Atlas funds

Nurturing your investments

Atlas Income Fund

QUARTERLY REPORT

September 30, 2007

(UN-AUDITED)

Management Company

Atlas Asset Management

Rated AM3+by PACRA

Vision

To be a market leader in providing quality fund management services with customer satisfaction as our premier goal.

Mission Statement

We are committed to offering our investors the best possible returns on a diverse range of products; to meeting not only the customers' current and future requirements, but also exceeding their expectations. We aim to be the company with which people prefer to do business. We are committed to providing a stimulating and challenging environment in which all our people can be valuable contributors to the acvievement of our vision, while achieving career progression and job satisfaction. We recognize that our success comes from our people. We are committed to the highest ethical and fiduciary standards and firmly believe that by placing the best interests of our clients first, we will also serve the best interest of our employees, our shareholders, and the communities in which we operate.

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Atlas Income Fund

ORGANIZATION

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

Chairman	Mr. Yusuf H. Shirazi
Vice Chairman & Chief Executive Officer	Mr. M. Habib-ur-Rahman
Directors	Mr. Peter A. Smyth
	(Alternate Mr. Michael Ferrer)
	Mr. Tariq Amin
	Mr. M. P. Bhandara
	Mr. Frahim Ali Khan (w.e.f. October 10, 2007)
	Mr. Jawaid Iqbal Ahmed (uptil October 9, 2007)
Executive Director	Mr. Ali H. Shirazi
Company Secretary	Ms. Lilly R. Dossabhoy

BOARD COMMITTEES

Audit Committee

Chairman	Mr. Tariq Amin
Members	Mr. Peter A. Smyth
	Mr. Frahim Ali Khan (w.e.f. October 10, 2007)
	Mr. Jawaid Iqbal Ahmed (uptil October 9, 2007)

Human Resource Committee

Chairman	Mr. Frahim Ali Khan (w.e.f. October 10, 2007)
	Mr. Tariq Amin (uptil October 9, 2007)
Members	Mr. M. Habib-ur-Rahman
	Mr. Ali H. Shirazi

Investment Committee

Chairman	Mr. M. Habib-ur-Rahman
Members	Mr. Frahim Ali Khan
	Mr. Ather H. Medina
	Mr. Tim Julien

Management Committee

Chairman	Mr. M. Habib-ur-Rahman
Members	Mr. Ali H. Shirazi
	Mr. Ather H. Medina
	Ms. Lilly R. Dossabhoy
	Ms. Mashmooma Z. Majeed
	Mr. Hassan Khan
	Syed Zeeshan Ali

ORGANIZATION

Group Executive Committee

President	Mr. Aamir H. Shirazi
Members	Mr. Frahim Ali Khan
	Mr. Jawaid Iqbal Ahmed
	Mr. Iftikhar H. Shirazi
	Mr. Saquib H. Shirazi
	Mr. Bashir Makki

Group Systems & Technology Committee

Chairman	Mr. Iftikhar H. Shirazi
Member	Mr. Zia Ullah Begg
	Syed Zeeshan Ali

Trustee

Central Depository Company of Pakistan Limited
99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal
Karachi - 74400

Chief Internal Auditor

Mr. Saood Hasan

Auditors

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Atlas Bank Limited
Bank Alfalah Limited
KASB Bank Limited
MCB Bank Limited
Saudi Pak Commercial Bank Limited
Soneri Bank Limited

Registered Office

Ground Floor, Federation House, Sharae Firdousi
Clifton, Karachi - 75600
Tel: (92-21) 111-MUTUAL (111-6-888-25)
(92-21) 5379501-04
Fax: (92-21) 5379280
Email: info@atlasfunds.com.pk
Website: www.atlasfunds.com.pk

Atlas Income Fund

CHAIRMAN'S REVIEW
It is my pleasure to present the un-audited financial statements of Atlas Income Fund for the first quarter ended September 30, 2007 of the financial year 2007-08.

The Economy
Despite rising input costs, industrial production continues to show strong growth, with cement dispatches increasing to 7.28 million tons in the period Jul – Sep, 2007, up 35.1% from the same period last year. Automobile sales have increased to 134,584 units in the period Jul-Aug, 2007, up 22.9% from the same period last year, however, the bulk of this growth was in the two wheeler category, which grew to 92,313 units, up 33.8% from 68,960 units in the previous period.

