursements	35,994	-
Repayments	(2,199)	(938)
As at September 30 / December 31	41,907	8,112
Deposits		
As at January 01	6,176	-
Transferred upon amalgamation	-	2,864
Receipts	155,384	15,051
Withdrawals	(147,126)	(11,739)
As at September 30 / December 31	14,434	6,176



	As of	
	September 30, 2007	December 31, 2006
	..... (Rupees in '000)	
	(Un-Audited)	(Audited)
<u>Entities having directors in common with the Bank</u>		
Advances		
As at January 01	46,602	–
Transferred upon amalgamation	–	27,439
Disbursements	17,176	23,102
Repayments	(9,927)	(3,939)
As at September 30 / December 31	53,851	46,602
Running Finance	39,828	375,471
Deposits		
As at January 01	853,134	26,528
Receipts	23,429,034	3,123,113
Withdrawals	(23,616,749)	(2,296,507)
As at September 30 / December 31	665,419	853,134
Off balance sheet items		
Non-funded facilities	221,837	130,626
For the period ended		
	September 30, 2007	September 30, 2006
	..... (Rupees in '000)	
	(Un-Audited)	(Un-Audited)
<u>Key management personnel</u>		
Mark-up / return / interest earned	643	108
Mark-up / return / interest expensed	463	50
Shares issued	–	1,096,220
<u>Entities having directors in common with the Bank</u>		
Mark-up / return / interest earned	18,197	359
Mark-up / return / interest expensed	73,123	961
Shares issued	–	37,186
Insurance premium paid	2,319	1,069
Insurance claim	425	–
Printing and stationary expense	326	–
Purchase of photocopier, PABX and others	1,638	–
Maintenance of office equipment	196	–
Sale of motor vehicles	2,522	–
Purchase of motor vehicles	51,561	7,125
Advance for purchase of motor vehicles	15,556	2,876
Brokerage expense	8,743	12,637
Payments to Atlas Bank Limited - Employees Gratuity Fund	972	1,908
Payments to Atlas Bank Limited - Employees Provident Fund	7,555	2,455
Operating lease rentals received	8,107	2,698
Purchase of mutual fund units	240,000	–
Redemption of mutual fund units	40,227	–



11. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment results for the period ended September 30, 2007 are as follows:


	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
..... (Rupees in '000)						
Total income	285,801	750,424	196,097	898	120	1,233,340
Total expenses	168,033	962,420	240,329	–	–	1,370,782
Net income / (loss) before tax	117,768	(211,996)	(44,232)	898	120	(137,442)


12. GENERAL

Figures have been rounded off to the nearest thousand rupee.

13. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue by the Board of Directors on October 27, 2007.


Abdul Aziz Rajkotwala
 Chief Executive Officer


Yusuf H. Shirazi
 Chairman


Tariq Amin
 Director


S. Salim Raza
 Director



Atlas Bank Limited
Interim Condensed Consolidated Financial Statements
For the Period ended September 30, 2007





**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2007**

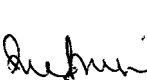
	September 30, 2007	December 31, 2006
Note	..... (Rupees in '000)	
	(Un-Audited)	(Audited)
ASSETS		
Cash and balances with treasury banks	1,156,970	601,081
Balances with other banks	177,204	405,523
Lendings to financial institutions	5,249,740	3,500,844
Investments	6,357,267	3,548,110
Advances	7,148,198	7,459,892
Operating fixed assets	777,321	469,457
Deferred tax assets - net	10,237	-
Other assets	1,829,634	1,589,811
	22,706,571	17,574,718
LIABILITIES		
Bills payable	428,692	50,158
Borrowings	4,863,404	4,125,949
Deposits and other accounts	12,630,402	8,842,946
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	-	78,145
Other liabilities	1,794,601	1,465,560
	19,717,099	14,562,758
NET ASSETS	2,989,472	3,011,960
REPRESENTED BY		
Share capital	3,125,916	3,125,916
Reserves	2,494	2,494
Accumulated (loss) / profit	(43,803)	1,343
	3,084,607	3,129,753
Deficit on revaluation of assets - net of tax	(95,135)	(117,793)
	2,989,472	3,011,960


