Atlas funds

Nurturing your investments

Atlas Islamic Income Fund

ANNUAL REPORT

30 June 2010

Managed By

Atlas Asset Management

Rated AM3+ by PACRA

Company Profile

Atlas Asset Management Limited (AAML), an Atlas Group Company, was incorporated on 20 August 2002 and is registered with the Securities and Exchange Commission of Pakistan as an asset management company for managing open-ended funds and closed-end funds. AAML is also a licensed pension fund manager to manage voluntary pension funds. The mutual funds are regulated under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008). The voluntary pension funds are regulated under the Voluntary Pension System Rules, 2005 (VPS Rules 2005). AAML manages assets on behalf of retirement funds, welfare organizations, insurance companies, multinationals, NBFCs, and individuals.

AAML is a subsidiary of Shirazi Investments (Pvt.) Limited (SIL). SIL holds 88% of the shareholding in AAML. As the parent company, SIL sponsors Atlas Group projects and is also engaged in the business of equity trading, underwriting, real estate, and general trading. Atlas Group is a diversified group dealing in engineering, financial services and trading. The growth of SIL, and the Atlas Group as a whole, is the result of continued focus on good corporate governance.

Atlas Funds are well designed and carefully managed mutual funds that facilitate the investment needs of corporations, retirement funds and individual investors. The Atlas Funds family includes six mutual funds, five of which are open-ended, Atlas Income Fund, Atlas Islamic Income Fund, Atlas Money Market Fund, Atlas Stock Market Fund, and Atlas Islamic Stock Fund (formerly Atlas Islamic Fund) and the sixth is a closed-end fund, Atlas Fund of Funds. Atlas Money Market Fund is the latest entrant to the product range of AAML, and was launched on 20 January 2010, with a successful IPO of Rs. 815 million.

Atlas Funds also offers Administrative Plans derived from the underlying mutual funds the Company offers. The Plans are designed to suit the investors' risk profiles. These include the Income Multiplier Plan, Balanced Plan and Growth Plan between the Atlas Income Fund and Atlas Stock Market Fund, and the Systematic Payout and Systematic Withdrawal Plan provides a Shariah Compliant option to the investors, through the Atlas Islamic Income Fund.

Atlas Pensions is a comprehensive savings product established under the VPS Rules, 2005, with numerous advantages over existing occupational retirement schemes, in particular the provident fund. Inter alia, the VPS Schemes offer individualized asset allocation, portability, tax advantages (which can be availed up-front) and an in-built insurance wrap. Atlas Pensions offers two products: Atlas Pension Fund (APF) and Atlas Pension Islamic Fund (APIF), a Shariah Compliant pension fund.

AAML strives to be a market leader in providing quality fund management services with customer satisfaction as its aim, and is consistently committed to offering its investors the best possible returns on a diverse range of products, meeting not only the customer'(s) current requirements but also exceeding their future expectations. Moreover, with its strong emphasis on systems and controls, quality human resource and backing of Atlas Group, AAML enjoys a distinct advantage.

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 achievement 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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Organisation

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

Chairman	Mr. Yusuf H. Shirazi
Directors	Mr. Tariq Amin
	Mr. M. Ashraf Janjua
	Mr. Frahim Ali Khan
	Mr. Arshad P. Rana
	Mr. Ali H. Shirazi
Chief Executive Officer	Mr. M. Habib-ur-Rahman
Company Secretary	Ms. Lilly R. Dossabhoy

Board Committees

Audit Committee

Chairman	Mr. Tariq Amin
Members	Mr. M. Ashraf Janjua
	Mr. Frahim Ali Khan

Human Resource Committee

Chairman	Mr. Frahim Ali Khan
Members	Mr. M. Habib-ur-Rahman
	Mr. Ali H. Shirazi

Investment Committee

Chairman	Mr. M. Habib-ur-Rahman
Members	Mr. Frahim Ali Khan
	Mr. Ali H. Shirazi
	Mr. Muhammad Abdul Samad
	Mr. Khalid Mahmood

Management Committee

Chairman	Mr. M. Habib-ur-Rahman
Members	Ms. Lilly R. Dossabhoy
	Mr. Muhammad Abdul Samad
	Mr. Hassan Khan

The above information is as at 24 September 2010.

Group Executive Committee

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

Group Systems & Technology Committee

Chairman	Mr. Iftikhar H. Shirazi
Member	Mr. Zia Ullah Begg

Trustee

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

Shariah Advisor

Dr. Fazlur Rahman

Chief Internal Auditor

Mr. Saood Hasan

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

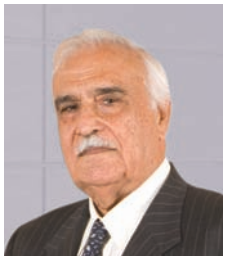
Bankers

Al Baraka Islamic Bank B.S.C. (E.C.)
Bank Al Habib Limited - Islamic Banking
Bank Alfalah Limited - Islamic Baning
Bank Islami Pakistan Limited
Dubai Islamic Bank Limited

Registered Office

Ground Floor, Federation House, Sharae Firdousi
Clifton, Karachi - 75600
Tel: (92-21) 111-MUTUAL (6-888-25)
(92-21) 35379501-04
Fax: (92-21) 35379280
Email: info@atlasfunds.com.pk
Website: www.atlasfunds.com.pk

Board of Directors of the Management Company



Mr. Yusuf H. Shirazi
Chairman

Mr. Yusuf H. Shirazi is the Chairman of Atlas Group of Companies. He is the Founder Member of the Karachi and Lahore Stock Exchanges, International Chamber of Commerce & Industry, Management Association of Pakistan, Lahore University of Management Sciences (LUMS), GIK Institute of Science and Technology and Al-Shifa Trust. He has been President of Karachi Chamber of Commerce twice. Mr. Shirazi was on the Board of Harvard Business School Alumni Association, Boston, USA. He is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has attended the Advanced Management Program (AMP) from the Harvard Business School, USA.

Mr. Tariq Amin
Director

Mr. Tariq Amin is the Chairman of Orkila Pakistan (Pvt.) Ltd., a leading multinational company dealing in chemicals. He is also the Deputy Chairman of Barrett Hodgson Pakistan (Pvt.) Ltd. and has a vast experience in the financial and industrial sectors of Pakistan. He is a law graduate from the University of Karachi, and also holds a Masters degree in English from the University of Karachi, and a Postgraduate Diploma in Development Administration from the University of Leeds.

Mr. M. Ashraf Janjua
Director

Mr. M. Ashraf Janjua is a Senior Fellow with the rank of Professor (Economics), and the Advisor to the President - College of Business Management, Karachi. He holds a Masters degree in Economics from Government College Lahore – Punjab University, and a Masters degree in Development Economics from the Williams College, USA. He has also done one year's graduate work at the Stanford University, California, USA. He joined the State Bank of Pakistan (SBP) in 1966 and was the Deputy Governor (Policy) of the SBP from 1992 to 1995, and was also affiliated with the SBP as Chief Economic Advisor, from 1995 to 2004. He has been affiliated with the office of the Executive Director for Pakistan at the International Monetary Fund, Washington D.C., USA, from 1979 to 1983. Prior to his career with the SBP, he was affiliated with the Pakistan Institute of Development Economics (PIDE) as a Research Economist, and with the Pakistan Development Review (PDR), as Associate Editor. Amongst other research works, he is the author of History of State Bank of Pakistan - Volume III (1977-78), and Volume IV (1988-2003).

Mr. Frahim Ali Khan
Director

Mr. Frahim Ali Khan has been associated with Atlas Group since 1967 and has over 40 years of experience in General Management, Financial Management, Investment Banking, Taxation, and Legal matters. He was the Chief Executive Officer of the former Atlas Investment Bank Limited, till its merger with Atlas Bank Limited. He has attended the Senior Managers' Program from Harvard University, USA, and Financial Management Program from Stanford University, USA.

Board of Directors of the Management Company

Mr. Arshad P. Rana
Director

Mr. Arshad P. Rana is a graduate from Government College, Lahore; B.S. in Insurance & Economics from Iran and MBA from USA.