Margins, though, have come under pressure, as the continuing strength of the global economy has kept up demand, and consequently prices of commodities which form the inputs of the manufacturing process. However, on the domestic front, the central bank's strategy of pursuing a tight monetary policy is beginning to impact inflation, which has declined to 6.5% as at August 2007, down from 8.9% during the same period last year. There has been an outflow of liquidity from the market towards the end of the quarter, as indicated by rising overnight rates, which increased from an average level of 8.5% during Jul-Aug 2007, to 9.2% in Sep 2007, although the this is expected to be a temporary outflow due to the withdrawals related to 1st Ramazan, and it is expected that this liquidity will flow back into the market in due course.

The rising commodity prices have also resulted in a worsening trade deficit for the period Jul-Aug, 2007 with growth in imports at 6.8% outpacing export growth of 3.9% for the same period, resulting in the trade deficit increasing to US$2.3 billion, up 10.7% from US$2.13 billion in the same period last year.

Fund Operations
The Net Assets of the Fund have increased over Rs.1,029.1 million during the period under review, up 26.7% to Rs.4,883 million. The per Unit Net Asset Value of the Fund increased by 9.14% (annualized) to Rs.512.93 as at September 30, 2007 with an Earnings Per Unit of Rs.11.53 for the period.

Both the capital markets, as well as the money market have been flooded with liquidity in the recent past, and consequently interest rates have declined considerably, both on bank placement/interbank lending, as well as on equity leveraging products, CFS and future transactions. Consequently, the Fund has actively increased exposure to longer duration instruments, i.e., high quality Term Finance Certificates, and longer term interbank placements.

The asset allocation strategy of the Fund has therefore been altered to benefit from the changed interest rate environment, and as at Sep 30, 2007 exposure in CFS (57.9%, up from 40.7% as at Jun 30, 2007), and Term Finance Certificates (17.3%, up from 8.5% as at Jun 30, 2007) had been significantly increased by reducing exposure to bank deposits (22.8%, down from 50.2% as at Jun 30, 2007).

Ratings Update
The Pakistan Credit Rating Agency Limited has assigned an asset manager rating of "AM3+" to the Company. The rating reflects the Company's strong capacity to manage the risks inherent in asset management and the asset manager meets high investment management industry standards and benchmarks.

PACRA has assigned a "5 Star" rating to the Fund. This reflects a superior performance relative to its peers. The "5 Star" rating is a composite measure of returns and risk associated with the returns, along with the credit quality of the assets.

Future Prospects
The Fund has adjusted its asset allocation strategy to capitalize on the changed interest rate environment, and the increasing exposure to high quality Term Finance Certificates will result in increasing incremental returns for the Fund. Additionally, the Fund is also exploring all other avenues of increasing returns within prudent risk management parameters, and I am confident that we will continue to provide superior returns to our unit holders.

ے یزاں بکمند آور اے ہمت مردانہ
(Let us keep our flag flying higher!)

Acknowledgements
I would like to thank the Securities & Exchange Commission of Pakistan, Board of Directors, the Group President, Mr. Aamir H. Shirazi and the Group Executive Committee for their help, support and guidance. I also thank ING for their continuing support. I thank the CEO, Mr. M. Habib-ur-Rahman and his team for their dedication and sincerity of purpose. I also thank the unit holders for their help, support and the confidence reposed in the Fund.

Karachi: October 26, 2007

Yusuf H. Shirazi
Chairman

STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2007

	Note	September 30, 2007 Un-audited Rupees	June 30, 2007 Audited Rupees
ASSETS			
Cash at banks	5	1,122,880,299	1,941,692,397
Due from brokers		55,720,673	-
Receivable against continuous funding system		2,847,753,750	1,574,121,985
Investments	6	849,982,779	330,052,271
Advances, prepayments and other receivables		1,549,250	15,000
Interest accrued		35,746,862	21,633,049
Security deposits		1,100,000	1,100,000
Total assets		**4,914,733,613**	**3,868,614,702**
LIABILITIES			
Payable to unit holders		1,145,195	2,165
Accrued and other liabilities		9,808,072	4,529,769
Payable to Atlas Asset Management Limited -Management Company		16,099,216	5,236,223
Payable to Trustee		558,081	436,321
Payable to Securities and Exchange Commission of Pakistan		4,090,976	3,004,677
Total liabilities		**31,701,540**	**13,209,155**
Commitments	7		
NET ASSETS		**4,883,032,073**	**3,855,405,547**
			(Restated)
Unit holders' funds (as per statement attached)		**4,883,032,073**	**3,855,405,547**
Number of units in issue		**9,519,967**	**6,988,480**
			(Restated)
Net asset value per unit		**512.93**	**551.68**

