



ATLAS FINANCIAL HOLDINGS ANNOUNCES 2012 SECOND QUARTER FINANCIAL RESULTS

Company to Hold Conference Call This Morning (August 13, 2012) at 8:30 a.m. ET

Second Quarter 2012 Highlights (Comparisons are to second quarter 2011 unless otherwise noted):

- **Gross written premium increased by 18%, which included an increase of 223% in our core commercial auto business**
- **Underwriting results improved by \$410,000**
- **The combined ratio improved by 2.6%**
- **Net income for the three month period ended June 30, 2012 was \$130,000**
- **Basic and diluted loss per common share was \$0.00, net of accounting treatment for preferred shares**
- **We actively distributed our core products in thirty states during the three month period ended June 30, 2012**
- **Book value per common share diluted on June 30, 2012 was \$2.05, compared to \$2.03 at March 31, 2012**

Chicago, Illinois (August 13, 2012) - Atlas Financial Holdings, Inc. (TSX.V:AFH) (“Atlas” or the “Company”) today reported its financial results for the second quarter ended June 30, 2012.

Scott D. Wollney, Atlas' President & CEO noted, “We are pleased to report another profitable quarter, which was the result of our effective re-organization as implemented following Atlas' going public transaction approximately 19 months ago. This included shifting new business writings to the specialty commercial transportation sector (taxi, limo, para-transit) in geographic areas where our value proposition delivers a benefit to all stakeholders. During this period we implemented and are now utilizing our cost-efficient operating infrastructure. We continued to see growing business from our new and existing agent network, which is now geographically spread over 31 states. Atlas has an operating infrastructure in place which allows us to write significantly more policies without substantial increases in operational cost, and we expect the results of our efforts to become increasingly evident in our book of business beginning with third quarter 2012.”

Atlas grew its commercial auto business by 107% through the first six months of 2012 and achieved improvements in key operating metrics. The Company began transitioning to a vertical growth strategy as its focus in the second half of 2012, leveraging its current platform and strong capital position with an emphasis on generating more business from existing agents.

2012 Second Quarter Financial and Operational Review

- Net income for the three month period ended June 30, 2012 was \$130,000, or \$0.00 per diluted share, compared to net income of \$193,000 or \$0.00 per diluted share, for the prior year period.
- Gross premium written, as it relates to the Company's commercial automobile lines, increased 223% versus the prior year period to \$8.2 million.
- At the time of Atlas' going public transaction, the Company committed to a strategic focus on specialty commercial automobile lines of insurance. The successful winding down of other insurance lines last year,

coupled with the successful expansion of the Company's multi-state retail agent focused distribution channel, now enables Atlas to devote its resources to its core lines of business. As a percentage of Atlas' subsidiaries book of business, commercial auto gross premiums written now represent 89% for the three month period ended June 30, 2012, compared to 32% for the prior year period.

- The Company's loss ratio improved to 71.6% compared to a loss ratio of 74.2% for the prior year quarter. As a result, Atlas' combined ratio improved for the three month period ended June 30, 2012 to 111.5%, versus 114.1% for the corresponding prior year period.
- Underwriting losses improved by \$410,000 versus the three month period ended June 30, 2011, in part due to the Company's shift away from non-core lines of business which were primarily non-standard private passenger automobile insurance products.

Investment Overview

- Cash and investment assets as at the period ended June 30, 2012 totaled \$123.5 million, consisting primarily of fixed income securities.
- Atlas aligns its securities portfolio to support the liabilities and operating cash needs of the insurance subsidiaries, to preserve capital and to generate investment returns. Atlas invests predominantly in corporate and government bonds with relatively short durations that correlate with the payout patterns of Atlas' claims liabilities.
- During the three month period ended June 30, 2012, Atlas reported net investment income of \$948,000, of which \$291,000 was recognized as realized gains. The net investment income generated by the investment portfolio resulted in a 3.2% annual yield.

Conference Call Details

August 13, 2012 - 8:30 a.m. ET

Participant Dial-In Numbers: 800-593-0693

To access the call, please dial-in approximately five minutes before the start time and, when asked, provide the operator with passcode "Atlas". Questions will be taken at the end of the call.

Following the call, a webcast will be made available and can be accessed through the Company's website at www.atlas-fin.com/atlas_investor_relations.html.

About Atlas

The primary business of Atlas is commercial automobile insurance in the United States, with a niche market orientation and focus on insurance for the "light" commercial automobile sector including taxi cabs, non-emergency paratransit, limousine/livery and business auto. The business of Atlas is carried on through its insurance subsidiaries American Country Insurance Company and American Service Insurance Company, Inc. Atlas' insurance subsidiaries have decades of experience with a commitment to always being an industry leader in these specialized areas of insurance.

For more information about Atlas, please visit www.atlas-fin.com.