He is a senior expert in insurance industry and has been affiliated with Atlas Insurance Limited, an associate company of the Atlas Group since 1991; first as General Manager and then as Chief Operating Officer before being appointed as the Chief Executive Officer of the company in March 2004. In his professional career that spans over 35 years, he has worked in Iran, USA and Middle East. Since his appointment to this position, Mr. Rana has been managing the company affairs with a professional approach having the vision to make Atlas Insurance Limited as one of the best performing companies in the market. Under his leadership, Atlas Insurance Limited has won several awards in the financial sector.

Mr. Rana has been the Chairman, Insurance Association of Pakistan (IAP), Lahore Regional Committee in 2002-2003 and Vice Chairman, Central Committee (IAP) in the year 2004 - 2005 prior becoming the Chairman, Insurance Association of Pakistan in 2005 - 2006.

Mr. Ali H. Shirazi
Director

Mr. Ali H. Shirazi graduated in Political Science from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005. He is currently the President and Chief Executive Officer of Atlas Battery Limited. He has previously worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is an Atlas Group Director, and is responsible for Group's financial services. He is also on the Boards of Atlas Insurance Limited, Atlas Engineering Limited, Shirazi Trading Company (Pvt.) Limited and Techlogix International Limited.

Mr. M. Habib-ur-Rahman
Chief Executive Officer

Mr. M. Habib-ur-Rahman is an FCA from the Institute of Chartered Accountants in England & Wales and has attended management level programme (PMD) from Harvard Business School, USA. He has been a founding member and is currently the Chairman of the Mutual Funds Association of Pakistan. He played an instrumental role in setting up the first open-end mutual fund in the private sector in Pakistan. He has been SECP's nominee on the Board of Karachi Stock Exchange in 2000, 2001, & 2003, and has also been a member of the Commission's Advisory Group on Capital Markets, and the Commission's Enquiry Committee on management of Exposure Rules by KSE / LSE.

Management Committee

M. Habib-ur-Rahman
Chief Executive Officer

Muhammad Abdul Samad
Chief Investment Officer

Lilly R. Dossabhoy
Chief Financial Officer &
Company Secretary

Hassan Khan
Head of Marketing & Sales

Chairman's Review

It is my pleasure to present to you the Second Annual Report of Atlas Islamic Income Fund (AIIF) for the year ended 30 June 2010.

THE ECONOMY

Despite uneven nature of the global economic recovery, Pakistan's economy has managed to post GDP growth of 4.1% in the outgoing year. The stabilization of global financial markets and banking system over the past year or more is a positive development. However, the differences in the speed of economic recovery amongst various economies are starting to present challenges of their own: they are showing up in capital flow, asset valuations and exchange rates. Pakistan's economy has shown strong capacity to overcome challenges emanated from both internal and external economic environment while moving towards achieving long term sustainable growth.

During July - June FY10, the current account deficit of the country narrowed down to US$ 3.5 billion as compared to US$ 9.3 billion for the same period of last year. This is largely due to growth in remittances which have increased from US$ 7.8 billion in Jul-Jun FY09 to US$ 8.9 billion in July-June FY10, better demand and performance of exports (particularly of textiles), and a steep decline in imports. Trade balance has improved for July-June FY10 to negative US$ 11.4 billion from negative US$ 12.6 billion in July-June FY09, which is mainly due to decrease in oil import bill. The foreign exchange reserves currently stand at US$ 15.6 billion (May 2010).

CPI Inflation stood at 11.70% during July-June FY10 as compared to 20.8% for the previous corresponding year. The inflationary pressures remained a concern on account of high public sector borrowing and adjustments in public utility prices. A growth of 12.46% was witnessed in the M2 (money supply) during July-June FY10 as compared to 9.56% growth during the previous corresponding period. The M2 growth occurred due to the expansion in the net domestic assets of the banking system, due to the rise in private sector credit and increased recourse to the government to finance its deficit from the banking system.

GDP growth rate for the period under review stood at 4.1% as compared to a growth of 1.2% in the preceding year. Agricultural sector contributed a slow growth of only 2% during July-April FY10 against a target of 3.8%. The issue of water shortage affected the growth in this sector. Services sector grew by a hefty 4.6% as compared to 1.6% in FY09. The manufacturing sector in the outgoing year performed well with LSM posting a growth of 4.4%.

MUTUAL FUND INDUSTRY

The Securities & Exchange Commission of Pakistan (SECP) in consultation with Mutual Funds Association of Pakistan (MUFAP) has taken a number of measures to reinforce the industry. These measures include categorization of collective investment schemes, laying down investment policy for each category and improved disclosure requirement through monthly reporting. Beside this, MUFAP has taken the initiative of uploading mutual funds' performance statistics on its website on a regular basis and has also laid down standardized format for Fund Manager Report. The mutual funds and in particular those with equity exposure, were able to pay dividend/ bonus shares this year. Investors who invested while the stock market and as a result, the net asset value of mutual funds was at low level were able to make handsome gains. These stipulations will reinforce investors' confidence and promote a savings culture in the country. Some key areas will include improving public awareness and promote saving/ investing through mutual funds and to incentivize individual investors for long term investment. Sooner than later, listing regulations will incorporate provision for debt securities and encourage trading of debt securities through newly introduced Bond Automated Trading System (BATS). All these measures will create long term savings and bring liquidity in the market.

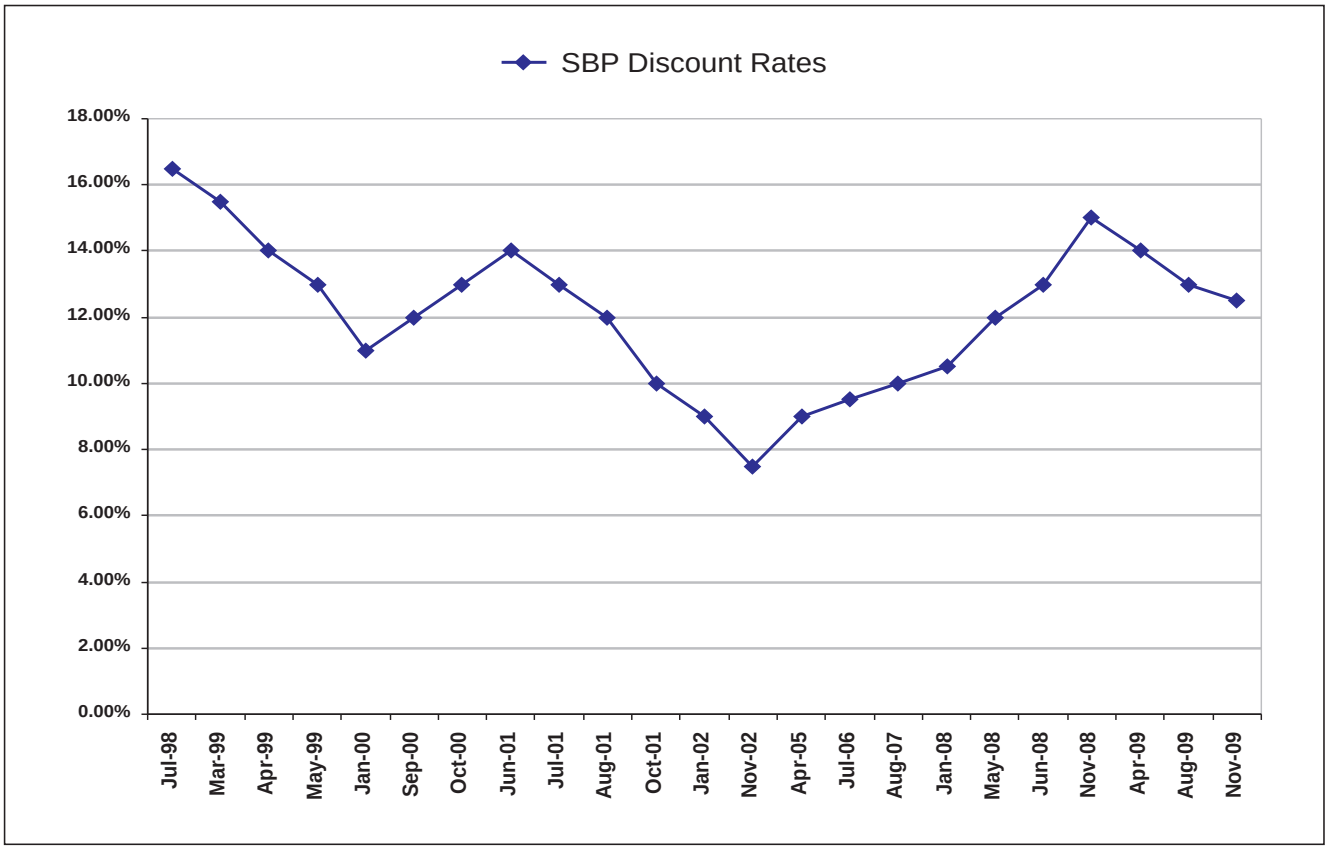
The money market schemes led the industry in terms of fresh inflows. The growth was partly due to categorization in accordance with its investment mandate and partly due to the low risk appetite of the investors. The growth in this category was partly due to conversion of investment in income schemes to money market schemes and fresh inflows considering the current interest rate scenario/ investors risk appetite. The money market schemes' AUM sharply increased from a meager Rs. 3.2 billion to about Rs. 32 billion in a short span of time. The equity and income schemes currently stand at about Rs. 40 billion and Rs 60 billion respectively. While money market schemes are attractive for short term investment, income and equity schemes are attractive for medium to long term investment enabling the investors to have a balanced approach and invest according to his/ her risk appetite.