CONTINGENCIES AND COMMITMENTS 5

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


Abdul Aziz Rajkotwala
Chief Executive Officer


Yusuf H. Shirazi
Chairman


Tariq Amin
Director



S. Salim Raza
Director




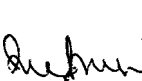
**INTERIM CONDENSED CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	Quarter Ended Sept. 30 2007	Period Ended Sept. 30 2007	Quarter Ended Sept. 30 2006	Period Ended Sept. 30 2006
..... (Rupees in '000)				
Mark-up / return / interest earned	320,197	973,420	264,722	577,088
Mark-up / return / interest expensed	316,912	956,677	229,673	486,573
Net mark-up / interest income	3,285	16,743	35,049	90,515
Provision against non-performing loans and advances	39,798	42,862	14,782	16,432
Reversal of provision for diminution in value of investments	-	(303)	-	-
Bad debts written off directly	-	5	-	-
	39,798	42,564	14,782	16,432
Net mark-up / interest income after provisions	(36,513)	(25,821)	20,267	74,083
Non mark-up / interest income				
Fee, commission and brokerage income	29,138	96,429	19,301	23,171
Dividend income	24,913	32,534	9,350	11,024
Income from dealing in foreign currencies	13,737	18,114	1,652	5,936
Gain on sale of securities	44,088	184,957	11,076	31,151
Unrealised gain on revaluation of investments classified as held for trading	18,583	5,091	1,254	1,254
Other income	12,351	31,280	3,030	3,605
Total non mark-up / interest income	142,810	368,405	45,663	76,141
	106,297	342,584	65,930	150,224
Non mark-up / interest expenses				
Administrative expenses	190,396	457,584	85,599	187,507
Other provisions / write offs	-	-	-	-
Other charges	2,857	3,196	-	464
Total non mark-up / interest expenses	193,253	460,780	85,599	187,971
	(86,956)	(118,196)	(19,669)	(37,747)
Extraordinary items / unusual items	-	-	-	-
Loss before taxation	(86,956)	(118,196)	(19,669)	(37,747)
Taxation – Current	6,988	21,301	4,968	6,573
– Prior years	(377)	(377)	(9,294)	(31,477)
– Deferred	(39,177)	(93,974)	(18,528)	(27,705)
	(32,566)	(73,050)	(22,854)	(52,609)
(Loss) / profit after taxation	(54,390)	(45,146)	3,185	14,862
Accumulated profit / (loss) brought forward	10,587	1,343	(7,596)	(19,273)
Accumulated loss before appropriation of statutory reserve	(43,803)	(43,803)	(4,411)	(4,411)
Earnings per share - Basic and diluted (Rupee)	(0.17)	(0.14)	0.02	0.08

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


Abdul Aziz Rajkotwala
Chief Executive Officer


Yusuf H. Shirazi
Chairman


Tariq Amin
Director



S. Salim Raza
Director




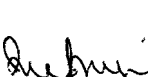
**INTERIM CONDENSED CONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**


	September 30, 2007	September 30, 2006
	..... (Rupees in '000)	
Cash flows from operating activities		
Loss before taxation	(118,196)	(37,747)
Less: Dividend income	32,534	11,024
	<u>(150,730)</u>	<u>(48,771)</u>
Adjustments		
Depreciation	32,663	11,887
Amortisation	24,260	14,758
Provision against non performing advances	42,862	16,432
Reversal of provision for diminution in value of investments	(303)	-
Bad debts written off directly	5	-
	<u>99,487</u>	<u>43,077</u>
	(51,243)	(5,694)
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,748,896)	1,851,813
Held-for-trading securities	(1,369,820)	(30,770)
Advances	268,827	(1,707,562)
Other assets (excluding current taxation)	(246,548)	(46,443)
	<u>(3,096,437)</u>	<u>67,038</u>
Increase / (decrease) in operating liabilities		
Bills payable	378,534	16,962
Borrowings	737,455	(3,156,493)
Deposits	3,787,456	2,871,626
Other liabilities	329,041	248,126
	<u>5,232,486</u>	<u>(19,779)</u>
Payment of provision against off-balance sheet obligations	2,084,806	41,565
Income tax paid	(16,494)	(26,362)
Net cash flows from operating activities	<u>2,068,312</u>	<u>15,203</u>
Cash flow from investing activities		
Net investment in available-for-sale securities	(1,437,604)	268,354
Redemption of held-to-maturity securities	26,820	-
Dividend received	15,942	1,734
Investments in operating fixed assets	(360,536)	(71,051)
Sale proceeds of operating fixed assets	14,636	-
Net cash flows (used in) / from investing activities	<u>(1,740,742)</u>	<u>199,037</u>
Cash flow from financing activities	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents	327,570	214,240
Cash and cash equivalents at the beginning of the period	1,006,604	233,026
Cash and cash equivalents acquired upon amalgamation	-	896,627
Cash and cash equivalents at the end of the period	<u>1,334,174</u>	<u>1,343,893</u>