Financial Information

Atlas' financial statements reflect consolidated results of Atlas' subsidiaries: American Insurance Acquisition Inc., American Country Insurance Company and American Service Insurance Company, Inc. Additional information about Atlas, including a copy of Atlas' second quarter 2012 Form 10-Q unaudited condensed consolidated financial statements and Management Discussion & Analysis, can be accessed on the Canadian Securities Administrators' website at www.sedar.com, via the U.S. Securities and Exchange Commission internet site at www.sec.gov or through Atlas' website at www.atlas-fin.com.

Forward-Looking Statements:

This release includes forward-looking statements regarding Atlas and its insurance subsidiaries and businesses. Such statements are based on the current expectations of the management of each entity. The words "anticipate", "expect", "believe", "may", "should", "estimate", "project", "outlook", "forecast" or similar words are used to identify such forward looking information. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting the Companies, including risks regarding the insurance industry, economic factors and the equity markets generally and the risk factors discussed in the "Risk Factors" section of the Company's Form 10-K for the year ended December 31, 2011. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Atlas and its subsidiaries undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Contact Information:

At the Company
Atlas Financial Holdings, Inc.
Scott Wollney, CEO
Phone: 847-700-8600
swollney@atlas-fin.com
www.atlas-fin.com

Investor Relations
The Equity Group Inc.
Adam Prior, Vice President
212-836-9606
aprior@equityny.com
www.theequitygroup.com

Terry Downs, AE
212-836-9615
tdowns@equityny.com

###

ATLAS FINANCIAL HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(\$ in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Net premiums earned	\$ 7,552	\$ 9,062	\$ 15,861	\$ 17,871
Net claims incurred	5,408	6,723	11,312	13,612
Acquisition costs	1,395	1,844	2,768	3,623
Other underwriting expenses	1,617	1,773	3,267	3,821
Underwriting loss	(868)	(1,278)	(1,486)	(3,185)
Net investment income	657	934	1,265	1,933
Net investment gains	291	417	319	850
Other income (expense), net	50	120	167	(110)
Income (loss) from operations before income tax	\$ 130	\$ 193	\$ 265	\$ (512)
Income tax expense	—	—	—	—
Net income (loss) attributable to Atlas	\$ 130	\$ 193	\$ 265	\$ (512)
Other comprehensive loss related to Available for Sale Securities:				
Changes in net unrealized gains (losses)	\$ 798	\$ 520	\$ 1,024	\$ 139
Reclassification to income of net gains	(174)	(368)	(344)	(903)
Effect of income tax	(210)	—	(229)	—
Other comprehensive income/(loss) for the period	\$ 414	\$ 152	\$ 451	\$ (764)
Total comprehensive income/(loss)	\$ 544	\$ 345	\$ 716	\$ (1,276)
Basic weighted average common shares	18,433,153	18,374,066	18,435,296	18,371,386
Loss per common share, basic	\$ —	\$ —	\$ (0.01)	\$ (0.05)
Diluted weighted average common shares	18,433,153	18,374,066	18,435,296	18,371,386
Loss per common share, diluted	\$ —	\$ —	\$ (0.01)	\$ (0.05)

ATLAS FINANCIAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(\$ in thousands, except par values)

	June 30, 2012	December 31,
	(unaudited)	2011
<u>Assets</u>		
Investments, available for sale		
Fixed income securities, at fair value (Amortized cost \$102,109 and \$101,473)	\$ 104,622	\$ 103,491
Equity securities, at fair value (cost \$994)	1,327	1,141
Total Investments	105,949	104,632
Cash and cash equivalents	17,592	23,249
Accrued investment income	626	586
Accounts receivable and other assets (Net of allowance of \$606 and \$4,254)	14,764	9,579
Reinsurance recoverables, net	8,545	8,044
Prepaid reinsurance premiums	1,961	2,214
Deferred policy acquisition costs	2,781	3,020
Deferred tax asset, net	6,544	6,775
Software and office equipment, net	1,008	440
Assets held for sale	166	13,634
Total Assets	\$ 159,936	\$ 172,173
<u>Liabilities</u>		
Claims liabilities	\$ 77,350	\$ 91,643
Unearned premiums	17,612	15,691
Due to reinsurers and other insurers	4,843	5,701
Other liabilities and accrued expenses	3,100	2,884
Total Liabilities	\$ 102,905	\$ 115,919
<u>Shareholders' Equity</u>		
Preferred shares, par value per share \$0.001, 100,000,000 shares authorized, 18,000,000 shares issued and outstanding at June 30, 2012 and December 31, 2011. Liquidation value \$1.00 per share	\$ 18,000	\$ 18,000
Ordinary voting common shares, par value per share \$0.001, 800,000,000 shares authorized, 4,628,292 shares issued and outstanding at June 30, 2012 and 4,625,526 at December 31, 2011	4	4
Restricted voting common shares, par value per share \$0.001, 100,000,000 shares authorized, 13,804,861 shares issued and outstanding at June 30, 2012 and December 31, 2011	14	14
Additional paid-in capital	152,713	152,652
Retained deficit	(115,576)	(115,841)
Accumulated other comprehensive income, net of tax	1,876	1,425
Total Shareholders' Equity	\$ 57,031	\$ 56,254
Total Liabilities and Shareholders' Equity	\$ 159,936	\$ 172,173