

Atlas funds

Nurturing your investments

THIRD QUARTER REPORT

(AUGUST 24, 2004 TO MARCH 31, 2005)

(UN-AUDITED)



Atlas Stock Market Fund

Managed By
Atlas Asset Management Limited
(Formerly: Atlas Asset Management Company Limited)
An Atlas Group Company

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Atlas Asset Management Limited

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.



Atlas Stock Market Fund

ORGANISATION

MANAGEMENT COMPANY

Atlas Asset Management Limited

BOARD OF DIRECTORS OF MANAGEMENT COMPANY

Chairman	Mr. Yusuf H. Shirazi
Vice Chairman & Chief Executive Officer	Mr. M. Habib-ur-Rahman
Directors	Mr. Jawaaid Iqbal Ahmed
	Mr. Peter A. Smyth - (Alternate Mr. Michael Ferrer)
	Mr. Saquib H. Shirazi
	Mr. Sherali Mundrawala
	Mr. Tariq Amin
Company Secretary	Mr. Ather H. Medina

AUDIT COMMITTEE

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

GROUP EXECUTIVE COMMITTEE

President	Mr. Aamir H. Shirazi
Members	Mr. Frahim Ali Khan
	Mr. Iftikhar H. Shirazi
	Mr. Jawaaid Iqbal Ahmed
	Mr. Saquib H. Shirazi

GROUP HUMAN RESOURCE COMMITTEE

Chairman	Mr. Yusuf H. Shirazi
Members	Mr. Aamir H. Shirazi
	Mr. Bashir Makki

GROUP SYSTEMS & TECHNOLOGY COMMITTEE

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

TRUSTEE

Central Depository Company of Pakistan Limited
8th Floor, Karachi Stock Exchange Building,
Stock Exchange Road, Karachi-74000.

INTERNAL AUDITORS

Anjum Asim Shahid Rahman
Chartered Accountants

Third Quarter Report 2005



ORGANISATION

AUDITORS

Hameed Chaudhri & Co.
Chartered Accountants

LEGAL ADVISORS

Mohsin Tayebaly & Co.

BANKERS

Bank Alfalah Limited
KASB Bank Limited
Muslim Commercial Bank Limited

REGISTERED OFFICE

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

DISTRIBUTION OFFICES

Karachi

Atlas Asset Management Limited

PPI Building, Near Sindh Secretariat Building,
Sharae Kamal Atatürk, Karachi-74200
Telephone: (92-21) 8240195
Fax: (92-21) 2626478

3rd Floor, Ebrahim Estates,
Sharae Faisal, Karachi -75350
Telephone: (92-21) 4310665, 4536369, 4539695
Fax: (92-21) 4538094

Atlas Investment Bank Limited

3rd Floor, Federation House, Sharae Firdousi,
Clifton, Karachi-75600
Telephone: (92-21) 5866817-20, 5866919-20
Fax: (92-21) 5870543

Lahore

Atlas Asset Management Limited

1-McLeod Road, Lahore
Tel : (92-42) 7225015-17, 7233515-17
Fax : (92-42) 7233518, 7351119

Atlas Investment Bank Limited

2nd Floor, Ajmal House, 27-Egerton Road, Lahore.
Telephone: (92-42) 6366170-74
Fax: (92-42) 6366175

Islamabad

Atlas Investment Bank Limited

30, Mezzanine Floor, Beverly Centre
Blue Area, Islamabad.
Telephone: (92-51) 2824906, 2824909
Fax: (92-51) 2821377



Atlas Stock Market Fund

CHAIRMAN'S REVIEW

It is my pleasure to present the unaudited financial statements of Atlas Stock Market Fund for the period August 24, 2004 to March 31, 2005.