The annexed notes 1 to 12 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman	Yusuf H. Shirazi	Tariq Amin
Vice Chairman &	Chairman	Director
Chief Executive Officer		

Atlas Income Fund

INCOME STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	Note	September 30, 2007 Un-audited Rupees	September 30, 2006 Un-audited Rupees
INCOME			
Interest income	8	111,424,745	80,579,841
Income on future transactions		1,943,385	6,626,759
Net unrealized gain/(loss) on:			
Financial assets at fair value through profit or loss	9	(317,726)	87,296
Gain on sale of held for trading investments		4,168,280	-
Reversal of fair value adjustment on discounting of term finance facility		1,383,034	-
Element of income and capital gains included in prices of units sold less those in units repurchased		12,202,659	3,840,827
		130,804,377	**91,134,723**
EXPENDITURE			
Remuneration - Management Company		10,862,993	7,406,241
Remuneration - Trustee		1,338,355	992,823
Annual fee - SECP		1,086,299	740,768
Settlement charges		939,374	197,420
Auditors' remuneration		148,000	92,000
Brokerage, Commission and Capital Value Tax		8,093,570	3,833,138
Legal and professional charges		22,100	13,500
Annual listing fee		7,500	7,562
Annual rating fee		-	28,986
Bank charges		11,796	24,603
		22,509,987	**13,337,041**
Net income for the period		**108,294,390**	**77,797,682**
Earnings per unit		**11.38**	**12.77**

The annexed notes 1 to 12 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman Vice Chairman & Chief Executive Officer	Yusuf H. Shirazi Chairman	Tariq Amin Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	September 30, 2007		September 30, 2006	
	Un-audited			
	Units	Rupees	Units	Rupees
Net assets as at June 30, 2007	6,988,480	3,853,939,834	4,796,790	2,675,604,429
Effect of change in basis of valuation of Term Finance Certificates held for trading (Note 4.2)	-	1,465,713	-	-
Net assets - Restated	6,988,480	3,855,405,547	4,796,790	2,675,604,429
Amount received on issue of units	5,551,186	2,822,980,151	3,482,310	1,770,802,797
Encashment of bonus units	(9,135)	(4,580,801)	-	-
Amount paid on redemption of units	(3,707,363)	(1,886,864,555)	(2,739,341)	(1,395,492,682)
	1,834,689	931,534,795	742,968	375,310,115
Element of income and capital gains included in prices of units sold less those in units repurchased	-	(12,202,659)	-	(3,840,827)
Issue of bonus units for the year 2007 (year: 2006)	696,799	-	551,311	-
Net income for the period	-	108,294,390	-	77,797,682
Net assets at the end of the period	**9,519,967**	**4,883,032,073**	**6,091,069**	**3,124,871,399**
Net assets at the end of the period consist of:				
Capital account		4,762,861,224		3,045,105,185
Undistributed income carried forward		120,170,849		79,766,214
		4,883,032,073		**3,124,871,399**

The annexed notes 1 to 12 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman	Yusuf H. Shirazi	Tariq Amin
Vice Chairman &	Chairman	Director
Chief Executive Officer		

Atlas Income Fund

CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	September 30, 2007 Un-audited Rupees	September 30, 2006 Un-audited Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	108,294,390	77,797,682
Adjustments for:		
Net unrealized gain/(loss) on financial assets at fair value through profit or loss	317,726	(87,296)
Gain on sale of held for trading investments	(4,168,280)	-
Reversal of fair value adjustment on discounting of term finance facility	(1,383,034)	-
Element of income and capital gains included in prices of units sold less those in units repurchased	(12,202,659)	(3,840,827)
Remuneration to Management Company	10,862,993	7,406,241
Remuneration to Trustee	1,338,355	992,823
	103,059,491	82,268,623
Changes in operating assets		
Due from brokers	(55,720,673)	(126,719,369)
Receivable against continuous funding system	(1,273,631,765)	(400,151,015)
Advances, prepayments and other receivables	(1,534,250)	(8,069,914)
Interest accrued	(14,293,181)	9,178,368
	(1,345,179,869)	(525,761,930)
Changes in operating liabilities		
Payable to unit holders	1,143,030	-
Accrued and other liabilities	3,938,579	(745,208)
Payable to Management Company against sales load & others	-	(270,257)
Payable to Securities and Exchange Commission of Pakistan	1,086,299	(924,622)
	6,167,908	(1,940,087)
Remuneration paid to Management Company	-	(16,653,899)
Remuneration paid to Trustee	(1,233,183)	(953,357)
	(1,233,183)	(17,607,256)
Cash used in operating activities	(1,233,017,373)	(463,040,650)
CASH FLOWS FROM INVESTING ACTIVITIES		
Placements matured	-	50,000,000
Purchase of held for trading investments	(654,169,124)	(870,187,681)
Sale of held for trading investments	141,007,884	584,831,269
Purchase of held to maturity investments	-	(250,000,000)
Sale of held to maturity investments	-	400,000,000
Cash used in investing activities	(513,161,240)	(85,356,412)
Cash flow before financing activities c/f	(1,750,346,893)	(548,397,062)

CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

		September 30, 2007 Un-audited Rupees	September 30, 2006 Un-audited Rupees
Cash flow before financing activities	b/f	(1,750,346,893)	(548,397,062)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts in respect of sale of units		2,822,980,151	1,770,802,797
Encashment of bonus units		(4,580,801)	-
Paid on redemption of units		(1,886,864,555)	(1,395,492,682)
Cash generated from financing activities		931,534,795	375,310,115
Net decrease in cash and cash equivalents		(818,812,098)	(173,086,947)
Cash and cash equivalents at the beginning of the period		1,941,692,397	1,359,462,906
Cash and cash equivalents at the end of the period	5	**1,122,880,299**	**1,186,375,959**

The annexed notes 1 to 12 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman	Yusuf H. Shirazi	Tariq Amin
Vice Chairman & Chief Executive Officer	Chairman	Director

NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

1. LEGAL STATUS AND NATURE OF BUSINESS

The Atlas Income Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on February 20, 2003 between Atlas Asset Management Limited (AAML) as the establisher and the management company and Muslim Commercial Financial Services (Pvt.) Limited (MCFSL) as trustee. AAML is licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as investment adviser and asset management company under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003). MCFSL resigned on June 11, 2005 as trustee and Central Depository Company of Pakistan Limited (CDC) was appointed as the trustee with effect from that date. The Trust Deed was revised through the Deed of Change of Trustee and First Supplemental Trust Deed dated June 11, 2005 with the approval of the SECP.

Units of the Fund have been offered for public subscription on a continuous basis from March 22, 2004, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on Lahore Stock Exchange (Guarantee) Limited.

The objective of the Fund is to provide investors one window facility to invest in diversified portfolio offering good returns and consistent growth. The Fund aims to deliver this objective mainly by investing in debt securities, Government securities, money market instruments, repurchase transactions (REPO), reverse repurchase transactions including carry over transactions and future transactions. The investment objectives and policy are more fully defined in the Fund's offering document. The offering document was revised on June 21, 2005 with the approval of the SECP.

The investment activities and administration are managed by Atlas Asset Management Limited situated at Ground Floor, Federation House, Sharae Firdousi, Clifton, Karachi.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Accounting Standard IAS 34 - Interim Financial Reporting as applicable in Pakistan and the requirements of the Trust Deed, the NBFC Rules, 2003 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, 2003 or directives issued by the SECP differ with the requirements of this standard, the requirements of the Trust Deed, the NBFC Rules and the said directives take precedence.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted are consistent with those followed in the preparation of annual financial statements of the Fund for the year ended June 30, 2007.

4. CHANGES IN BASIS OF PREPARATION

4.1 ISSUE AND REDEMPTION OF UNITS

With effect from September 19, 2007, the Fund has switched over the pricing mechanism for Offer and Redemption prices of units, from known pricing to forward pricing. Under the forward pricing system, the Offer and Redemption prices applicable to any sales and redemptions received during any business day are calculated on the basis of Net Asset Value as at the close of that business day, plus the provision of sales load, any duties and charges, as applicable in the case of Offer price, and as reduced by an appropriate provision of duties and charges in the case of Redemption price. Uptil September 18, 2007, these were calculated on the basis of Net Asset Value of the close of the previous business day.