The mutual fund industry over the world outweighs bank deposits. Pakistan as a new entrant shall follow suit, as the funds, on the whole, ensure better safety and returns which is the present day requirement of Pak economy.

THE MONEY MARKET

CPI continues to decline since early 2009 and reached a low of 8.9% year on year basis in October 2009. This occurred partly due to a favorable base effect, and partly due to decline in global commodities prices. Since October, inflation in the economy has picked up sharply and sustained near the 13% mark, and continues to show persistence on account of a number of adverse factors, such as increase in electricity tariffs, domestic petroleum / gas prices, and large increase in the support price of wheat.

Due to improved industrial and business activity, banks cautiously restarted lending to the private sector following an easing in classification of bad loans. Credit to private sector grew by Rs.112.9 billion during July-June 2010 compared to Rs. 17.1 billion during the same period last year. The declining trend in private sector credit, visible for twelve consecutive months, reversed from October 2009 onwards representing recovery in aggregate demand in the economy, as well as increase in private sector participation in commodity finance (particularly for cotton, rice and sugarcane). Despite the recovery in some macroeconomic indicators, private sector credit off take is not growing fast because of high interest rates.



The State Bank of Pakistan (SBP) has gradually eased the policy discount rate to the current 12.5%. The first reduction of the outgoing financial year was of 100 bps in August 2009 and the second reduction was of 50 bps in November 2009, bringing the policy discount rate down from 14% at the start of outgoing financial year to 12.5% at the end. Going forward, the SBP is likely to remain conservative and further reduction in policy discount depends upon easing of inflationary pressures in the economy.

FUND OPERATIONS

Atlas Islamic Income Fund's Net Asset Value per unit has increased by 9.22 %(on reinvestment basis) to Rs. 510.31 as on 30 June 2010, which includes three interim payouts of aggregating Rs. 36.25 per unit. The benchmark average six months' profit rate of three Islamic Banks stood at 7.96% for the period under review. The Fund was mainly invested in Shariah Compliant bank deposits with 65.9% exposure in term depository receipts and the remaining in high yielding bank deposits. AIIF presents a good opportunity for investors to earn attractive returns while maintaining low risk by taking advantage of low duration and better returns. The Net Assets of the Fund stood at Rs. 346.66 million as of 30 June 2010.

The Board of Directors has approved a final distribution of Rs.10 per unit (2.0% on the face value of Rs.500 per unit).This is in addition to the three interim payouts of total Rs.36.25 per unit already paid. Aggregate distribution for the year works out to Rs. 46.25 per unit, i.e 9.25%.

RATINGS UPDATE

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager rating of "AM3+" to the Company, for FY 2008-09. The rating reflects the Company's experienced and qualified management team, sound quality of support systems and processes, and a strong emphasis on risk management framework.

PACRA has assigned a stability rating of "AA- (f)" (Double A Minus - fund rating) to the Fund, for FY 2009-10. The Fund's rating denotes a very strong capacity to manage relative stability in returns and low exposure to risks.

FUTURE OUTLOOK

Pakistan's economy is on a recovery path after achieving macroeconomic stability over the past two years. The focus onward should be on how to make the upswing long and stable, and relatively free of imbalances. The sustainability of the economic recovery and its momentum will largely depend upon following prudent macroeconomic policies and its timely implementation. The efforts to resolve some of the critical challenges the economy has faced in FY 2009-10, such as the energy and water shortage, and measures taken to improve overall business environment, could lay the basis for higher growth in coming years. The budget for FY 2010-11 has focused mainly on generating revenues through taxes and phasing out of subsidies in order to meet the deficit target. Reduced budgetary borrowing and lower fiscal expenditures are some of the key goals of FY 2010-11 budget.

The Fund is committed to prudent investment procedures and will continue to provide consistent long term returns to the investors.

شاہین کا جہاں اور

(We look forward to beyond horizon)

ACKNOWLEDGEMENT

I would like to thank the Securities and Exchange Commission of Pakistan, the Board of Directors, 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 the Fund and the Chief Executive Officer, Mr. M. Habib-ur-Rahman and his management team for their hard work, dedication, and sincerity of purpose.

Karachi: 20 August 2010

Yusuf H. Shirazi
Chairman

Directors' Report

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund (the Fund), take pleasure in presenting the Second Annual Report of the Fund alongwith the audited financial statements and Auditors' Report thereon for the year ended 30 June 2010.

EARNINGS PER UNIT

Earnings per unit for the year ended 30 June 2010 work out to Rs. 39.49 per unit (16 August 2008 to 30 June 2009: Rs.30.79 per unit).

FUND SIZE AND INCOME DISTRIBUTION

As at 30 June 2010, the Net Assets of the Fund stood at Rs.346.66 million as compared to Net Assets of Rs.255.86 million as at 30 June 2009. The Board of Directors of the Management Company of the Fund have approved a final bonus of 2% (2009: 3.20%) on the face value of Rs.500 per unit, which works out to Rs.10 per unit (2009:Rs.16.00 per unit). This is in addition to the first, second and third interim bonuses of 2.50%, 2.50% and 2.25% respectively, (2009: 6.00%) which were approved by the Board of Directors of the Management Company for the first, second and third quarters ended 30 September 2009, 31 December 2009 and 31 March 2010 respectively, which worked out to Rs.12.50, Rs.12.50 and Rs.11.25 per unit (2009: Rs.30.00). The total payout for the year aggregates to 9.25% (2009: 9.20%).

SALE AND REDEMPTION OF UNITS

During the year,759,256 units of the value of Rs.385.68 million were issued, while 631,039 units of the value of Rs.321.42 million were redeemed. As at 30 June 2010, the total number of units outstanding was 679,312 valued at Rs.346.66 million (2009:494,203 units valued at Rs.255.86 million).

The pattern of unit holdings of the Fund, as required under the Non-Banking Finance Companies & Notified Entities Regulations, 2008, (NBFC Regulations, 2008) is presented in note 17 to the financial statements.

