



QUARTERLY
REPORT

March 31, 2004



Atlas Income Fund

Managed By
Atlas Asset Management Company Limited
An Atlas Group Company

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ORGANISATION**MANAGEMENT COMPANY**

ATLAS ASSET MANAGEMENT COMPANY LIMITED

BOARD OF DIRECTORS OF MANAGEMENT COMPANY

Chairman	Mr. Yusuf H. Shirazi
Vice Chairman & Chief Executive Officer	Mr. M. Habib-ur-Rahman
Directors	Mr. Frahim Ali Khan
	Mr. Jawaid Iqbal Ahmed
	Mr. Saquib H. Shirazi
	Mr. Sherali Mundrawala
	Mr. Tariq Amin
Company Secretary	Mr. Ather H. Medina

GROUP EXECUTIVE COMMITTEE

President	Mr. Aamir H. Shirazi
Members	Mr. Frahim Ali Khan
	Mr. Iftikhar H. Shirazi
	Mr. Jawaid Iqbal Ahmed
	Mr. Saquib H. Shirazi
Secretary	Ms. Theresa Dias

GROUP PERSONNEL COMMITTEE

Chairman	Mr. Yusuf H. Shirazi
Members	Mr. Aamir H. Shirazi
	Mr. Javed H. Malik

AUDIT COMMITTEE

Chairman	Mr. Sherali Mundrawala
Members	Mr. Jawaid Iqbal Ahmed
	Mr. Tariq Amin

AUDITORSM/s. Hameed Chaudhri & Co.
Chartered Accountants**TAX ADVISORS**

M/s. Mohsin Tayebaly & Co.

BANKERS

M/s. Muslim Commercial Bank Limited

REGISTERED OFFICEGround Floor, Federation House, Sharae Firdousi,
Clifton, Karachi.
Telephone: (92-21) 5379509, 5866817-20
Fax: (92-21) 5379280**DISTRIBUTION OFFICES**

Karachi
M/s. Atlas Investment Bank Limited
Ground Floor, Federation House, Sharae Firdousi,
Clifton, Karachi. Telephone: (92-21) 5866817-20,
5866919-20 Fax: (92-21) 5870543
E-mail: aibkhi@aibkhi.atlasgroup.pk.com

Lahore
M/s. Atlas Investment Bank Limited
2nd Floor, Ajmal House, 27-Egerton Road, Lahore.
Telephone: (92-42) 6366170-74
Fax: (92-42) 6366175
E-mail: aiblhr@aiblhr.atlasgroup.pk.com

Islamabad
M/s. Atlas Investment Bank Limited
30, Mezzanine Floor, Beverly Centre
Blue Area, Islamabad.
Telephone: (92-51) 2824906, 2824909
Fax: (92-51) 2821377
E-mail: aibisl@atlasgroup.pk.com



Atlas Income Fund

CHAIRMAN'S REVIEW

It is my pleasure to present the accounts of Atlas Income Fund (AIF) for the quarter ended March 31, 2004 of the financial period 2003-04.

The Economy

Four years of consistent and sound economic policies has had a salutary effect on the economy which is expected to grow in excess of 5% for the year. Revenue receipts have increased 14% during the current half year. The private sector credit off take of Rs 182 billion in the first half is reflective of the increase in confidence level that the private sector now has towards investment. Performance of the Karachi Stock Exchange continues to go from strength to strength: It has crossed 5500 points on April 15, 2004. A strong buffer of foreign exchange reserves – at over US\$12.5 billion, and continuing current account surplus (US\$1.8 billion during 1HFY04), show that the current policy will continue, attracting investment, creating job opportunities and, all in all, ensuring a stable capital market. This is bound to encourage mutual funds, among others, ensuring growth of your company's business.

Fund Operations

The first of two major milestones achieved by your fund in the present quarter was the commencement of public subscription with the initial offer from March 22, 2004 – March 26, 2004. I am pleased to report that sales of units during the initial period stood at Rs71,749,573, i.e. a 24% addition to the seed capital of Rs300 million.

The second milestone was the listing of the units of Atlas Income Fund on the Lahore Stock Exchange from March 31, 2004.

Your fund continued its policy of maintaining a concentration in short maturity assets, and COT financing remained one of the avenues of investment. This is reflected in the income stream of the fund for the period September 15, 2003 - March 31, 2004 with Rs8.3 million earned on COT (Rs.4.0 million for the quarter March 31, 2004), Rs3.5 million earned as Profit on Investment in TFCs (Rs.2.2 million for the quarter March 31, 2004), and Rs0.2 million earned as Profit on Bank Deposits (Rs0.1 million for the quarter March 31, 2004).

