

Atlas funds

Nurturing your investments

HALF YEARLY

REPORT

December 31, 2004



Atlas Income Fund

Managed By

Atlas Asset Management Limited

(Formerly: Atlas Asset Management Company Limited)

An Atlas Group Company

CONTENTS

MISSION STATEMENT	1
ORGANISATION	2
CHAIRMAN'S REVIEW	4
REVIEW REPORT TO THE UNIT HOLDERS	5
STATEMENT OF ASSETS AND LIABILITIES	6
INCOME STATEMENT	7
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	8
CASH FLOW STATEMENT	9
NOTES TO THE FINANCIAL STATEMENTS	10



Atlas Asset Management Limited

(Formerly: Atlas Asset Management Company 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.



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. Jawaid Iqbal Ahmed
	Mr. Peter A. Smyth
	Mr. Saquib H. Shirazi
	Mr. Sherali Mundrawala
	Mr. Tariq Amin
Company Secretary	Mr. Ather H. Medina

GROUP EXECUTIVE COMMITTEE

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

GROUP PERSONNEL COMMITTEE

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

GROUP SYSTEMS & TECHNOLOGY COMMITTEE

Chairman	Mr. Iftikhar H. Shirazi
Member	Mr. Zia Ullah Begg
Secretary	Mr. Sarfraz Hassan

AUDIT COMMITTEE

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

ORGANISATION

TRUSTEE

M/s. Muslim Commercial Financial Services (Pvt), Ltd.
3rd Floor, Adamjee House,
I.I Chundrigar Road, Karachi.

INTERNAL AUDITORS

M/s. Anjum Asim Shahid Rahman
Chartered Accountants

AUDITORS

M/s. Hameed Chaudhri & Co.
Chartered Accountants

LEGAL ADVISORS

M/s. Mohsin Tayebaly & Co.

BANKERS

M/s. Muslim Commercial Bank Limited
M/s. PICIC Commercial Bank Limited
M/s. KASB Bank Limited
M/s. Bank Alfalah Limited

REGISTERED OFFICE

Ground Floor, Federation House, Sharae Firdousi,
Clifton, Karachi.
Telephone: (92-21) 111-688-825
Fax: (92-21) 5379280
E-mail: info@atlasfunds.com.pk
Website: www.atlasfunds.com.pk

DISTRIBUTION OFFICES

Karachi

M/s. Atlas Investment Bank Limited
3rd Floor, Federation House, Sharae Firdousi,
Clifton, Karachi. Telephone: (92-21) 5866817-20,
5866919-20 Fax: (92-21) 5870543

Lahore

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

Islamabad

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

CHAIRMAN'S REVIEW

It is my pleasure to present the accounts of Atlas Income Fund (AIF) for the first half ended December 31, 2004 of the financial year 2004-05.

The Economy

The central bank's decision to provide foreign currency for oil imports has stabilized the rupee - dollar exchange parity at Rs.59.45 at year-end after having touched the level of Rs.61.40 in early November 2004. Even so, the total decline in the Rupee's value versus the US Dollar was 1.6% for the six-month period. Inflation continues to exceed target with CPI growth of 8.81% for the first half FY2004-05. Thus interest rates remain under pressure, with one-year Treasury Bill yields rising by 2.25% over the period.

Company Operations

The Net Assets of your Fund have increased over Rs.269 million during the period under review, totaling Rs.641 million within a short span of nine months. The per Unit Net Asset Value of the Fund increased by 6.19% on an annualized basis to Rs.515.91 as at December 31, 2004 with an Earnings Per Unit of Rs.15.70 for the period, a satisfactory growth indeed. This return has further increased to 6.6% on an annualized basis, as at January 26, 2005. Due to the rising interest rate environment, your Fund maintained its investment strategy of investing in instruments with short term tenors. Consequently, the asset allocation was generally in Carry Over Transactions, Ready - Futures Spread Transactions, and Term Finance Certificates with floating rate coupons.

Future Prospects

The buoyant stock market has been a boon for your fund, as strong equity markets also result in higher rates prevailing on Carry Over Transactions and Ready-Futures Spread Transactions. With a positive outlook on the macro-economic front, we expect the equity markets to set ever higher records, which bodes well for the earnings outlook for your fund:

عز در دشت جنوں من جبریل زبوں صیدے
بیزداں بگمند آور اے ہمت مرادانہ

(Let us keep our flag flying higher!)

Acknowledgements

I would like to thank the Securities & Exchange Commission of Pakistan, Board of Directors, the Group President, Mr. Aamir H. Shirazi and the Group Executive Committee for their help, support and guidance. I must thank the CEO, Mr. M. Habib-ur-Rahman, and his team for their dedication and commitment. Thanks are indeed due to our partners M/s. ING - Institutional and Government Advisory Services, B.V. for their encouragement and ever readiness to extend a helping hand. May I also thank the financial institutions, and the unit holders for their help, support and the confidence reposed in your Fund.