CHAIRMAN'S REVIEW

The review included in the Annual Report deals inter alia with the performance of the Fund for the year and future prospects. The directors endorse the contents of the review.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Board of Directors states that:

a) The financial statements, prepared by the Management Company of the Fund, present fairly its state of affairs, the results of its operations, comprehensive income for the year, cash flows, and movement in Unit Holders' Fund.

b) Proper books of account of the Fund have been maintained.

c) Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment, with the exception with of new and amended IFRS and IFRIC interpretations by the Fund, which became effective during the year, as explained in note 4.1 to the financial statements. The external auditors of the Fund have concurred with such adoption.

d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There is no doubt about the Fund's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h) A summary of key financial data/ performance table is summarized is annexed.

i) The statement as to the value of investments of provident fund is not applicable in the case of the Fund as these relate to retirement benefits to the employees of the Management Company, and are not chargeable to the Fund.

RATINGS UPDATE

The Pakistan Credit Rating Agency Limited - PACRA, has maintained the asset manager rating of "AM3+" to the Management Company, for FY 2008-09.

PACRA has assigned a stability rating of "AA - (f)" (Double A Minus - fund rating) to the Fund, for FY 2009-10. The Fund's rating denotes a very strong capacity to manage relative stability in returns and low exposure to risks.

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The Board comprises of one executive and six non-executive directors. During the year, the casual vacancy arising in the Board of Mr. Michael Ferrer was filled in by Mr. Arshad P. Rana who was co-opted for by the Board as Director in his place, with the approval of the SECP. The Board records their appreciation for the services rendered by Mr. Michael Ferrer during his tenure as Director of the Company. Also, the current Board of Directors completed their term of three years and was re-appointed for a fresh term of three years in the Annual General Meeting of the Management Company of the Fund held in October 2009, with the approval of the SECP.

During the year, seven Board Meetings were held. The particulars of the dates of meetings, and the directors attending, as required under the NBFC Regulations, 2008, are appended as note 22 to the financial statements.

The Directors, CEO, CFO/Company Secretary and their spouses and minor children have made no transactions in the Fund's units during the year except as disclosed in note 14 to the financial statements - "Transactions with Related Parties / Connected Persons."

AUDITORS

The Audit Committee of the Board of Directors, in their meeting held on 17 August 2010, recommended the re-appointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Karachi, as auditors of Atlas Islamic Income Fund for the financial year ending 30 June 2011. The Board approved the appointment.

ACKNOWLEDGEMENT

The Board of Directors of the Management Company thanks the Securities and Exchange Commission of Pakistan for their valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and the Trustee, for their dedication and hard work, and the Unit Holders, for their confidence in the Management Company.

For and on behalf of the Board

M. Habib-ur-Rahman
Chief Executive Officer

Karachi: 20 August 2010

Fund Manager's Report

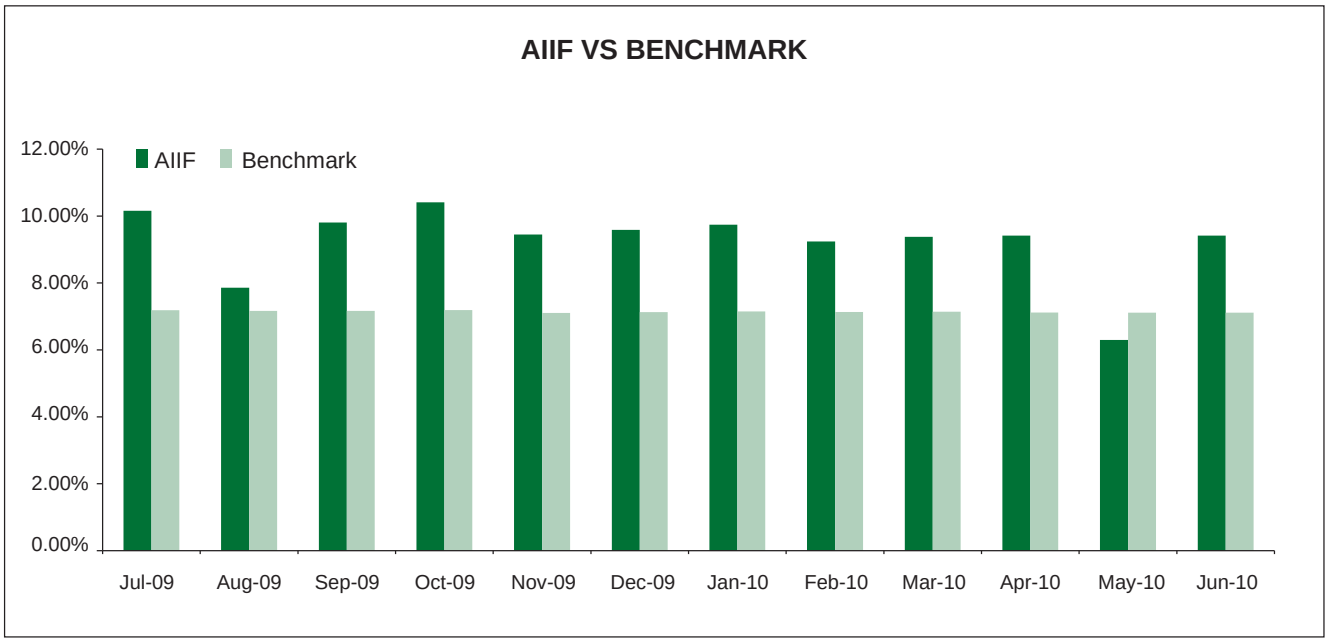
Atlas Islamic Income Fund is an open-ended Shariah Compliant Income Fund. The Fund's primary objective is to provide investors with a good and stable rate of current income consistent with long-term preservation of capital in a Shariah compliant manner. A secondary objective is to take advantage of opportunities to realize capital appreciation. The Fund shall seek to provide the investors with a rate of return consistent with a broadly diversified portfolio of long, medium and short term high quality Islamic income instruments.

The Fund's strategy is based on the conviction that economic environment drives long term performance, and that active management of credit risk can produce consistently superior results. Fundamental and market analysis are used to identify overall portfolio, bond market sectors, yield curve and credit positioning to provide high and sustainable rates of return. The fund employs strategies such as overall portfolio duration and yield curve positioning to deal with market and reinvestment risks.

Atlas Islamic Income Fund's benchmark is average six months' profit rate of three Islamic Banks.

CPI continues to decline since early 2009 and reached a low of 8.9% year on year basis in October 2009. This occurred partly due to a favorable base effect, and partly due to decline in global commodities prices. However, since October, inflation in the economy has picked up sharply and sustained near the 13% mark, and continues to show persistence of inflation on account of a number of adverse factors, such as increase in electricity tariffs, domestic petroleum / gas prices, and large increase in the support price of wheat.

The State Bank of Pakistan (SBP) has gradually eased the policy discount rate to the current 12.5%. The first reduction of the outgoing financial year was of 100 bps in August 2009 and the second reduction was of 50 bps in November 2009, bringing the policy discount rate down from 14% at the start of outgoing financial year to 12.5% at the end. Going forward, the SBP is likely to remain conservative and further reduction in policy discount depends upon easing of inflationary pressures in the economy.