4.2 VALUATION OF TERM FINANCE CERTIFICATES - HELD FOR TRADING

With effect from July 1, 2007, the Fund has valued its investments in Term Finance Certificates (TFCs) held for trading at the average of rates quoted by certain reputable brokerage houses.This has resulted in an unrealized gain of Rs.1,069,849, which has been recognised in the profit and loss account. The change has been applied retrospectively and the comparative information as at June 30, 2007 has been restated in accordance with the revised IAS 8. The net effect of the change amounts to Rs. 1,465,713. However, the NBFC Rules, 2003 require that term finance certificates should be valued on the basis of the closing price of the stock exchange on which the relevant TFCs are quoted. Had these been valued on such basis, there would have been an unrealized loss of Rs.7,171,069. Management does not consider the rates quoted on Karachi Stock Exchange/Lahore Stock Exchange quotations as reflective of the market value of the TFCs, as these are not traded at these rates, accordingly, the basis of valuation has been revised.

	Note	September 30, 2007 Un-audited Rupees	June 30, 2007 Audited Rupees
5. CASH AT BANKS			
In PLS deposit accounts	5.1	607,880,299	1,411,692,397
In Term Deposit accounts		515,000,000	530,000,000
		1,122,880,299	**1,941,692,397**

5.1. PLS deposits accounts include Rs. 405,079,599 (June 30, 2007: Rs. 1,206,334,754) maintained with Atlas Bank Limited, a connected person.

	Note	September 30, 2007 Un-audited Rupees	June 30, 2007 Audited Rupees
6. INVESTMENTS			
Financial assets at fair value through profit or loss			
Held for trading	6.1	573,921,883	160,553,777
Held to maturity	6.2	6,687,837	6,500,387
Term finance facility	6.3	78,641,415	77,258,381
Loans and receivables originated by the Fund	6.4	50,731,644	50,739,726
Pre IPO subscription in TFCs	6.5	140,000,000	35,000,000
		849,982,779	**330,052,271**
6.1 Held for trading			
Future transactions	6.1.1	26,693,400	-
Term Finance Certificates	6.1.2	547,228,483	159,088,064
		573,921,883	**159,088,064**

6.1.1 Future transactions

Name of the investee company	Number of shares				Market Value as at September 30, 2007	Percentage of investment in relation to Net Assets of the Fund
	As at July 01, 2007	Acquired during the period	Sold during the period	As at September 30, 2007		
					Rupees	%
COMMERCIAL BANKS						
Askari Commercial Bank Ltd.	-	50,500	50,500	-	-	-
Bank Alfalah Ltd.	-	2,000	2,000	-	-	-
MCB Bank Ltd.	-	250,500	250,500	-	-	-
National Bank of Pakistan	-	1,500	1,500	-	-	-
TEXTILE COMPOSITE						
Nishat Mills Ltd.	-	23,500	23,000	500	58,400	-
CEMENT						
D G Khan Cement Ltd.	-	30,000	30,000	-	-	-
Pioneer Cement Ltd.	-	700,000	-	700,000	26,635,000	0.55
POWER GENERATION & DISTRIBUTION						
The Hub Power Company Ltd.	-	500	500	-	-	-
OIL & GAS MARKETING COMPANIES						
Pakistan State Oil Company Ltd.	-	25,000	25,000	-	-	-
Sui North Gas Pipelines Ltd.	-	2,500	2,500	-	-	-
OIL & GAS EXPLORATION COMPANIES						
Oil & Gas Development Company Ltd.	-	200,000	200,000	-	-	-
Pakistan Petroleum Ltd.	-	15,000	15,000	-	-	-
FERTILIZER						
Engro Chemical Pakistan Ltd.	-	1,500	1,500	-	-	-
Fauji Fertilizer Bin Qasim Ltd.	-	118,500	118,500	-	-	-
Fauji Fertilizer Company Ltd.	-	201,000	201,000	-	-	-
					26,693,400	0.55