Total Income for the period September 15, 2003 – March 31, 2004 stood at Rs13.4 million. Profit for the same period stands at Rs7.9 million after adjusting expenses of Rs5.4 million. The Basic Earning per Unit for the period is Rs10.72 (Rs.6.88 for the quarter March 31, 2004) and Net Asset Value of AIF Units as at March 31, 2004 was Rs.510.90 per unit.

Future Prospects

The funds raised during the initial period have since then been fully employed, coupled with a significant improvement in COT rates since the beginning of the 4th Quarter has led to rising returns on the investment portfolio. Consequently, the net yield of the fund in the 4th Quarter is expected to outpace the returns earned during the first three quarters:

ﷲ ﺁﻛﺒﺮ ﻳﻤﻦ ﻧﻪ ﻛﻬﺎ ﻳﻪ ﻛﻪ ﻳﻪ ﺳﺎﻝ ﺍﭼﻬﺎ ﻳﻪ۔

(All indicators are that the future is brighter)

Conclusion

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 the financial institutions, and the unit holders for their help, support and the confidence reposed in your fund, the Chief Executive Officer, Mr. M. Habib-ur-Rahman and his team for their efforts, dedication and sincerity of purpose.

A handwritten signature in black ink, appearing to read 'Yusuf H. Shirazi'.

Yusuf H. Shirazi

Date: April 16, 2004



Atlas Income Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2004 (UN-AUDITED)

	Note	(Rupees)
		March 31, 2004
ASSETS		
Balance with banks		81,868,939
Investment in Term Finance Certificates	4	115,190,000
Receivable in respect of Carry Over Transactions		180,283,564
Other receivables		3,741,299
Total Assets		<u>381,083,802</u>
LIABILITIES		
Remuneration Payable to Management Company	5	1,151,679
Remuneration Payable to Trustee	6	362,218
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	7	165,894
Creditors, accrued and other liabilities		693,013
Total Liabilities		<u>2,372,804</u>
Net Assets		<u>378,710,998</u>
Unit holders' funds (as per statement attached)		<u>378,710,998</u>
		(No. of units)
Number of units in issue		<u>741,268.96</u>
		(Rupees per unit)
Net asset value per unit		<u>510.90</u>

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

For Atlas Asset Management Company Limited
(Management Company)

M. Habib-ur-Rahman
Vice Chairman
& Chief Executive

Yusuf H. Shirazi
Chairman

For Muslim Commercial Financial Services (Pvt.) Ltd.
(Trustee)

A. Razzak H. Adam
Managing Director

Quarterly Report 2004



INCOME STATEMENT

FOR THE PERIOD SEPTEMBER 15, 2003 TO MARCH 31, 2004 (UN-AUDITED)

		(Rupees)
	Period Ended Sep 15, 2003 to Mar 31, 2004	Quarter Ended Mar 31, 2004
INCOME		
Income from Carry Over Transactions	8,315,246	4,004,271
Income from Term Finance Certificates	3,513,255	2,164,185
Profit on Bank Deposit Account	197,197	95,557
Element of income and capital gains included in prices of units sold less those in units repurchased	1,367,565	1,367,565
	<u>13,393,263</u>	<u>7,631,578</u>
EXPENDITURE		
Remuneration to Management Company	5 2,488,841	1,151,679
Remuneration to Trustee	6 785,182	362,218
SECP Annual Fee	7 165,894	76,750
Settlement Charges	735,628	384,196
Brokerage Charges	1,232,712	543,679
Financial Charges	8,890	5,656
Auditor's Remuneration		
Audit Fee	20,000	5,000
Certification	10,000	-
	<u>5,447,147</u>	<u>2,529,178</u>
Profit for the period	<u>7,946,116</u>	<u>5,102,400</u>
Basic earning per unit	<u>10.72</u>	<u>6.88</u>

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

For Atlas Asset Management Company Limited
(Management Company)

M. Habib-ur-Rahman
Vice Chairman
& Chief Executive

Yusuf H. Shirazi
Chairman

For Muslim Commercial Financial Services (Pvt.) Ltd.
(Trustee)

A. Razzak H. Adam
Managing Director



Atlas Income Fund

DISTRIBUTION STATEMENT

FOR THE PERIOD SEPTEMBER 15, 2003 TO MARCH 31, 2004 (UN-AUDITED)