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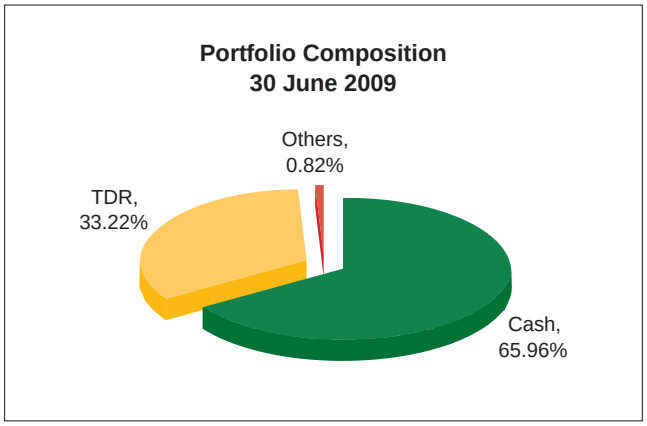

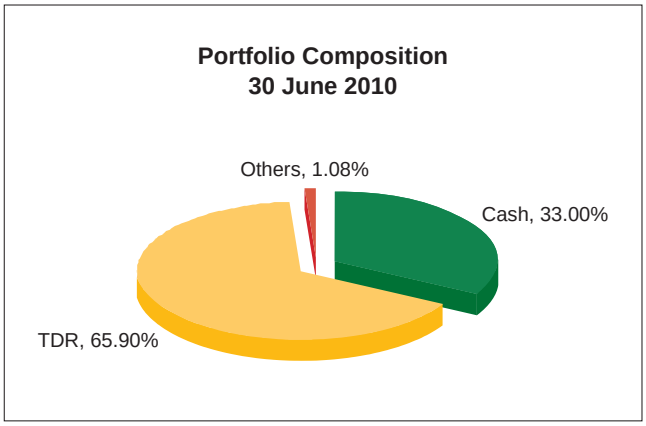

Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	138	36,023,869	10.39%
Associated Companies/ Directors	5	167,143,199	48.22%
Insurance Companies	4	11,718,295	3.38%
Retirement Funds	4	39,984,442	11.53%
Others	3	91,788,318	26.48%
Total	**154**	**346,658,123**	**100%**

The Board of Directors has approved a final distribution of Rs.10 per unit (2.0% on the face value of Rs.500 per unit).This is in addition to the three interim payouts of total Rs. 36.25 per unit, already paid. Aggregate distribution for the year works out to Rs. 46.25 per unit, i.e 9.25%.

The NAV before final distribution stood at Rs 510.31 per unit and after adjustment for final dividend stood at Rs. 500.31 per unit.

During the year under review the Investment Committee held forty six meetings to review the investments of the Fund.

Karachi: 20 August 2010

Muhammad Abdul Samad
Chief Investment Officer

Performance Table

For the year ended 30 June 2010

	2010	2009*
Net assets (Rs. in " 000 ")	346,658	255,864
Number of units in issue	679,312	494,203
Net asset value per unit (Rs.)	510.31	517.73
Net income (Rs. in " 000 ")	26,824	15,215
Earnings per unit (Rs.)	39.49	30.79
Annual return of the Fund (%)	8.94	11.69
Offer price **	515.41	522.91
Redemption price **	510.31	517.73
Interim distribution (Bonus)	12.50	-
Interim distribution as a % of par value of units	2.50	-
Date of distribution - Interim	27 October 2009	-
Interim distribution (Bonus)	12.50	-
Interim distribution as a % of par value of units	2.50	-
Date of distribution - Interim	21 January 2010	-
Interim distribution (Bonus)	11.25	30.00
Interim distribution as a % of par value of units	2.25	6.00
Date of distribution - Interim	6 April 2010	24 April 2009
Final Distribution (Bonus)	10.00	16.00
Final Distribution as a % of par value of units	2.00	3.20
Date of distribution - Final	8 July 2010	3 July 2009
Highest offer price per unit (Rs.)	521.78	543.87
Lowest offer price per unit (Rs.)	505.97	506.92
Highest repurchase price per unit (Rs.)	518.14	538.49
Lowest repurchase price per unit (Rs.)	500.96	506.92
Weighted average portfolio (No. of days)	10.96	13.44

* Period from 16 August 2008 to 30 June 2009.

** Relates to announced prices

Date of Launch: 14 October 2008

Past performance of the Fund is not the indicative of future performance, and the unit price and investment return may go down, as well as up.

Atlas Islamic Income Fund

Financial Statements

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2010

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of Listing Regulations of the Lahore Stock Exchange for the purpose of establishing a framework of good Governance, whereby a listed Company is managed in compliance with the best practice of corporate governance.

Atlas Asset Management Limited (AAML), the Management Company, is not listed and hence, the Code is not applicable to it. However, Atlas Islamic Income Fund, being listed at the Lahore Stock Exchange, comes under the ambit of the Code. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and has appointed the Chief Executive Officer (CEO), and Chief Financial Officer (CFO)/Company Secretary and other necessary personnel to manage the affairs of the Fund.

The Management Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present the Board consists of seven directors, including two independent non-executive directors. The Management Company is not listed on any stock exchange and therefore does not have minority interest.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies.

3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. The three years' term of office of the previous Board was completed and a new Board comprising of seven directors was elected unopposed for the next term of three years during the year. Further, a casual vacancy occurred in the Board during the year which was filled in with the approval of the Securities and Exchange Commission of Pakistan, as required by the NBFC Regulations, 2008.

5. The Management Company has adopted a "Statement of Ethics and Business Practices", which has been distributed to, and acknowledged by all the directors and employees of the Management Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of the particulars along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of the remuneration and terms and conditions of employment of the CEO have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter during the period. Written notes of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. The Management Company has established adequate procedures and systems for related party transactions vis-à-vis the pricing method for related party transactions. All the related party transactions are placed before the Audit Committee and the Board of Directors for their review and approval.

10. No new appointments of Chief Financial Officer, Company Secretary, and Chief Internal Auditor were made during the year. The Board has approved the terms of remuneration of the Chief Financial Officer & Company Secretary, and the Chief Internal Auditor.

11. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Fund were duly endorsed by CEO and CFO before the approval of the Board.

13. The Directors, CEO and Executives do not hold units other than those disclosed in note 14 to the financial statements "Transactions with Related Parties/Connected Persons."

14. The Management Company has complied with the corporate and financial reporting requirements of the Code.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2010

15. The Board arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities.

16. The Board has formed an Audit Committee comprising of three members, all of whom are non-executive directors, including the Chairman of the Committee. Meetings of the Committee were held every quarter, prior to approval of the interim and annual results of the Fund, as required by the Code. The Board has approved the terms of reference of the Audit Committee.

17. The Board has set up an effective internal audit function headed by a full time Chief Internal Auditor who is considered suitably qualified and experienced, and is conversant with the policies and procedures of the Fund.

18. The Statutory Auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund, and that the Firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

19. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with.

M. Habib-ur-Rahman
Chief Executive Officer

Karachi: 20 August 2010

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

Atlas Islamic Income Fund (the Fund), an open-end scheme was established under a trust deed dated May 07, 2008, executed between Atlas Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2010 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: 30 August 2010

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of the Management Company of Atlas Islamic Income Fund (the Fund) to comply with the Listing Regulations of the Lahore Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Code in respect of the Fund and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 of the Lahore Stock Exchange requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended 30 June 2010.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Karachi: 20 August 2010

REVIEW REPORT OF THE SHARIAH ADVISOR

As a Shariah Adviser of the Atlas Islamic Income Fund, I am issuing this report in accordance with clause 10.2.6 (e) of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of Atlas Asset Management Limited (AAML), the management company of the Fund, to establish and maintain a system of internal controls to ensure compliance with the Shariah guidelines. As a Shariah Adviser my responsibility is to express an opinion based on my review of the representations made by the management, to the extent where such compliance can be objectively verified.

As part of my mandate as the Shariah Adviser to the Fund, I have reviewed the following, during the year:

- The modes of investment of Fund's property and its compliance with Shariah guidelines.
- The process of deployment of Fund's property and its compliance with Sharjah guidelines.
- The process of purification of income and its compliance with Sharjah guidelines.

In light of the above scope, I hereby certify that all the provisions of the scheme and investments made by Atlas Islamic Income Fund for the year ended 30 June 2010 are in compliance with the Shariah principles.

Dr. Fazlur Rahman
Shariah Adviser

Karachi: 30 June 2010

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of Atlas Islamic Income Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2010, and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2010 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, the NBFC Rules and the NBFC Regulations.