The Economy

The period under review witnessed a changing scene in the economy. As the government tried to push through second generation reforms, it faced several challenges. The most difficult external challenge was the sharp increase in oil prices. The record oil prices are effecting the balance of payments position and fueling inflation. The growth oriented policies, that kept interest rates low, resulted in unprecedented credit expansion. The government obviously could not adjust it's monetary policy so as to harmonize it with the growth strategy appropriately!

However, the credit expansion led to inflation - in March'05 exceeding the double-digit mark at 10.25% p.a. Further, the trade deficit - US\$4.26 billion in March'05 - led to continuing sharp rises in short term interest rates. The weighted average yields on Treasury Bills rose across the board with a 101 bps increase in 3 month T-bills, 177 bps in 6 month T-bills, and 193 bps in 12 month T-bills. While the long end of the yield curve has held steady over the previous quarter, the sharp increase in the short term will impact the cost of borrowing and resultantly, earnings.

However, given the track record of the economic management, one is hopeful that the situation will be well managed. There may be no need to react and start imposing IFIs' oriented checks that take growth out of the equation. Growth is still strong at over 7% and signs in all areas including agriculture, industry and services are positive. The increase in wheat support price will enhance farm income and sustain the overall economy. An upward adjustment in interest rates will re-direct investment towards productive sectors. Although cost-push pressure is immense yet with the enhanced volumes economies of scale are coming into effect and can help to offset cost pressures to a great extent.

Fund Operations

Your fund started its investment activity when the market had just entered a period of steep rising share prices. Following our own investment strategy, your fund booked frequent gains in the sharp rally and therefore when the market fell from March 15, 2005, your fund was able to limit the downside for our unit holders. The net income for the period was Rs.78.86 per Unit translating into an annualized appreciation of 41.9% from the date of the Initial Public Offering on November 22, 2004 - quite a satisfactory performance on the whole.

Future Prospects

The previous quarter has been a period of high volatility with an average fluctuation of 1.84% every day in the KSE-100 share Index which translates into an average change of 150 points per day. This amply demonstrates the market's increasing tendency to over react to inputs in both directions. The recent move by the State Bank of Pakistan to increase the discount rate by 150 bps after a gap of over 2 years has accordingly resulted in carnage in the market. However, your management believes that in every threat lies an opportunity. The present lull in the market provides an opportunity to find better values for investment. Fundamental factors continue to point towards strong economic growth with real GDP growth expected to exceed 7% for the current fiscal year. Corporate earnings growth are expected to maintain recent trends and thus the long-term outlook for the market remains optimistic.

اک گونا بے خودی مجھے دن رات چاہیے

(We are committed to grow in whatsoever circumstances!)

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 ING - Institutional and Government Advisory Services, B.V. and ING IM AP Administration Limited for their continuing support. 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.



Yusuf H. Shirazi
Chairman

Date: April 26, 2005



Atlas Stock Market Fund

STATEMENT OF ASSETS AND LIABILITIES

AS AT MARCH 31, 2005 (UN-AUDITED)

	Note	March 31, 2005 (Rupees)
ASSETS		
Cash at banks		191,447,663
Receivable from carry over transactions		321,179,800
Receivable from future transactions		12,600,760
Investments - Held for trading	4	479,457,250
Receivable from brokers		10,176,041
Advances and deposits		214,777
Income accrued and receivable	5	9,043,240
Total assets		1,024,119,531
LIABILITIES		
Payable to brokers		125,912,728
Accrued expenses and other liabilities	6	542,242
Payable to unit holders		133,295
Payable to Atlas Asset Management Limited - Management Company		9,317,943
Payable to Central Depository Company of Pakistan Limited - Trustee		292,951
Payable to Securities and Exchange Commission of Pakistan - annual fee		311,456
Total liabilities		136,510,616
Net assets		887,608,915
Unitholders' funds (as per statement attached)		887,608,915
		(No. of units)
Number of units in issue		1,534,437
		(Rupees per unit)
Net asset value per unit		578.46

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

For Atlas Asset Management Limited
(Management Company)

