

Atlas funds

Nurturing your investments

Atlas Islamic Stock Fund

(Formerly Atlas Islamic Fund)

QUARTERLY REPORT

30 September 2010

(UN-AUDITED)



Management Company

Atlas Asset Management

Rated AM3+ by PACRA



Vision

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

Mission Statement

We are committed to offering our investors the best possible returns on a diverse range of products; to meeting not only the customers' current and future requirements, but also exceeding their expectations. We aim to be the company with which people prefer to do business. We are committed to providing a stimulating and challenging environment in which all our people can be valuable contributors to the 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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Atlas Islamic Stock Fund (Formerly Atlas Islamic Fund)

ORGANISATION

| | | | |
|--|---|--|---|
| Management Company | | Group Executive Committee | |
| Atlas Asset Management Limited | | President | Mr. Aamir H. Shirazi |
| Board of Directors of the Management Company | | Members | Mr. Jawaid Iqbal Ahmed Mr. Frahim Ali Khan Mr. Iftikhar H. Shirazi Mr. Saqib H. Shirazi Mr. Bashir Makki Mr. M. Naeem Khan |
| Chairman | Mr. Yusuf H. Shirazi | Group Systems & Technology Committee | |
| Directors | Mr. Tariq Amin Mr. M. Ashraf Janjua Mr. Frahim Ali Khan Mr. Arshad P. Rana Mr. Ali H. Shirazi | Chairman | Mr. Iftikhar H. Shirazi |
| Chief Executive Officer | Mr. M. Habib-ur-Rahman | Member | Mr. Zia Ullah Begg |
| Company Secretary | Ms. Lilly R. Dossabhoy | Trustee | |
| Board Committees | | Central Depository Company of Pakistan Limited 99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal Karachi - 74400 | |
| Audit Committee | | Shariah Advisor | |
| Chairman | Mr. Tariq Amin | Dr. Fazlur Rahman | |
| Members | Mr. M. Ashraf Janjua Mr. Frahim Ali Khan | Chief Internal Auditor | |
| Human Resource Committee | | Mr. Saood Hasan | |
| Chairman | Mr. Frahim Ali Khan | Auditors | |
| Members | Mr. M. Habib-ur-Rahman Mr. Ali H. Shirazi | Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants | |
| Investment Committee | | Legal Advisers | |
| Chairman | Mr. M. Habib-ur-Rahman | Mohsin Tayebaly & Co. | |
| Members | Mr. Ali H. Shirazi Mr. Muhammad Abdul Samad Mr. Khalid Mahmood | Bankers | |
| Management Committee | | Al Baraka Islamic Bank B.S.C. (E.C.) Bank Islami Pakistan Limited Dubai Islamic Bank Limited Meezan Bank Limited | |
| Chairman | Mr. M. Habib-ur-Rahman | Registered Office | |
| Members | Ms. Lilly R. Dossabhoy Mr. Muhammad Abdul Samad Mr. Hassan Khan | 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 | |

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CHAIRMAN'S REVIEW

It is my pleasure to present the un-audited financial statements of Atlas Islamic Stock Fund for the three months period ended 30 September 2010 of the FY 2010-11.

The Economy

Prior to the floods, economy was picking up, but inflation was a cause of concern. The GDP growth rate was projected at 4.25% with an annual inflation rate of 11.5% for FY 2010-11. However, the devastating floods, the worst ever humanitarian crisis of Pakistan's history, have resulted in new challenges in terms of overall economic development and damages to infrastructure. Some 1,600 people have died and over 15 million people have been affected as the flood inundated large parts of the country. The projected GDP growth for FY 2010-11 has been revised downward, but is expected to rebound sharply in FY 2011-12, led by strong performance in agriculture and manufacturing sector. The SBP has also increased the policy rate by 50 basis points to 13.5% with effect from 30 September 2010 which was the second hike within last two months. The objective is to curb persistent inflationary pressure felt by the entire economy. The foreign exchange reserves have picked up to about US\$ 17 billion as a result of steady narrowing of the current account deficit and all time high remittances which stood at US\$ 2.6 billion during the July 2010 - Sept 2010 period.