Karachi: 20 August 2010

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Arslan Khalid
Audit Engagement Partner

STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2010

	Note	2010	2009
		Rupees	
Assets			
Bank balances and term deposits	7	342,912,275	253,763,886
Income accrued on bank balances and term deposits		5,640,305	2,902,180
Deferred formation cost	8	622,860	830,480
Security deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Total assets		**349,275,440**	**257,596,546**
Liabilities			
Payable to the management company	9	1,219,310	1,245,715
Payable to the trustee	10	57,540	57,540
Payable to the SECP	11	226,644	99,327
Accrued and other liabilities	12	1,113,823	329,768
Total liabilities		**2,617,317**	**1,732,350**
Net assets		**346,658,123**	**255,864,196**
Unit holders' fund		**346,658,123**	**255,864,196**
Number of units in issue		**679,312**	**494,203**
Net asset value per unit		**510.31**	**517.73**

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	For the year ended 30 June 2010	For the period from 16 August 2008 to 30 June 2009
		---------- Rupees ----------	
Income			
Income on bank balances and term deposits		33,079,159	15,557,464
Element of income and capital gains included in prices of units issued less those in units redeemed - net		285,919	2,340,960
		33,365,078	**17,898,424**
Expenses			
Remuneration of the management company	9.1	3,932,966	1,226,401
Remuneration of the trustee	10	700,070	612,092
SECP Annual fee	11	226,644	99,327
Annual listing fee		20,000	86,905
Annual rating fee		200,000	-
Auditors' remuneration	13	206,506	263,500
Printing charges		120,741	158,500
Settlement charges		6,000	4,500
Brokerage		54,223	14,680
Amortisation of deferred formation cost		207,620	207,620
Bank charges		8,113	9,443
Provision for Workers' Welfare Fund	12.1	857,953	-
		6,540,836	**2,682,968**
Net income for the year / period		**26,824,242**	**15,215,456**

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	For the year ended 30 June 2010	For the period from 16 August 2008 to 30 June 2009
	Rupees	
Net income for the year / period	**26,824,242**	**15,215,456**
Other comprehensive income	-	-
Total comprehensive income for the year / period	**26,824,242**	**15,215,456**

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

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

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	For the year ended 30 June 2010	For the period from 16 August 2008 to 30 June 2009
	---------- Rupees ----------	
Undistributed income brought forward	**8,762,680**	**-**
Final distribution at the rate of Rs.16.00 per unit declared on 3 July 2009 - bonus units	(7,907,248)	-
Net income for the year / period	26,824,242	15,215,456
Interim distribution at the rate of Rs.12.50 per unit declared on 27 October 2009 - bonus units (2009: Rs.30 per unit declared on 24 April 2009)	(7,233,017)	(6,452,776)
Interim distribution at the rate of Rs.12.50 per unit declared on 21 January 2010 - bonus units	(6,595,232)	-
Interim distribution at the rate of Rs.11.25 per unit declared on 6 April 2010 - bonus units	(6,849,661)	-
Undistributed income carried forward	**7,001,764**	**8,762,680**

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	For the year ended 30 June 2010	For the period from 16 August 2008 to 30 June 2009
		Rupees	
Cash flows from operating activities			
Net income for the year / period		26,824,242	15,215,456
Adjustment for:			
Amortisation of deferred formation cost		207,620	207,620
Element of income and capital gains included in prices of units issued less those in units redeemed - net		(285,919)	(2,340,960)
		(78,299)	**(2,133,340)**
Increase in assets			
Income accrued on bank balances and term deposits		(2,738,125)	(2,902,180)
Deferred formation cost		-	(1,038,100)
Security deposit		-	(100,000)
		(2,738,125)	**(4,040,280)**
(Decrease) / increase in liabilities			
Payable to the management company		(26,405)	1,245,715
Payable to the trustee		-	57,540
Payable to the SECP		127,317	99,327
Accrued and other liabilities		784,055	329,768
		884,967	**1,732,350**
Net cash inflow from operating activities		**24,892,785**	**10,774,186**
Cash flows from financing activities			
Proceeds from issue of units		385,680,114	445,681,945
Payment on redemption of units		(321,424,510)	(202,692,245)
Net cash inflow from financing activities		**64,255,604**	**242,989,700**
Net increase in cash and cash equivalents		**89,148,389**	**253,763,886**
Cash and cash equivalents at the beginning of the year / period		253,763,886	-
Cash and cash equivalents at the end of the year / period	7	**342,912,275**	**253,763,886**

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

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

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED 30 JUNE 2010

	For the year ended 30 June 2010		For the period from 16 August 2008 to 30 June 2009	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the year/period [Rs.517.73 (2009: nil) per unit]	**494,203**	**255,864,196**	**-**	**-**
Issue of units	759,256	385,680,114	869,582	445,681,945
Redemption of units	(631,039)	(321,424,510)	(388,066)	(202,692,245)
	128,217	**64,255,604**	**481,516**	**242,989,700**
Element of income and capital gain included in prices of units issued less those in units redeemed - net	-	(285,919)	-	(2,340,960)
Final distribution at the rate of Rs.16.00 per unit declared on 3 July 2009 - bonus units	15,760	-	-	-
Net income for the year / period	-	26,824,242	-	15,215,456
Other comprehensive income	-	-	-	-
Total comprehensive income for the year/period	**-**	**26,824,242**	**-**	**15,215,456**
Interim distribution at the rate of Rs.12.50 per unit declared on 27 October 2009 - bonus units	14,343	-	-	-
Interim distribution at the rate of Rs.12.50 per unit declared on 21 January 2010 - bonus units	13,116	-	-	-
Interim distribution at the rate of Rs.11.25 per unit declared on 6 April 2010 - bonus units (2009: Rs. 30 per unit declared on 24 April 2009)	13,673	-	12,687	-
Net assets at the end of the year / period [Rs.510.31 (2009: Rs. 517.73) per unit]	**679,312**	**346,658,123**	**494,203**	**255,864,196**

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Atlas Islamic Income Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 7 May 2008 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed was revised through the First Supplemental Trust Deed dated 23 June 2010 with the approval of the SECP. Also, the Offering Document of the Fund was revised through the First Supplement dated 23 June 2010, with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.

1.2 Units of the Fund are offered for public subscription on a continuous basis since 14 October 2008, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Lahore Stock Exchange.

1.3 According to the trust deed, the objective of the Fund is to provide investors with a good and stable rate of current income consistent with long term preservation of capital in a Shariah Compliant manner. A secondary objective is to take advantage of opportunities to realize capital appreciation. The Fund seeks to provide the investors with a rate of return consistent with a diversified portfolio of long, medium, and short term, high quality Islamic Income Instruments. The activities of the Fund are undertaken in accordance with the criteria for Shariah compliance, which has been laid down by the Shariah Advisor of the Fund, appointed by the Management Company, to ensure that the activities of the Fund are in compliance with the Code. The investment objectives and policies are fully defined in the Fund's Offering Document.

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention.

3.2 These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

IAS 1 - "Presentation of financial statements (Revised)"

The Fund has adopted IAS - 1 "Presentation of Financial Statements (Revised)" which became effective during the year. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity/ unit holders' fund includes only details of transactions with owners, with non-owner changes in equity presented as a single line item in the statement of changes in equity / unit holders' fund. In addition, the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Fund has elected to present two statements.

In addition, the Fund has also adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year. However, adoption of the these standards, amendments and interpretations did not affect the financial statements:

IFRS 2 - Share Based Payment - Amendments regarding Vesting Conditions and Cancellations (Amendment)

IFRS 3 - Business Combinations (Revised)

IFRS 7 – Financial Instruments: Disclosures (Amendments)

IFRS 8 - Operating Segments

IAS 23 - Borrowing Costs (Revised)

IAS 27 - Consolidated and Separate Financial Statement - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)

IAS 27 - Consolidated and Separate Financial Statements (Amendment)

IAS 32 - Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)

IAS 39 - Financial Instruments: Recognition and Measurement - Eligible hedged items (Amendments)

IFRIC 15 - Agreements for the Construction of Real Estate

IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

IFRIC 17 - Distributions of Non-cash Assets to owners

IFRIC 18 - Transfers of Assets from Customers

4.2 Term deposits

These are carried at cost.

4.3 Deferred formation cost

Formation cost refers to all the preliminary and floatation expenses of the Fund incurred upto the initial issue of units, to the extent allowable under the NBFC Regulations. These costs are being amortised over a period of five years commencing from August 2008, in accordance with the requirements of the NBFC Regulations. These expenses were paid off by the management company and are reimbursable to it by the Fund.