	(Rupees)
	Period Ended Sep 15, 2003 to Mar 31, 2004
Undistributed Income brought forward	-
Net income for the period	7,946,116
Undistributed Income carried forward	<u>7,946,116</u>

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

For Atlas Asset Management Company Limited
(Management Company)

M. Habib-ur-Rahman
Vice Chairman
& Chief Executive

Yusuf H. Shirazi
Chairman

For Muslim Commercial Financial Services (Pvt.) Ltd.
(Trustee)

A. Razzak H. Adam
Managing Director

Quarterly Report 2004



STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS

FOR THE PERIOD SEPTEMBER 15, 2003 TO MARCH 31, 2004 (UN-AUDITED)

	(Rupees)
	Period Ended Sep 15, 2003 to Mar 31, 2004
Net assets at the beginning of the period	-
Amount received on issue of 0.741 million units	372,132,447
Element of income and capital gains included in prices of units sold less those in units repurchased	(1,367,565)
Net income for the period less distribution	7,946,116
Net assets at the end of the period	<u>378,710,998</u>

For Atlas Asset Management Company Limited
(Management Company)

M. Habib-ur-Rahman
Vice Chairman
& Chief Executive

Yusuf H. Shirazi
Chairman

For Muslim Commercial Financial Services (Pvt.) Ltd.
(Trustee)

A. Razzak H. Adam
Managing Director



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD SEPTEMBER 15, 2003 TO MARCH 31, 2004 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

The Atlas Income Fund (AIF) was established under a Trust Deed executed between Atlas Asset Management Company Limited (AAMCL) as management company and Muslim Commercial Financial Services (Pvt.) Limited, (MCFSL) as trustee. The Trust Deed was executed on February 20, 2003 which was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 04, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) now replaced by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

AIF is an open ended mutual fund, whose units have been offered for public subscription on a continuous basis from March 22, 2004, and are transferable and can be redeemed by surrendering them to the Fund. The Fund has been listed on Lahore Stock Exchange (LSE) on 31st of March 2004.

The principal activities of the Fund are to make investment primarily in reverse repurchase transactions of listed equity securities, fixed rate corporate debt instruments, Government securities and other money market instruments.

2. STATEMENT OF COMPLIANCE

These financial statements are unaudited and have been prepared in accordance with the requirement of International Accounting Standard 34, Interim Financial Reporting, as applicable in Pakistan and the requirements of the Trust Deed and the NBFC Rules 2003.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting Convention

These financial statements have been prepared under the historical cost convention, except that certain financial assets have been included at fair values in accordance with the recognition criteria mentioned in the relevant International Accounting Standard applicable to these assets and the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

3.2 Investments

Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held-for-trading. Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale. Investments with fixed maturity where management has both the intent and ability to hold to maturity, are classified as held-to-maturity.

All investments are initially recognised at cost, being the fair value of the consideration given, including the acquisition charges associated with the investments.

After the initial recognition, investments which are classified as held-for-trading and available-for-sale are remeasured at fair value. Gains or losses (both recognized and

unrecognized) on investments which are held-for trading are recognised in income. Gains or losses on investments which are available-for sale are recognised in the unit holders' funds until the investments are sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in unit holders' fund is included in income. Investments classified as held-to-maturity are stated at amortised cost.

3.3 Basis of valuation of Term Finance Certificates.

Term Finance Certificates (TFCs) are classified as per the requirements of IAS 39: Financial Instruments - Recognition and Measurement, as Available for Sale Investments.

3.4 Securities under repurchase/ resale agreements

Securities purchased under an agreement to resale (reverse-repo) are included as receivable against Carry Over Transactions at the fair value of the consideration given. All Carry Over Transactions are accounted for on settlement date. The difference between the purchase and sale price is treated as income (or expense) in the income statement and is recognised over the term of the transactions.

3.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the management company for the application received by the Distribution Company during business hours on that day. The offer price represents the net asset value per unit as of the close of the previous business day plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Distribution Company and the Management Company.

Units redeemed are recorded at the redemption price, applicable for the day on which the Distribution Company receives the redemption applications during business hours on that day. The redemption price represents the net asset value per unit at the end of the previous day.

3.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.7 Financial assets and financial liabilities

Financial assets carried on the statement of assets and liabilities include bank balances, investments in marketable securities, receivable in respect of reverse repurchase transactions of listed equity securities, and other receivables.