REVIEW REPORT TO THE UNIT HOLDERS

We have reviewed the annexed statement of assets and liabilities of Atlas Income Fund as at 31 December 2004, and the related income and distribution statement, statement of movement in unit holders' fund and cash flow statement together with the notes forming part thereof (here-in-after referred to as the financial statements), for the half year then ended. These financial statements are the responsibility of the Management Company (Atlas Assets Management Limited). Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Management Company and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi: January 27, 2005

Hameed Chaudhri & Co.
Chartered Accountants



Atlas Income Fund

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

	Note	December 31, 2004 Rupees	June 30, 2004 Rupees
ASSETS			
Cash at Banks	3	10,748,048	14,775,340
Receivable from reverse repurchase agreements		328,925,355	259,850,615
Receivable from future agreements		152,979,270	-
Investments	4	147,282,851	111,018,839
Advances and deposits		4,358,954	2,826,875
Income accrued and receivables		2,786,255	63,901
Total Assets		647,080,733	388,535,570
LIABILITIES			
Accrued and other liabilities		295,981	304,467
Payable to Unit holders	5	104,139	-
Payable to Atlas Asset Management Limited - Management Company	6	5,165,811	2,585,968
Payable to Muslim Commercial Financial Services (Pvt.) Limited - Trustee	7	228,359	141,282
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	8	257,283	261,123
Distribution payable		970	13,918,939
Total Liabilities		6,052,543	17,211,779
Net Assets		641,028,190	371,323,791
Unit Holders' Funds (as per statement attached)		641,028,190	371,323,791
		(No. of units)	
Number of Units in Issue		1,242,530	742,343
		(Rupees per unit)	
Net Asset Value per Unit		515.91	500.21

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

For Atlas Asset Management Limited
Formerly: Atlas Asset Management Company Limited
(Management Company)

Chief Executive Officer

Chairman

Director

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

Managing Director

INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER, 2004 (UN-AUDITED)

	Quarter Ended 31 December, 2004 Rupees	Half Year Ended 31 December, 2004 Rupees	Period from 15 September, 2003 to 31 December, 2003 Rupees
REVENUE			
Interest income	209,808	287,437	101,000
Income from Carry Over Transactions	11,848,288	19,461,285	4,311,000
Income from Term Finance Certificates	2,181,264	4,261,469	1,349,000
Underwriting commission	50,000	50,000	-
Element of Income and Capital Gains included in Price of Units Sold less those in Units Repurchased	2,165,908	3,452,771	-
	16,455,268	27,512,962	5,761,000
EXPENSES			
Remuneration - Management Company	2,190,609	3,859,457	1,337,000
Remuneration - Trustee	583,731	1,067,649	423,000
Annual Fee- SECP	146,027	257,283	89,000
Settlement Charges	356,936	600,818	351,000
Auditor's Remuneration			
Review fee	27,600	55,200	25,000
Brokerage	1,127,144	2,154,763	689,000
Bank Charges	9,228	14,946	3,000
	4,441,275	8,010,116	2,917,000
Net income for the half year	12,013,993	19,502,846	2,844,000
Basic Earnings per Unit	9.67	15.70	4.74

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

For Atlas Asset Management Limited
Formerly: Atlas Asset Management Company Limited
(Management Company)

Chief Executive Officer

Chairman

Director

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

Managing Director



Atlas Income Fund

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE HALF YEAR ENDED 31 DECEMBER, 2004 (UN-AUDITED)

	December 31, 2004 Rupees	Period from Sept. 15, 2003 to Dec. 31 2003 Rupees
Net assets at beginning of the period	371,323,791	-
Amount received on issue of 509,385 (2003:600,000) units.	259,124,767	300,000,000
Re-investment of 10,650 (2003:Nil) units.	5,326,981	-
Amount paid on Redemption of 21,073 (2003: Nil) units.	(10,797,424)	-
	253,654,324	300,000,000
Element of income and capital gains included in prices of units sold less those in units repurchased	(3,452,771)	-
Net income for the half year / period	19,502,846	2,844,000
Net assets at the end of the half year / period	641,028,190	302,844,000
Net assets at the end of the half year consist of:		
Capital account	621,525,344	300,000,000
Undistributed income	19,502,846	2,844,000
	641,028,190	302,844,000

For Atlas Asset Management Limited
Formerly: Atlas Asset Management Company Limited
(Management Company)

Chief Executive Officer

Chairman

Director

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

Managing Director

CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2004 (UN-AUDITED)

	December 31, 2004 Rupees	Period from Sept. 15, 2003 to Dec. 31 2003 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the half year/ period	19,502,846	2,844,000
Adjustments		
Element of income and capital gains included in prices of units sold less those in units re-purchased	(3,452,771)	-
Remuneration to management company	3,859,457	1,337,000
SECP Annual fee	257,283	89,000
Remuneration to trustee	1,067,649	423,000
	1,731,618	1,849,000
	21,234,464	4,693,000
Increase in current assets		
Receivable from reverse repurchase agreements	(224,776,364)	(154,508,000)
Advances and deposits	(1,532,079)	(1,559,000)
	(226,308,443)	(156,067,000)
(Decrease) / Increase in current liabilities		
Accrued and other liabilities	(8,486)	259,000
Payable to unit holders	104,139	-
	(204,978,326)	(151,115,000)
Paid to management company	(1,279,614)	-
Paid to trustee	(980,572)	-
Paid to SECP	(261,123)	-
	(207,499,635)	(151,115,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	1,879,494	-
Purchase of investments	(38,143,506)	(115,190,000)
	(36,264,012)	(115,190,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts in respect of sale of units	264,451,748	300,000,000
Paid on redemption of units	(10,797,424)	-
Distribution paid	(13,917,969)	-
	239,736,355	300,000,000
Net (decrease) / increase in cash and cash equivalents	(4,027,292)	33,695,000
Cash and cash equivalents at beginning of the half year/ period	14,775,340	-
	10,748,048	33,695,000
	10,748,048	33,695,000