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

Yusuf H. Shirazi
Chairman

Sherali Mundrawala
Director

For Central Depository Company of Pakistan Limited
(Trustee)

Mohammad Hanif Jakhura
Chief Executive Officer

Third Quarter Report 2005



INCOME STATEMENT

FOR THE PERIOD FROM AUGUST 24, 2004 TO
MARCH 31, 2005 (UN-AUDITED)

	Quarter ended March 31, 2005 Rupees	For the period August 24, 2004 to March 31, 2005 Rupees
REVENUE		
Dividend income	4,992,500	4,992,500
Interest income	206,986	4,204,432
Gain on sale of investments	103,562,586	110,015,202
Income from carry over transactions	11,560,186	13,740,333
Income from future transactions	6,506,487	8,912,493
Element of income and capital gains included in prices of units sold less those in units repurchased	(4,584,901)	(1,154,448)
Net unrealised gain/(loss) on remeasurement of investments at fair value	(8,350,202)	(3,402,921)
	<u>113,893,642</u>	<u>137,307,591</u>
EXPENSES		
Remuneration - Management Company	7,395,158	9,317,943
Remuneration - Trustee	479,782	927,121
Annual fee - SECP	214,459	311,456
Settlement charges	193,200	280,905
Auditors' remuneration - review fee	37,500	65,000
Brokerage	1,995,959	2,329,009
Bank charges	6,970	25,441
Amortisation of floatation and formation costs	2,241,108	3,050,000
Total expenses	<u>12,564,137</u>	<u>16,306,876</u>
Net income for the period	<u>101,329,505</u>	<u>121,000,715</u>
Basic earnings per unit	<u>66.04</u>	<u>78.86</u>

For Atlas Asset Management Limited
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(Trustee)

Mohammad Hanif Jakhura
Chief Executive Officer



Atlas Stock Market Fund

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS FOR THE PERIOD FROM AUGUST 24, 2004 TO MARCH 31, 2005 (UN-AUDITED)

Period from
August 24, 2004
to March 31,
2005
(Rupees)

Net assets at the beginning of the period	-
Amount received on issue of 1,791,121 units	922,374,386
Amount paid on redemption of 256,684 units	(156,920,634)
	765,453,752
Element of income and capital gains included in prices of units sold less those in units repurchased	1,154,448
Net income for the period	121,000,715
Net assets at the end of the period	887,608,915
Net assets at the end of the period consist of:	
Capital account	766,608,200
Undistributed income	121,000,715
	887,608,915

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
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Chairman

Sherali Mundrawala
Director

For Central Depository Company of Pakistan Limited
(Trustee)

Mohammad Hanif Jakhura
Chief Executive Officer

Third Quarter Report 2005



CASH FLOW STATEMENT

FOR THE PERIOD FROM AUGUST 24, 2004 TO
MARCH 31, 2005 (UN-AUDITED)

Period from
August 24, 2004
to March 31,
2005
(Rupees)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period	121,000,715
Adjustments	
Unrealised loss on remeasurement of investments at fair value	3,402,921
Gain on sale of investments	(110,015,202)
Element of income and capital gains included in prices of units sold less those in units repurchased	1,154,448
Remuneration - Management Company	9,317,943
Remuneration - Trustee	927,121
Annual fee - SECP	311,456
Amortisation of formation and floatation costs	3,050,000
	<u>29,149,403</u>
(Increase) / decrease in current assets	
Receivable from carry over transactions	(321,179,800)
Receivable from future transactions	(12,600,760)
Receivable from brokers	(10,176,041)
Advances and deposits	(214,777)
Income accrued and receivable	(9,043,240)
	<u>(353,214,618)</u>
(Decrease) / increase in current liabilities	
Payable to brokers	125,912,728
Creditors, accrued and other liabilities	542,242
Payable to unit holders	133,295
	<u>126,588,265</u>
Remuneration paid to Trustee	(634,170)
Cash used in operating activities	<u>(198,111,120)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(2,011,463,987)
Sale of investments	1,638,619,018
Formation and floatation cost paid	(3,050,000)
Cash used in investing activities	<u>(375,894,969)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts in respect of sale of units	922,374,386
Paid on redemption of units	(156,920,634)
Cash generated from financing activities	<u>765,453,752</u>
Net increase in cash at banks	191,447,663
Cash at banks at the beginning of the period	-
Cash at banks at the end of the period	<u><u>191,447,663</u></u>