Financial liabilities carried on the statement of assets and liabilities include remuneration payable to management company, remuneration payable to Trustee, SECP annual fee, and creditors, accrued and other liabilities.



Atlas Income Fund

3.8 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year (as reduced by capital gains whether realised or unrealised) is distributed amongst the unit holders.

3.9 Element of income and capital gains included in prices of units sold less those in units repurchased

The daily sale and repurchase price of AIF units is determined on the basis of Net Asset Value which includes elements of capital gain and revenue income (or losses as the case may be) that have accrued upto that date. To prevent the dilution of per unit income and distribution of income already paid out on redemption, as dividend, an equalisation account called "element of income and capital gains included in prices of units sold less those in units repurchased" is created. In respect of sale and repurchase of AIF units, the element of capital gains and revenue income (or losses) included in the sale / repurchase price of such units respectively is credited / charged to the income statement.

3.10 Revenue recognition

Gain / loss on sale of investments is included in the income statement on the date on which the transaction takes place.

Income from investment in term finance certificates are recognised on time proportion basis.

Profit on bank deposits is recognised on accrual basis.

3.11 Net Asset Value per Unit

The Net Asset Value per unit is disclosed in the Statement of Assets and Liabilities and is calculated by dividing the net assets of the fund by the number of units in issue at the end of the period/year.

3.12 Earnings per Unit

Earnings per unit is calculated by dividing the net income of the Fund for the period by the number of units in issue at the end of the period/year.

4. INVESTMENT IN TERM FINANCE CERTIFICATES

(Rupees)

March 31,
2004

	Status	Number of Certificates			Cost	% of Net Assets
		Acquired during the period	Disposed off during the period	As at 31 March 2004	as at 31 March 2004	
Pakistan Mobile Communication Ltd.	Unlisted	5000	-	5000	25,000,000	6.60
Fidelity Investment Bank Ltd.	Unlisted	3000	-	3000	15,000,000	3.96
Grays Leasing Ltd.	Unlisted	3000	-	3000	15,000,000	3.96
Orient Petroleum Ltd.	Unlisted	5000	-	5000	25,000,000	6.60
Pakistan Services Ltd.	Unlisted	1494	-	1494	7,470,000	1.97
Al Zamin Leasing Modaraba	Listed	2000	-	2000	10,000,000	2.64
Pharmagen Ltd.	Listed	3544	-	3544	17,720,000	4.68
					<u>115,190,000</u>	

4.1 All Term Finance Certificates have a face value of Rs 5,000 each. Listed Term Finance Certificates have been valued at market value as on 31 March, 2004, and unlisted Term Finance Certificates have been valued at cost as there does not exist a market benchmark for valuation of the same.

4.2 The rate of return on these Term Finance Certificates ranges from 5.74 % to 9.75% p.a.

Note

5. REMUNERATION TO MANAGEMENT COMPANY

Management fee payable to Atlas Asset Management Company Limited.	5.1	<u>1,151,679</u>
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5.1 In accordance with the provision of the NBFC Rules 2003, the Management Company of the fund is entitled to receive a remuneration during the first five years of the Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets of the Fund. The Management Company has charged its remuneration at the of 1.5% per annum for the reported period.

6. REMUNERATION TO TRUSTEE

Trustee fee payable to Muslim Commercial Financial Services (Private) Limited.	6.1	<u>362,218</u>
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6.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provision of the Trust Deed as per the tariff specified therein, based on the daily net asset value of the fund under management.



Atlas Income Fund

(Rupees)

March 31,
2004

7. SECP ANNUAL FEE

Fee payable to Securities and Exchange Commission of Pakistan (SECP)	7.1	<u>165,894</u>
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7.1 Under the provision of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, a unit trust scheme is required to pay annual fee to SECP, an amount equal to one tenth of one percent of the average value of the fund under management.

8. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 16th, 2004 by the Board of Directors of the Management Company.

9. GENERAL

9.1 Figures have been rounded off to the nearest rupee.

9.2 As the Fund has commenced its operations in the current period, no comparative figures have been presented.

9.3 Quarterly figures were not subject to an audit or a limit scope review by the auditors.

For Atlas Asset Management Company Limited
(Management Company)

M. Habib-ur-Rahman
Vice Chairman
& Chief Executive

Yusuf H. Shirazi
Chairman

For Muslim Commercial Financial Services (Pvt.) Ltd.
(Trustee)

A. Razzak H. Adam
Managing Director