4.4 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 / management company during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the 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 to units for which the distribution company / management company receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the management company may consider to be an appropriate provision of duties and charges.

Gain or loss on sale of Shariah compliant debt securities and derivatives is accounted for in the period in which it arises.

4.5 Revenue recognition

Income on bank balances and deposits is recognised on an accrual basis.

4.6 Expenses

All expenses chargeable to the Fund including remuneration of management company, trustee, and annual fee of the SECP are recognised in the income statement on an accrual basis.

4.7 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.8 Element of income and capital gains in prices of units issued less those in units redeemed

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 in prices of units issued less those in units redeemed” is created.

The "element of income and capital gains in prices of units issued less those in units redeemed" account is credited with the amount representing net income and capital gains accounted for net asset value announced on the date of issue and included in the sale proceeds of units. Upon redemption of units, the "element of income and capital gains in prices of units issued less those in units redeemed" account is debited with the amount representing net income and capital gains accounted for on the net asset value at the date of issue and included in the redemption price.

The net "element of income and capital gains in prices of units issued less those in units redeemed" during an accounting period is transferred to the income statement.

4.9 Taxation

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and unrealised capital gains for the year is distributed amongst the Fund's unit holders. The Fund intends to avail this exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

4.10 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only 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 amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.12 Impairment to financial assets

Financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the income statement.

4.13 Distribution to unit holders

Distribution to unit holders is recognised upon declaration and approval by the Board of Directors of the management company.

4.14 Net asset value per unit

The net asset value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the end of the year/period.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short term deposits.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in the relevant accounting policies / notes in the financial statements.

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following revised standards, interpretations and amendments with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard, interpretation or amendment:

Standard, interpretation or amendment		Effective date (accounting periods beginning on or after)
IAS - 24	Related Party Disclosures (Revised)	01 January 2011
IAS - 32	Financial Instruments: Presentation - Classification of Rights Issue (Amendment)	01 February 2010
IFRS - 2	Share based payment - Amendments relating to Group Cash-settled Share-based payment transactions	01 January 2010
IFRIC - 14	IAS - 19 - The limit on a defined benefit asset, Minimum Funding Requirements and their Interaction (Amendments)	01 January 2011
IFRIC - 19	Extinguishing Financial Liabilities with Equity Instruments	01 July 2010

The Fund expects that the adoption of the above revisions, interpretations and amendments of the standards will not affect the Fund's financial statements in the period of initial application.

In addition to the above, amendments / improvements to various accounting standards have also been issued by IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after 1 January 2010. The Fund expects that such improvements to the standards will not have any material impact on the Fund's financial statements in the period of initial application.

	Note	2010	2009
		Rupees	
7. BANK BALANCES AND TERM DEPOSITS			
PLS saving accounts	7.1	114,412,275	168,763,886
Term deposits	7.2	228,500,000	85,000,000
		342,912,275	**253,763,886**

7.1 The expected rate of return on these accounts ranges between 5% and 10.75% (2009: 5% and 11.50%) per annum.

7.2 The expected rate of return on these deposits ranges between 11% and 11.50% (2009:12% and 13%) per annum. These deposits will mature by July 2010.

8. DEFERRED FORMATION COST

Deferred formation cost	1,038,100	1,038,100
Less: Accumulated amortisation	(415,240)	(207,620)
	622,860	**830,480**

	Note	2010	2009
		Rupees	

9. PAYABLE TO THE MANAGEMENT COMPANY - Related party

Management fee	9.1	388,830	207,615
Payable in respect of formation cost		830,480	1,038,100
		1,219,310	**1,245,715**

9.1 In accordance with the provisions of the NBFC Regulations, the management company is entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and thereafter at the rate of 2% of such assets. The management company has charged its remuneration at the rate of 1.5% (2009:1.25%) per annum of the average net assets for the reported period.

10. PAYABLE TO THE TRUSTEE - Related party

The trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

-	up to Rs.1,000 million	Rs. 0.7 million or 0.20% per annum of Net Asset Value, whichever is higher.
-	exceeding Rs.1,000 million	Rs. 2.0 million plus 0.10% per annum of Net Asset Value exceeding Rs. 1,000 million.

11. PAYABLE TO THE SECP

Represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP an amount equal to 0.075% of average annual net assets of the Fund.

12. ACCRUED AND OTHER LIABILITIES

Auditors' remuneration payable		151,606	195,000
Printing charges payable		100,000	130,000
Brokerage payable		1,582	4,518
Zakat payable		1,616	250
Provision for Workers' Welfare Fund	12.1	857,953	-
Other payable		1,066	-
		1,113,823	**329,768**

12.1 The Finance Act, 2008 introduced an amendment to the Workers Welfare Fund (WWF) Ordinance, 1971, whereby the definition of “industrial establishment” was amended to include therein any establishment to which the West Pakistan Shops and Establishment Ordinance, 1969 applies. Management company of the Fund, based on a legal advice obtained through Mutual Funds Association of Pakistan (MUFAP) was of a firm view that Collective Investment Schemes (CIS) were not establishments and therefore, the WWF Ordinance should not applicable to such schemes. The MUFAP had also filed a constitutional petition in the High Court of Sindh (the Court) on behalf of the members, challenging the applicability of WWF to the CIS. The said petition was dismissed by the Court vide its order dated 25 May 2010 on the main ground that the MUFAP (petitioner) could not be held entitled to maintain a petition in respect of its member as it was not the aggrieved party, and the main ground could be examined when the aggrieved parties directly approached the Court for redressal.

Consequently, on 30 June 2010, a constitutional petition was filed in the High Court of Sindh by certain representative CIS and approved pension funds under the Voluntary Pension System Rules, 2005, through their trustees, M/s Central Depository Company of Pakistan Limited, and with the management company of the Fund as management company, which is pending adjudication.

In the meantime, clarification has been obtained by the MUFAP from the Ministry of Labour & Manpower, Workers' Welfare Fund, Govt. of Pakistan, which, through their letter nos. WWF (A - II).11(5)/2010 dated 8 July 2010 and 15 July 2010, has clarified that the WWF Ordinance, 1971 does not have any provisions for the applicability of WWF on those entities whose incomes are exempt from income tax under any provisions of any law, and that mutual funds are a product being managed / sold by asset management companies which are liable to contribute towards the said WWF levy. The said clarifications and legal advices sought from legal advisors are presently under the consideration of the MUFAP. In the meantime, the management company of the Fund, as a matter of abundant caution, has made a provision for WWF in the financial statements.

	For the year ended 30 June 2010	For the period from 16 August 2008 to 30 June 2009
	---------- Rupees ----------	

13. AUDITORS' REMUNERATION

Audit fee	75,000	50,000
Shariah audit fee	-	125,000
Half yearly review of financial statements	25,000	25,000
Review of compliance with Code of Corporate Governance	20,000	10,000
Certification charges	30,000	50,000
Out of pocket expenses	56,506	3,500
	206,506	**263,500**

14. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	3,932,966	1,226,401
Remuneration paid	3,751,751	1,018,786
Formation cost paid	207,620	-
Certification charges	-	75
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	700,070	612,092
Settlement charges	6,000	4,500
Atlas Fund of Funds (Fund under common management)		
Sale of Nil (2009: 80,000) units	-	40,000,000
Bonus of 8,470 (2009: 4,719) units	4,255,497	2,400,000
Redemption of 13,189 (2009: Nil) units	6,706,809	-
Outstanding 80,000 (2009: 84,719) units	40,824,800	43,861,339
Atlas Foundation (Group Company)		
Sale of 14,225 (2009: 30,000) units	7,300,000	15,000,000
Bonus of 4,469 (2009: 1,769) units	2,245,731	900,000
Outstanding 50,463 (2009: 31,769) units	25,751,940	16,448,002
Atlas Honda Limited		
Sale of 96,974 (2009: 96,974) units	49,156,323	50,000,000
Bonus of 10,085 (2009: Nil) units	5,066,912	-
Redemption of 107,059 (2009: Nil) units	54,225,836	-
Outstanding 96,974 (2009: 96,974) units	49,487,005	50,206,555
Atlas Insurance Limited		
Sale of Nil (2009: 97,750) units	-	50,000,000
Bonus of 10,165 (2009: Nil) units	5,107,426	-
Redemption of 10,165 (2009: Nil) units	5,110,048	-
Outstanding 97,750 (2009: 97,750) units	49,882,692	50,607,995
Key Management Personnel of Management Company		
Chief Executive Officer		
Sale of Nil (2009: 2,000) units	-	1,000,000
Bonus of 229 (2009: 118) units	115,025	60,000
Outstanding 2,347 (2009: 2,118) units	1,197,648	1,096,533
Directors		
Sale of Nil (2009: 20,000) units	-	10,000,000
Bonus of 930 (2009: 618) units	467,597	314,520
Redemption of 12,032 (2009: 9,516) units	6,059,682	5,000,000
Outstanding Nil (2009: 11,102) units	-	5,748,020