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


Abdul Aziz Rajkotwala
Chief Executive Officer


Yusuf H. Shirazi
Chairman


Tariq Amin
Director



S. Salim Raza
Director




**INTERIM CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	Issued, subscribed and paid-up share capital	Statutory reserve	Accumu- lated (loss)/ profit	Total
..... (Rupees in '000)				
Balance as at January 1, 2006	1,537,000	758	(19,273)	1,518,485
Issue of share capital upon amalgamation	1,588,916	-	-	1,588,916
Profit after taxation for the period ended September 30, 2006	-	-	14,862	14,862
Transfer to statutory reserve	-	2,568	(2,568)	-
Balance as at September 30, 2006	3,125,916	3,326	(6,979)	3,122,263
Profit after taxation for the quarter ended December 31, 2006	-	-	7,490	7,490
Transfer from statutory reserve	-	(832)	832	-
Balance as at December 31, 2006	3,125,916	2,494	1,343	3,129,753
Loss after taxation for the period ended September 30, 2007	-	-	(45,146)	(45,146)
Transfer to statutory reserve	-	-	-	-
Balance as at September 30, 2007	3,125,916	2,494	(43,803)	3,084,607

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


Abdul Aziz Rajkotwala
Chief Executive Officer


Yusuf H. Shirazi
Chairman


Tariq Amin
Director


S. Salim Raza
Director



**INTERIM CONDENSED CONSOLIDATED
NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

1. STATUS AND NATURE OF BUSINESS

- 1.1** Atlas Bank Limited, the holding company (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. The interim condensed consolidated financial statements of the Bank for the period ended September 30, 2007 comprise the Bank and Atlas Capital Markets (Private) Limited, a wholly owned subsidiary (together referred to as the "Group"). The Bank commenced its commercial operations effective March 25, 2004. The Bank is listed on Karachi, Lahore and Islamabad stock exchanges. The registered office of the Bank is situated at Third Floor, Abdullah Shah Ghazi Road, Clifton, Karachi.
- 1.2** The subsidiary company was incorporated in Pakistan on March 08, 2006 under the Companies Ordinance, 1984 and 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. It is also a member of Financial Markets Association of Pakistan. The principal activities of the subsidiary company are equity and money market brokerage, advisory and consultancy services. The registered office of the subsidiary company is situated at 209-B, 2nd Floor, Park Towers, Abdullah Shah Ghazi Road, Clifton, Karachi.

2. STATEMENT OF COMPLIANCE

These interim condensed financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the SBP differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

3. BASIS OF CONSOLIDATION

These financial statements include financial statements of holding company and its subsidiary and have been prepared by combining both financial statements on a line by line basis, using uniform accounting policies. Intragroup balances, transactions, income and expenses have been eliminated.

Subsidiary is consolidated from the date on which control is transferred to the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the Bank for the year ended December 31, 2006 except for the following:

4.1 Change in accounting policy

During the period, the Bank has changed its accounting policy in respect of goodwill consequent upon the notification by the SECP regarding applicability of IFRS-3 "Business Combinations". In accordance with the new policy the goodwill arising on business combination is carried at cost less any impairment in value. Previously, such goodwill was amortised over a period of 10 years from the date of business combination and was reviewed for any indication of impairment at each balance sheet date. The said change in accounting policy has been applied prospectively in accordance with the transitional



provisions of IFRS-3. Accordingly, the bank has discontinued amortisation of goodwill with effect from January 1, 2007 and the carrying value of the goodwill as of the said date would be tested for impairment on an annual basis.

Had there been no change in the above accounting policy, the total assets of the Bank would have been lower and loss for the period would have been higher by Rs.40.42 million.

4.2 Change in accounting estimate

During the period, the Bank has revised the accounting estimate regarding the amortisation of deferred cost. The said cost would now be fully amortised by the end of the current year as against the previous amortisation pattern which would have resulted in full amortisation of the cost in 5 years from the date of incurrence.

Had there been no change in the above accounting estimate, the loss for the period would have been lower and total assets of the Bank would have been higher by Rs.10.26 million.

September 30, 2007	December 31, 2006
..... (Rupees in '000) .....	.....
(Un-Audited)	(Audited)

5. CONTINGENCIES AND COMMITMENTS

5.1 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	-	-
ii) Banking companies and other financial institutions	-	-
iii) Others	569,000	910,507
	569,000	910,507

5.2 Transaction-related contingent liabilities

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

i) Government	33,434	8,958
ii) Banking companies and other financial institutions	2,853	6,202
iii) Others	1,154,012	610,187
	1,190,299	625,347

5.3 Other contingencies

Underwriting of shares and modaraba certificates	10,000	15,000
Underwriting of TFCs	105,000	60,000

5.4 Commitment in respect of forward lending

Commitment to extend credit facilities	753,709	1,253,189
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Quarterly Report 2007




	September 30, 2007	December 31, 2006
 (Rupees in '000)	
	(Un-Audited)	(Audited)
5.5 Commitment in respect of forward exchange contracts		
Purchase	182,305	106,653
Sale	426,538	-
5.6 Commitment for the acquisition of operating fixed assets		
Tangible	186,897	27,819
Intangible	47,809	-
5.7 Other commitments for		
Purchase of securities	122,000	40,000
Financing in respect of continuous funding system	-	440,975


6. GENERAL

Figures have been rounded off to the nearest thousand rupee.

7. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue by the Board of Directors on October 27, 2007.


Abdul Aziz Rajkotwala
 Chief Executive Officer


Yusuf H. Shirazi
 Chairman


Tariq Amin
 Director


S. Salim Raza
 Director

Branch Network

1. Zaibun Nisa St. Branch	B-6/16-A, Sadar Bazar Quarters, Zaibun Nisa Street, Karachi . Tel: (21) 5660611-14 Fax: (21) 5660615
2. Federation House Branch	Ground Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi . Tel: (21) 5379769-70 Fax: (21) 5379767
3. Preedy Street Branch	West View Building, Preedy Street, Saddar, Karachi . Tel : (21) 2721984, 2722025 Fax : (21) 2721936
4. SITE Branch	B/53, Estate Avenue, SITE Area, Karachi . Tel: (21) 2587533,35,37,111 Fax : (21) 2587672
5. Sh Faisal Branch	44/A-Nice Trade Orbit, Shop 8, Blk-6, PECHS, Sh-e-Fsl., Karachi . Tel: (21) 4386184-7 Fax: (21) 4386180
6. Hasan Square Branch	I/15, Hassan Square, Block 13/A, Gulshan-e-Iqbal, Karachi . Tel: (21) 4818721-59-61, 63, 66 Fax : (21) 4818720
7. I. I. Chundrigar Rd., Main Branch	P&O Plaza (ex-Volkart Building), I. I. Chundrigar Road, Karachi . Tel: (21) 2463745-51 Fax: (21) 2463744
8. Korangi Ind Area Branch	37/9, Sector 15, Korangi Industrial Area, Karachi . Tel: (21) 5077764-5, 8 Fax : (21) 5077769
9. Karachi Stock Exchange Branch	Rooms # 52, 52A & 52B, 1st Floor, Khi Stock Exchange, Karachi . Tel: (21) 2462500-3 Fax: (21) 2462504
10. Bahadurabad Branch	28-Adam Arcade, Sub Plot # B/7 & B/8, Block # 3, BMCHS, Karachi . Tel: (21) 4145317-8, 21-24 Fax: (21) 4145325
11. DHA Phase-I Branch	101-C, Commercial Area B, DHA Phase I, Karachi . Tel: (21) 5314063-64 & 68
12. Liaquat Rd. Branch	8th Floor, State Life Building-2, Liaquat Road, Faisalabad . Tel: (41) 2540872 Fax: (41) 2540866
13. Tariq Road Branch	38/A, Tariq Road, Altaf Town, Multan , Tel: (61) 4575264, 4575946 Fax: (61) 4575249
14. Gulberg Branch	131/A-E-1, Gulberg-III, Lahore . Tel: (42) 5871740-43,45 Fax: (42) 5871744
15. The Mall Branch	56, Ground Floor, Sh-e-Quaid-e-Azam (The Mall), Lahore . Tel: (42) 6284799, 6284800-4 Fax: (42) 6284805
16. Y Block DHA Branch	86, Block 'Y', Phase 3C, Commercial Area, DHA, Lahore . Tel: (42) 5692412-3, 5742049 Fax: (42) 5692414
17. Faisal Town Branch	853/D, Akbar Chowk, Faisal Town, Lahore . Tel: (42) 5204101-3 Fax: (42) 5204104
18. Azam Cloth Mkt. Branch	285-286, Punjab Block, Azam Cloth Market, Lahore Tel: (42) 7634520 Fax: (42) 7661863
19. Circular Road Branch	1 SE 38-R/D Circular Road, Lahore . Tel: (42) 7379207-11 Fax: (42) 7379212
20. G. T. Road Branch	B/11-S7/103, G. T. Road, Gujranwala Tel: (55) 3842729, 51, 68 Fax: (55) 3842890
21. Blue Area Branch	24-West Raza Noor Plaza Jinnah Avenue, Blue Area, Islamabad . Tel: (51) 2871630-2 Fax: (51) 2871596
22. Bank Road Branch	60, Bank Road, Rawalpindi . Tel: (51) 5566671, 5564123 Fax: (51) 5528148
23. Sadar Branch	Shop # 4, Jasmine Arcade, Fakhar-e-Alam Road, Peshawar . Tel: (91) 5260988, 185, 186, 955 Fax: (91) 5260917
24. Club Road Branch	2B, Civil Lines, Club Road, Sargodha . Tel: (48) 3741840-42 Fax: (48) 3741843
25. G.T Road Branch	Small Industrial Area, G.T Road, Gujrat . Tel: (433) 3534175, 3534208