6.1.2 Term Finance Certificates - Held for trading

Term Finance Certificates	Status	Number of certificates				Market Value as at September 30, 2007	Percentage of investment in relation to Net Assets of the Fund
		As at July 01, 2007	Acquired during the period	Sold/ matured during the period	As at September 30, 2007		
						Rupees	%
MODARABAS							
Al-Zamin Leasing Modaraba	Listed	2,000	-	-	2,000	6,658,560	0.14
Al-Zamin Leasing Modaraba-II	Listed	2,000	-	-	2,000	9,792,000	0.20
LEASING COMPANIES							
Grays Leasing Ltd.	Unlisted	3,000	-	-	3,000	1,875,000	0.04
Orix Leasing Pakistan Ltd.	Listed	-	8,000	4,000	4,000	20,668,000	0.42
Trust Investment Bank Ltd.-II	Listed	629	-	-	629	1,253,345	0.03
INVESTMENT BANKS/COMPANIES							
Escort Investment Bank Ltd.	Listed	5,000	5,000	5,000	5,000	26,402,219	0.54
IGI Investment Bank Ltd.	Listed	1,000	-	-	1,000	5,179,427	0.11
Jahangir Siddiqui & Company Ltd.-II	Listed	2,000	-	-	2,000	9,815,175	0.20
Jahangir Siddiqui & Company Ltd.-III	Listed	2,000	-	-	2,000	10,067,956	0.21

6.1.2 Term Finance Certificates - Held for trading

Term Finance Certificates	Status	Number of certificates				Market Value as at September 30, 2007	Percentage of investment in relation to Net Assets of the Fund
		As at July 01, 2007	Acquired during the period	Sold/ matured during the period	As at September 30, 2007		
						Rupees	%
COMMERCIAL BANKS							
Allied Bank Limited	Listed	-	41,421	4,000	37,421	203,754,007	4.17
Askari Commercial Bank Ltd.-I	Listed	-	4,000	2,000	2,000	10,527,462	0.22
Askari Commercial Bank Ltd.-II	Listed	-	4,000	2,000	2,000	10,562,659	0.22
Bank Alfalah Ltd.-II	Listed	-	4,000	1,000	3,000	15,745,370	0.32
Bank Al Habib Ltd.-II	Listed	2,000	26,192	7,000	21,192	115,875,868	2.37
ABN AMRO (Pakistan) Ltd.	Listed	658	-	-	658	3,485,885	0.07
Soneri Bank Ltd.	Listed	-	5,000	-	5,000	26,448,824	0.54
United Bank Ltd.-II	Listed	2,000	-	-	2,000	9,491,051	0.19
TEXTILE COMPOSITE							
Azgard Nine Ltd.	Listed	5,000	-	-	5,000	26,511,274	0.54
OIL & GAS EXPLORATION COMPANIES							
Chanda Oil & Gas Securitization Co. Ltd.	Listed	1,000	-	-	1,000	3,958,353	0.08
Naimat Basal Oil & Gas Securitization Co. Ltd.	Listed	1,000	-	-	1,000	2,853,979	0.06
TECHNOLOGY & COMMUNICATION							
Pakistan Mobile Communications (Pvt.) Ltd.	Unlisted	5,000	-	-	5,000	10,000,000	0.20
Telecard Ltd.	Listed	4,000	-	-	4,000	13,044,016	0.27
MISCELLANEOUS							
Pakistan Services Ltd.	Listed	1,494	-	-	1,494	3,258,053	0.07
						547,228,483	**11.21**

(i) Cost of Term Finance Certificates as at September 30, 2007 is Rs. 546,158,634 (June 30, 2007: Rs. 159,250,514).

	Note	September 30, 2007 Un-audited Rupees	June 30, 2007 Audited Rupees
6.2 Investments - Held to maturity			
Term finance certificates	6.2.1	6,425,000	6,425,000
Income accrued on term finance certificates		262,837	75,387
		6,687,837	**6,500,387**

6.2.1 Term Finance Certificates - Held to maturity

Term Finance Certificates	Status	Number of certificates				Market Value as at September 30, 2007	Percentage of investment in relation to Net Assets of the Fund
		As at July 01, 2007	Acquired during the period	Sold/ matured during the period	As at September 30, 2007		
						Rupees	%
LEASING COMPANIES							
Orix Leasing Pakistan Ltd.	Listed	1,285	-	-	1,285	6,425,000	0.13
						6,425,000	**0.13**

	September 30, 2007	June 30, 2007
	Un-audited	Audited
	Rupees	Rupees
6.3 Term Finance Facility - Unsecured		
Term finance facility	100,000,000	100,000,000
Net Fair value adjustment on discounting of term finance facility	(21,358,585)	(22,741,619)
	78,641,415	77,258,381
6.4 Loans and receivables originated by the Fund		
Loans and receivables	50,000,000	50,000,000
Income accrued on loans and receivables	731,644	739,726
	50,731,644	50,739,726
6.5 Pre IPO subscription in TFCs		
Engro Chemical Pakistan Ltd.	35,000,000	35,000,000
Pakistan Mobile Communication Ltd.	100,000,000	-
Pak Arab Fertilizers Ltd.	5,000,000	-
	140,000,000	35,000,000
7. COMMITMENTS		
7.1 Reverse repurchase agreements (including contracts to be rolled over) entered into by the Fund in respect of which the purchase transactions have not been settled as at September 30, 2007.	918,743,530	280,705,095

These transactions have been settled subsequent to the period end.