For Atlas Asset Management Limited
Formerly: Atlas Asset Management Company Limited
(Management Company)

Chief Executive Officer

Chairman

Director

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

Managing Director



NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER, 2004 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

The Atlas Income Fund (AIF) was established under a Trust Deed executed between Atlas Asset Management Limited (AAML), (Formerly Atlas Asset Management Company Limited) as Management Company and Muslim Commercial Financial Services (Pvt.) Limited (MCFSL) as Trustee. The Trust Deed was executed on 20 February, 2003 which was approved by the Securities and Exchange Commission of Pakistan (SECP) on 04 February, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) now replaced by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 [(NBFC) Rules]. The registered office of the Management Company is situated at Federation House, Shahrae Firdousi, Clifton Karachi. The Fund has no employees.

AIF is an open ended mutual fund, whose units will be offered for public subscription on a continuous basis and are transferable and can be redeemed by surrendering them to the Fund.

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

2. ACCOUNTING POLICIES

2.01 The accounting policies adopted for the preparation of the financial statements for the half year ended 31 December, 2004 are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June, 2004.

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

December 31, 2004	June 30, 2004
Rupees	Rupees

3. CASH AT BANKS

On current account
On PLS and saving deposit accounts

11,721	189,750
10,736,327	14,585,590
10,748,048	14,775,340

4. INVESTMENTS

4.1 Loans and Receivables Originated by the Fund

Term Finance Certificates	Status	Number of	Carrying Value		% of
		Certificates	(Rupees)		
		As at	Value	as at	
		31 Dec.	per	31 Dec.	
		2004	TFC	2004	Net Assets
Pakistan Mobile Communications (Pvt.) Limited	Unlisted	5,000	5,000	25,000,000	3.90
Turst Commercial Bank Limited	Unlisted	3,000	4,998	14,994,000	2.34
Grays Leasing Limited	Unlisted	3,000	4,375	13,125,000	2.05
Orient Petroleum Inc.	Unlisted	5,000	4,167	20,833,333	3.25
Pakistan Services Limited	Listed	1,494	4,997	7,465,518	1.16
Al Zamin Leasing Modaraba	Listed	2,000	5,000	10,000,000	1.56
Trust Lease Limited	Listed	629	5,000	3,145,000	0.49
Jahangir Siddiqui and Company Limited	Listed	2,000	5,000	10,000,000	1.56
Askari Commercial Bank Limited	Listed	3,000	5,000	15,000,000	2.34
United Bank Limited	Listed	2,000	5,000	10,000,000	1.56
				<u>129,562,851</u>	
4.2. Held to maturity					
Pharmagen Limited	Listed	3,544	5,000	17,720,000	2.76
				<u>147,282,851</u>	<u>22.98</u>

December 31, 2004 Rupees June 30, 2004 Rupees

5. PAYABLE TO UNIT HOLDERS

Redemption of units	104,139	-
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6. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management fee payable	3,859,457	2,580,143
Others	1,306,354	5,825
	<u>5,165,811</u>	<u>2,585,968</u>

7. PAYABLE TO MUSLIM COMMERCIAL FINANCIAL SERVICES (PVT) LIMITED - TRUSTEE

Trustee fee payable	228,359	141,282
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8. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Annual Fee	257,283	261,123
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Half year ended December 31, 2004	Period from Sept. 15, 2003 to Dec. 31 2003
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9. TRANSACTIONS WITH CONNECTED PERSONS

Atlas Investment Bank Limited Sale of units	-	30,000,000
Atlas Battery Limited Sale of units	1,038,650	-
Honda Atlas Cars (Pakistan) Limited Sale of units	50,000,000	-
Shirazi Investments (Pvt) Limited Sale of units	1,425,000	40,000,000
Shirazi Foundation Sale of units	17,441	-
Atlas Assets Management Limited Remuneration	3,859,457	-
Atlas Investment Bank Limited Brokerage commission	227,314	421,000
Mr. Saquib H. Shirazi (Director - Management Company) Sale of units	22,737	-

10. DATE OF AUTHORISATION FOR ISSUE

These financials statements were authorised for issue on 27 January, 2005 by the Board of Directors of the Management Company.

For Atlas Asset Management Limited
Formerly: Atlas Asset Management Company Limited
(Management Company)

Chief Executive Officer

Chairman

Director

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

Managing Director

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