Fund Operations

The Net Asset Value per unit of your Fund has increased by 7.72% from the ex-bonus NAV of Rs. 284.55 as on 30 June 2010 to Rs. 306.51 as of 30 September 2010. The KMI- 30 index yielded the a return of 7.61% during the same period. The KMI- 30 index has increased from 14,573 level as on 30 June 2010 to 15,682 level as on 30 September 2010. The Net Assets of your Fund stood at Rs. 245.67 million, with 0.8 million units outstanding as of 30 September 2010.

The AISF's equity portfolio exposure was mainly in Oil & Gas, Chemical and Construction & Material Sectors. As most of the stocks in KMI-30 index are trading at cheap multiples, we expect further upside in share prices, thus yielding attractive return to investors with medium to long term time horizon.

Rating

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 "3 Star" short term ranking, and a "4 Star" long term ranking to the Fund, for the FY 2009-10. The short term and long term star rankings are based on performance during the trailing twelve months and thirty six months period respectively.

Future Prospects

The recent catastrophic floods have increased challenges for macroeconomic stability and growth prospects. Controlling inflation would require a supportive and sustained financial and fiscal effort over the next couple of years. Key tasks would be to efficiently manage available financial resources, resolution of the energy sector subsidies and circular debt to restore economic growth, broadening of the tax base to enhance revenues, re-prioritizing development expenditures, relief measures for those affected by the floods, and containment of government borrowing from SBP to restrict inflation. The pace of the economic recovery and its sustainability will largely depend upon following prudent macroeconomic policies and its timely implementation. The Fund is committed to prudent investment procedures and will continue to provide consistent long term returns to the investors.

شائین 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: 27 October 2010

Yusuf H. Shirazi
Chairman

Atlas Islamic Stock Fund (Formerly Atlas Islamic Fund)

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)
AS AT 30 SEPTEMBER 2010

| | | 30 September 2010 Un-audited | 30 June 2010 Audited |
|--|------|------------------------------------|----------------------------|
| | Note | ----- Rupees ----- | ----- |
| Assets | | | |
| Bank balances | 4 | 37,328,620 | 13,142,095 |
| Receivable against sale of securities | | 10,536,857 | - |
| Investments | 5 | 200,065,677 | 239,572,139 |
| Dividends receivable | | 1,800,000 | 1,750,000 |
| Prepayment | | 22,500 | - |
| Income accrued on bank balances | | 421,192 | 109,036 |
| Security deposits | | 2,600,000 | 2,600,000 |
| Total assets | | 252,774,846 | 257,173,270 |
| Liabilities | | | |
| Payable against purchase of securities | | 1,511,853 | 296,678 |
| Payable to the management company | | 2,559,209 | 631,246 |
| Payable to the trustee | | 62,540 | 62,540 |
| Payable to SECP | | 61,053 | 364,194 |
| Accrued and other liabilities | 6 | 2,902,778 | 3,045,445 |
| Total liabilities | | 7,097,433 | 4,400,103 |
| Net assets | | 245,677,413 | 252,773,167 |
| Unit holders' fund | | 245,677,413 | 252,773,167 |
| Number of units in issue | | 801,541 | 521,664 |
| Net asset value per unit | | 306.51 | 484.55 |

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2010

| | 2010 | 2009 |
|--|--------------------|-------------|
| | ----- Rupees ----- | |
| Income | | |
| Dividend income | 2,540,250 | 7,243,574 |
| Income on bank balances | 1,062,038 | 1,528,943 |
| Net gain on investments at fair value through income statement (held-for-trading) | | |
| Net gain on sale of investments | 10,148,265 | 49,623,647 |
| Net unrealised gain on revaluation of investments | 8,156,396 | 58,124,243 |
| | 18,304,660 | 107,747,890 |
| Element of (loss)/income and capital (losses)/gains included in prices of units issued less those in units redeemed - net | (61,932,774) | 4,089,822 |
| | (40,025,826) | 120,610,228 |
| Expenses | | |
| Remuneration of the management company | 1,927,963 | 3,446,877 |
| Remuneration of the trustee | 176,456 | 229,794 |
| SECP annual fee | 61,053 | 109,153 |
| Annual listing fee | 7,500 | 7,500 |
| Annual rating fee | 27,500 | 25,000 |
| Securities transaction cost | 274,260 | 338,425 |
| Auditors' remuneration | 56,250 | 75,000 |
| Printing charges | 55,000 | 67,500 |
| Legal and professional charges | 35,000 | - |
| Bank charges | 5,301 | 4,026 |
| | 2,626,283 | 4,303,275 |
| Net (loss)/income for the period | (42,652,109) | 116,306,953 |