	Quarter Ended September 30, 2007	Quarter Ended September 30, 2006
	Un-audited	Un-audited
	Rupees	Rupees
8. INTEREST INCOME		
Interest income arises from:		
Cash at banks	37,858,239	33,645,416
Continuous funding system	62,435,901	11,221,752
Placements	309,760	9,922,001
Held for trading investments	8,856,201	4,350,759
Held to maturity investments	187,417	21,439,913
Loans and receivables	1,367,808	-
Term finance facility	409,419	-
	111,424,745	**80,579,841**
9. NET UNREALISED GAIN/(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
On revaluation of future transactions	78,138	87,296
On revaluation of Term Finance Certificates - held for trading	(395,864)	-
	(317,726)	87,296

	Quarter Ended September 30, 2007	Quarter Ended September 30, 2006
	Un-audited	Un-audited
	Rupees	Rupees
10. TRANSACTIONS WITH CONNECTED PERSONS/ RELATED PARTIES		
Atlas Asset Management Limited - (Management Company)		
Remuneration	10,862,993	7,406,241
Remuneration paid	-	16,653,899
Sales load and certificate charges	-	40,674
Atlas Asset Management Company Limited - Staff Provident Fund		
Bonus 54 (2006: 55) units	26,857	27,702
Allwin Engineering Industries Limited - Employees Provident Fund		
Bonus 3,010 (2006: 2,356) units	1,509,516	1,178,819
Atlas Bank Limited		
Sale of 390,457 (2006: nil) units	200,000,000	-
Redemption of 402,473 (2006: nil) units	206,054,048	-
Bonus of 36,491 (2006: 6,185) units	18,299,099	3,094,533
Term deposit receipts placed	-	750,000,000
Term deposit receipts matured	-	700,000,000
Interest income on cash at banks	13,398,043	6,207,495
Bank charges	2,373	200
Atlas Battery Limited		
Bonus of 51 (2006: 52) units	25,455	26,255
Atlas Capital Markets (Pvt.) Limited		
Brokerage	397,516	107,427
Atlas Foundation		
Sale of 43,625 (2006: nil) units	22,000,000	-
Redemption of 98 (2006: nil) units	50,000	-
Bonus of 7,729 (2006: 2,515) units	3,875,981	1,258,434
Atlas Group of Companies - Management Staff Gratuity Fund		
Sale of 10,774 (2006: nil) units	5,500,000	-
Bonus of 5,401 (2006: 2,703) units	2,708,349	1,352,048
Atlas Honda Limited		
Sale of nil (2006: 692,148) units	-	350,000,000
Bonus of 142,884 (2006: 7,096) units	71,652,160	3,550,104
Honda Atlas Cars (Pakistan) Limited		
Bonus of nil (2006: 81,837) units	-	40,942,154

	Quarter Ended September 30, 2007	Quarter Ended September 30, 2006
	Un-audited	Un-audited
	Rupees	Rupees
10. TRANSACTIONS WITH CONNECTED PERSONS/ RELATED PARTIES (Continued....)		
Shirazi Investments (Private) Limited		
Redemption of 160,932 (2006: 101,371) units	81,138,560	51,574,765
Bonus of 14,591 (2006: 10,450) units	7,317,029	5,227,990
Key management personnel		
Chief Executive Officer		
Bonus of nil (2006: 529) units	-	264,434
Directors		
Redemption of nil (2006: 3,937) units	-	2,000,000
Bonus of 2,415 (2006: 2,737) units	1,210,843	1,369,467
Executives		
Sale of nil (2006: 396) units	-	200,000
Redemption of nil (2006: 730) units	-	372,979
Bonus of nil (2006: 105) units	-	52,289

10.1 The transactions with connected persons are in the normal course of business at contracted rates and terms determined in accordance with market rates.

11. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 26, 2007.

12. GENERAL

Figures have been rounded off to the nearest rupee

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman	Yusuf H. Shirazi	Tariq Amin
Vice Chairman &	Chairman	Director
Chief Executive Officer		

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