For Atlas Asset Management Limited
(Management Company)

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

Yusuf H. Shirazi
Chairman

Sherali Mundrawala
Director

For Central Depository Company of Pakistan Limited
(Trustee)

Mohammad Hanif Jakhura
Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM AUGUST 24, 2004 TO
MARCH 31, 2005 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

Atlas Stock Market Fund (the Fund) is an open ended investment fund established under a trust deed executed between Atlas Asset Management Limited (AAML), as management company and Central Depository Company of Pakistan Limited, as trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 18 May, 2004 in accordance with the Non-Banking Finance Companies (Establishment & Regulation) Rules 2003 (NBFC Rules 2003). The Trust Deed was executed on 29 May, 2004. The registered office of AAML is situated at Federation House, Sharae Firdousi, Clifton, Karachi.

The Fund aims to generate consistent returns and growth with a rigorous risk management framework, as per objectives stated in the Fund's offering document. It aims to achieve these objects by investing in high quality listed equity securities, listed debt securities, government securities, carry over transactions, spread transactions and money market instruments.

2. BASIS OF PREPARATION

These financial statements are unaudited and have been prepared in accordance with the requirements of International Accounting Standard - 34 (IAS-34) "Interim Financial Reporting", NBFC Rules, 2003 and the directives issued by the SECP.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the preceeding financial statements for the half year ended December 31, 2004.

4. INVESTMENTS - HELD FOR TRADING

	Number of shares			As at 31 March 2005	Market Value as at 31 March 2005 (Rupees)	% of Net Assets
	Purchases during the period	Right/ Bonus	Sales during the period			
Investment Banks/Companies/ Securities						
Pakistan Industrial Credit and Investment Corporation Limited	25,000	-	25,000	-	-	-
Commercial Banks						
Askari Commercial Bank Limited	330,800	30,000	160,800	200,000	16,910,000	1.91
Bank Alfalah Limited	350,000	-	150,000	200,000	9,060,000	1.02
Faysal Bank Limited	364,500	-	364,500	-	-	-
National Bank of Pakistan	2,565,700	-	2,015,700	550,000	63,745,000	7.18
PICIC Commercial Bank Limited	100,000	-	100,000	-	-	-
The Bank of Punjab	1,625,000	25,000	1,475,000	175,000	12,818,750	1.44
Textile Spinning						
Umer Fabrics Limited	101,000	-	101,000	-	-	-

