



ATLAS FINANCIAL HOLDINGS ANNOUNCES 2012 FIRST QUARTER FINANCIAL RESULTS

Company to Hold Conference Call this Morning (May 14, 2012) at 8:30 a.m. ET

First Quarter 2012 Financial and Operational Highlights:

- Net income of \$135,000 as Company returns to profitability
- Gross premium written improved 62.2% versus first quarter ended March 31, 2011 to \$10.7 million; new writings consisted almost entirely of core commercial insurance line of business
- \$752,000 in investment income and other revenues for the first quarter of 2012, representing a 2.4% annual yield on the Company's investment portfolio
- Book value per share of \$2.03 at March 31, 2012

Chicago, Illinois (May 14, 2012) – Atlas Financial Holdings, Inc. (TSX.V:AFH) ("Atlas" or the "Company") today reported its financial results for the first quarter ended March 31, 2012.

Scott D. Wollney, Atlas' President and CEO commented on the results for the quarter, "We are very pleased with Atlas' growth and return to profitability. We saw meaningful increases in gross premiums written with 100% of our growth coming from core commercial auto insurance lines of business. The majority of our policy holders are individual owners or small fleet operators, which is Atlas' target niche. We continue to receive a favorable response from our expanding base of independent insurance agents toward our transition to a focused commercial auto writing insurance carrier and see incremental room for pricing improvement in our specialty sector. Atlas remains committed to serving this niche market and expects this strategic direction to continue to prove successful for the Company."

2012 First Quarter Financial and Operational Review

Net income for the 2012 first quarter was \$135,000, or \$0.00 per diluted share, compared to a net loss of \$705,000, or \$0.05 per diluted share, for the prior year period. Gross premium written, as it relates to the Company's commercial automobile lines, increased 62.2% versus the prior year period to \$10.7 million.

As described in 2011, subsequent to Atlas' going public transaction, commercial automobile lines of insurance are the strategic focus of Atlas' operations, and the successful winding down of other insurance lines has allowed the Company to devote its resources to this core aspect of its business. As a percentage of Atlas' subsidiaries book of business, commercial auto gross premiums written represent 91.2% for the first quarter of 2012, compared to 46.7% for the prior year period.

The Company's loss ratio was 71.0% compared to a loss ratio of 78.2% for the prior year quarter. Atlas' combined ratio improved for the period ended March 31, 2012 to 107.3%, versus 121.6% for the prior year, which included extraordinary non-operating expenses of \$627,000 that impacted the Company's first quarter 2011 combined ratio by 7.2%.

Underwriting losses improved \$1.3 million versus the quarter ended March 31, 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.

Book value per share was \$2.03 at March 31, 2012, compared to \$2.20 at March 31, 2011.

Investment Overview

Cash and investment assets at March 31, 2012 totaled \$118.5 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 2012 first quarter, Atlas reported investment income and other revenues of \$752,000, of which \$28,000 was recognized as realized gains. The investment income and other revenues generated by the investment portfolio resulted in a 2.4% annual yield.

Conference Call Details

May 14, 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' first 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 (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

###

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
UNAUDITED

	Three Months Ended	
	March 31, 2012	March 31, 2011
<i>(\$ in thousands, except per share data)</i>		
Net premiums earned	\$ 8,310	\$ 8,809
Net claims incurred	5,904	6,889
Acquisition costs	1,374	1,779
Other underwriting expenses	1,649	2,047
Underwriting loss	(617)	(1,906)
Net investment income	607	999
Net investment gains	28	434
Other income (expense), net	117	(232)
Income (loss) from operations before income tax (benefit)/expense	135	(705)
Income tax benefit	-	-
Net income (loss) attributable to Atlas	<u>\$ 135</u>	<u>\$ (705)</u>
Other comprehensive loss:		
Available for sale securities:		
Changes in net unrealized gains (losses)	\$ 173	\$ (336)
Reclassification to income of net (gains) losses	(117)	(580)
Effect of income tax	(19)	—
Other comprehensive income/(loss) for the period	\$ 37	\$ (916)
Total comprehensive income/(loss)	\$ 172	\$ (1,621)
Basic weighted average common shares outstanding	18,432,758	18,368,483
Loss per common share, basic	\$ -	\$ (0.05)
Diluted weighted average common shares outstanding	18,432,758	18,368,483
Loss per common share, diluted	\$ -	\$ (0.05)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(\$ in thousands, except par values)

	March 31, 2012 (unaudited)	December 31, 2011
Assets		
Investments, available for sale		
Fixed income securities, at fair value (Amortized cost \$106,563 and \$101,473)	\$ 108,422	\$ 103,491
Equity securities, at fair value (cost \$994)	1,356	1,141
Total Investments	109,778	104,632
Cash and cash equivalents	8,712	23,249
Accrued investment income	839	586
Accounts receivable and other assets (Net of allowance of \$4,401 and \$4,254)	12,191	9,579
Reinsurance recoverables, net	8,405	8,044
Prepaid reinsurance premiums	2,104	2,214
Deferred policy acquisition costs	2,788	3,020
Deferred tax asset, net	6,756	6,775
Software and office equipment, net	518	440
Assets held for sale	13,634	13,634
Total Assets	\$ 165,725	\$ 172,173
Liabilities		
Claims liabilities	\$ 83,902	\$ 91,643
Unearned premiums	17,493	15,691
Due to reinsurers and other insurers	5,274	5,701
Other liabilities and accrued expenses	2,598	2,884
Total Liabilities	\$ 109,267	\$ 115,919
Shareholders' Equity		
Preferred shares, par value per share \$0.001, 100,000,000 shares authorized, 18,000,000 shares issued and outstanding at March 31, 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 March 31, 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 March 31, 2012 and December 31, 2011	14	14
Additional paid-in capital	152,684	152,652
Retained deficit	(115,706)	(115,841)
Accumulated other comprehensive income, net of tax	1,462	1,425
Total Shareholders' Equity	\$ 56,458	\$ 56,254
Total Liabilities and Shareholders' Equity	\$ 165,725	\$ 172,173