	For the year ended 30 June 2010	For the period from 16 August 2008 to 30 June 2009
	---------- Rupees ----------	
Executives		
Sale of 6,876 (2009: 7,741) units	3,490,604	4,068,891
Bonus of 249 (2009: 134) units	125,318	67,061
Redemption of 8,389 (2009: 6,046) units	4,250,510	3,195,265
Outstanding 646 (2009: 1,829) units	329,461	946,865

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

14.2 The outstanding balances of related parties / connected persons are included in the respective notes to the financial statements.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

15.1 The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund. The Fund may be exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

15.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity prices.

(i) Profit rate risk

Profit rate risk is the risk that the fund's income will fluctuate due to changes in the market profit rates. As of 30 June 2010, the Fund is exposed to such risk in respect of bank balances and term deposits. Management of the Fund estimates that 1% increase in the market profit rate, with all other factors remaining constant, would increase the Fund's income by Rs.3,429,123 (2009: Rs.2,537,639) and a 1% decrease would result in a decrease in the Fund's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity price risk

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund is not exposed to equity price risk as at the date of statement of assets and liabilities.

15.3 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date:

2010	Within 1 month	1 to3 months	3 to 12 months	Total
	---------- Rupees ----------			
Assets				
Bank balances and term deposits	342,912,275	-	-	342,912,275
Income accrued on bank balances and term deposits	5,640,305	-	-	5,640,305
Security deposit	-	-	100,000	100,000
	348,552,580	**-**	**100,000**	**348,652,580**
Liabilities				
Payable to the management company	-	596,450	622,860	1,219,310
Payable to the trustee	57,540	-	-	57,540
Payable to SECP	-	226,644	-	226,644
Accrued and other liabilities	3,198	151,606	959,019	1,113,823
	60,738	**974,700**	**1,581,879**	**2,617,317**
Net assets / (liabilities)	**348,491,842**	**(974,700)**	**(1,481,879)**	**346,035,263**

2009	Within 1 month	1 to3 months	3 to 12 months	Total
	---------- Rupees ----------			
Assets				
Bank balances and term deposits	218,763,886	35,000,000	-	253,763,886
Income accrued on bank balances and term deposits	2,038,186	863,994	-	2,902,180
Security deposit	-	-	100,000	100,000
	220,802,072	**35,863,994**	**100,000**	**256,766,066**
Liabilities				
Payable to the management company	-	1,245,715	-	1,245,715
Payable to the trustee	57,540	-	-	57,540
Payable to SECP	-	99,327	-	99,327
Accrued and other liabilities	4,768	195,000	130,000	329,768
	62,308	**1,540,042**	**130,000**	**1,732,350**
Net assets / (liabilities)	**220,739,764**	**34,323,952**	**(30,000)**	**255,033,716**

15.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfil their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The Fund's policy is to enter into financial contracts in accordance with the profit risk management policies and investment guidelines approved by the Investment Committee. The Fund's maximum exposure to credit risk as of 30 June 2010 amounts to Rs.348,652,580 (2009: Rs.256,766,066).

15.4.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

Rating	% of financial assets exposed to credit risk	
	2010	2009
AA+	37.91	6.54
AA	28.76	26.98
A	33.30	66.44
Others	0.03	0.04
	100.00	**100.00**

15.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The fair value of financial assets and liabilities of the Fund approximate their carrying amount due to short term maturities of these instruments.

15.6 Capital management

The Fund's objective when managing unit holders' funds is to safe guard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units.

16. SUBSEQUENT EVENT - DISTRIBUTION TO UNITHOLDERS PER UNIT

The Board of Directors of the management company, in their meeting held on 08 July 2010, approved a distribution of Rs.10 per unit (2009: Rs.16) on the face value of Rs. 500 each i.e. 2% (2009: 3.20%) amounting to Rs.6,793,124 (2009: Rs.7,907,248).

17. UNIT HOLDING PATTERN OF THE FUND

Category	30 June 2010			30 June 2009		
	Number of unit holders	Amount Rupees	% of total	Number of unit holders	Amount Rupees	% of total
Individuals	138	36,023,869	10.39%	140	29,945,117	11.70%
Associated Companies/ Directors	5	167,143,199	48.22%	6	167,968,748	65.65%
Insurance Companies	4	11,718,295	3.38%	2	5,670,433	2.22%
Retirement Funds	4	39,984,442	11.53%	4	27,358,791	10.69%
Others	3	91,788,318	26.48%	1	24,921,107	9.74%
	154	**346,658,123**	**100.00%**	**153**	**255,864,196**	**100.00%**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

18. LIST OF TOP BROKERS BY PERCENTAGE OF THE COMMISSION PAID

30 June 2010		30 June 2009	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Vector Capital (Private) Limited	80.38	IGI Finex Securities Limited	56.59
IGI Finex Securities Limited	19.62	First Capital Securities Corporation Limited	43.41
	100.00		100.00

19. RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager rating of "AM3+" assigned to the management company for FY 2008-09.

PACRA has assigned a stability rating of "AA - (f)" (Double A minus - fund rating) to the Fund, for FY 2009-10, The Fund's rating denotes a very strong capacity to manage relative stability in returns and low exposure to risks.

20. THE MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. M. Habib-ur-Rahman	Chief Executive Officer	FCA	42 Years
Mr. Frahim Ali Khan	Director	B. Com./LLB	43 Years
Mr. Ali H. Shirazi	Director	Masters in Law	6.5 years
Mr. M. Abdul Samad	Chief Investment Officer	MBA (Finance)-UK	10 Years
Mr. Khalid Mehmood	Fund Manager - Equity Markets	MBA - Finance	6 Years

21. NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. M. Abdul Samad	Chief Investment Officer	MBA (Finance)-UK	Atlas Income Fund Atlas Money Market Fund

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

22. MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The details of dates of Board meetings of the management company of the Fund, and the attendance of the Board members are given below:

Name of Directors	Meeting held on						
	03 July 2009	26 Aug 2009	27 Oct 2009	21 Jan 2010	22 Feb 2010	06 Apr 2010	26 April 2010
Mr. Yusuf H. Shirazi	P	P	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P	P *
Mr. Tariq Amin	P	P	P	P	P	P	P
Mr. Frahim Ali Khan	P	P	P	P	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P	P	P
Mr. M. Ashraf Janjua	P	P	P	P	P	P	L
Mr. Arshad P. Rana (w.e.f. 19 August 2009)	-	P	L	P	L	P	P
Mr. Michael Vergara Ferrer (Uptil 10 July 2009)	L	N/A	N/A	N/A	N/A	N/A	N/A

* Attended through teleconference call.

P Present

L Leave of absence

N/A Not Applicable

23. GENERAL

23.1 Figures have been rounded off to the nearest Rupee.

23.2 Corresponding figures are for the period from 16 August 2008 to 30 June 2009 and hence are not comparable.

23.3 Certain prior year's figures have been reclassified for the purpose of comparison. However, there were no material reclassifications to report.

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 20 August 2010.

For Atlas Asset Management Limited
(Management Company)

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

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