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	Number of shares			As at 31 March 2004	Market Value as at 31 March 2005 (Rupees)	% of Net Assets
	Purchases during the period	Right/ Bonus	Sales during the period			
Textile Composite						
Azgard Nine Limited	104,500	-	4,500	100,000	3,800,000	0.43
Kohinoor Textile Mills Limited	375,200	-	155,200	220,000	10,835,000	1.22
Nishat (Chunian) Limited	2,500	-	2,500	-	-	-
Nishat Mills Limited	425,000	-	325,000	100,000	8,690,000	0.98
Suraj Cotton Mills Limited	120,000	-	20,000	100,000	6,220,000	0.70
Synthetic & Rayon						
Dewan Salman Fibres Limited	150,000	-	150,000	-	-	-
Ibrahim Fibres Limited	172,500	-	22,500	150,000	6,300,000	0.71
Cement						
D G Khan Cement Co. Limited	380,000	-	380,000	-	-	-
Lucky Cement Limited	740,000	-	740,000	-	-	-
Refinery						
Attock Refinery Limited	9,100	-	9,100	-	-	-
Power Generation & Distribution						
The Hub Power Co. Limited	2,940,000	-	2,740,000	200,000	6,290,000	0.71
Oil & Gas Marketing Cos.						
Pakistan State Oil Co. Limited	951,600	-	801,600	150,000	59,700,000	6.73
Sui Northern Gas Pipelines Limited	825,000	-	825,000	-	-	-
Sui Southern Gas Co. Limited	950,000	-	950,000	-	-	-
Oil & Gas Exploration						
Oil & Gas Development Co. Limited	2,092,700	-	1,892,700	200,000	22,310,000	2.51
Pakistan Oilfields Limited	790,000	-	540,000	250,000	63,175,000	7.12
Pakistan Petroleum Limited	540,000	-	420,000	120,000	27,018,000	3.04
Auto Mobile Assembler						
Indus Motor Co. Limited	161,600	-	11,600	150,000	18,000,000	2.03
Millat Tractors Limited	50,000	-	-	50,000	10,950,000	1.23
Technology & Communication						
Pakistan Telecommunication Co. Limited	4,675,000	-	3,775,000	900,000	63,225,000	7.12
Telecard Limited	110,000	-	-	110,000	1,694,000	0.19
Fertilizer						
Engro Chemicals Pakistan Limited	150,000	-	150,000	-	-	-
Fauji Fertilizer Bin Qasim Limited	305,000	-	65,000	240,000	7,152,000	0.81
Fauji Fertilizer Co. Limited	518,500	31,500	225,000	325,000	46,150,000	5.20
Paper & Board						
Packages Limited	100,100	-	-	100,100	15,015,000	1.69
Packages Limited - Right Allotment Letters	47,000	-	-	47,000	399,500	0.05
					479,457,250	54.02
Cost of investments as at March 31, 2005					482,860,171	

March 31,
2005
(Rupees)

5. INCOME ACCRUED AND RECEIVABLES

Accrued income on carry over transactions	712,738
Accrued interest income	87,553
Accrued income on future transactions	20,950
Dividend receivable	8,222,000
	<hr/>
	9,043,240
	<hr/>

6. ACCRUED EXPENSES AND OTHER LIABILITIES

Sales load	437,314
Audit fee	65,000
Certificate printing charges	5,575
Withholding tax	34,353
	<hr/>
	542,242
	<hr/>

Period from
August 24, 2004
to March 31,
2005
(Rupees)

7. TRANSACTIONS WITH CONNECTED PERSONS

Atlas Asset Management Limited	
Remuneration of the Management Company	7,395,158
Sales load	1,125,129
 Atlas Investment Bank Limited	
Purchase of marketable securities	21,352,704
Sale of marketable securities	28,005,520
Brokerage	40,650
Certificate of investments matured	265,000,000
Clean placements matured	340,000,000
Profit on certificate of investment	1,139,177
Profit on clean placement	406,574
Purchase of units	30,000,419
 Atlas Fund of Funds	
Purchase of units	10,000,539
 Atlas Honda Limited	
Purchase of units	99,999,583
 Honda Atlas Cars (Pakistan) Limited	
Purchase of units	99,999,583
 Shirazi Investments (Pvt.) Limited	
Purchase of units	30,000,000

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8. DATE OF AUTHORISATION

These statements were authorised for issue by the Board of Directors of the Management Company on April 26, 2005.

9. GENERAL

Figures have been rounded off to the nearest rupee.

For Atlas Asset Management Limited
(Management Company)

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

Yusuf H. Shirazi
Chairman

Sherali Mundrawala
Director

For Central Depository Company of Pakistan Limited
(Trustee)

Mohammad Hanif Jakhura
Chief Executive Officer

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