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Stock Fund (Formerly Atlas Islamic Fund)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2010

| | 2010 | 2009 |
|--|---------------------|--------------------|
| | ----- Rupees ----- | ----- |
| Net (loss) / income for the period | (42,652,109) | 116,306,953 |
| Other comprehensive income | - | - |
| Total comprehensive (loss) / income for the period | <u>(42,652,109)</u> | <u>116,306,953</u> |

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2010

| | 2010 | 2009 |
|--|----------------------|--------------------|
| | ----- Rupees ----- | ----- |
| Accumulated loss brought forward | (8,185,471) | (121,802,093) |
| Final distribution at the rate of Rs.200 per unit declared on 8 July 2010 - bonus units (2009: Nil) | (104,332,820) | - |
| Net (loss) / income for the period | (42,652,109) | 116,306,953 |
| Shariah non-compliant income set-aside for charity | (49,746) | - |
| Accumulated loss carried forward | <u>(155,220,146)</u> | <u>(5,495,140)</u> |

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Stock Fund (Formerly Atlas Islamic Fund)

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2010

| | 2010 Note ----- Rupees ----- | 2009 |
|--|---------------------------------|---------------|
| Cash flows from operating activities | | |
| Net (loss) / income for the period | (42,652,109) | 116,306,953 |
| Adjustments for: | | |
| Net gain on sale of investments | (10,148,265) | (49,623,647) |
| Net unrealised gain on revaluation of investments | (8,156,396) | (58,124,243) |
| Element of loss/(income) and capital losses/(gains) included in prices of units issued less those in units redeemed - net | 61,932,774 | (4,089,822) |
| | 43,628,114 | (111,837,712) |
| (Increase) / decrease in assets | | |
| Receivable against sale of securities | (10,536,857) | (1,828,631) |
| Dividend receivable | (50,000) | (852,785) |
| Income accrued on bank balances | (312,156) | (302,354) |
| Prepayment | (22,500) | (22,500) |
| | (10,921,513) | (3,006,270) |
| (Decrease) / increase in liabilities | | |
| Payable against purchase of securities | 1,215,175 | 13,199,352 |
| Payable to the management company | 1,927,963 | 155,356 |
| Payable to the trustee | - | 11,860 |
| Payable to SECP | (303,141) | (280,292) |
| Accrued and other liabilities | (192,413) | (33,201) |
| | 2,647,584 | 13,053,075 |
| Investments made during the period | (108,767,327) | (225,739,525) |
| Investments sold during the period | 166,578,449 | 314,947,993 |
| Net cash inflow from operating activities | 50,513,198 | 103,724,515 |
| Cash flows from financing activities | | |
| Proceeds from issue of units | 2,592,868 | 2,209,663 |
| Payment on redemption of units | (28,919,541) | (80,668,841) |
| Net cash used in financing activities | (26,326,673) | (78,459,178) |
| Net increase in cash and cash equivalents | 24,186,525 | 25,265,337 |
| Cash and cash equivalents at the beginning of the period | 13,142,095 | 41,947,829 |
| Cash and cash equivalents at the end of the period | 4 37,328,620 | 67,213,166 |

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2010

| | 30 September 2010 | | 30 September 2009 | |
|---|-------------------|--------------|-------------------|--------------|
| | Units | Rupees | Units | Rupees |
| Net assets as at the beginning of the period [Rs. 484.55 (2009: Rs.387.22) per unit] | 521,664 | 252,773,167 | 1,078,902 | 417,775,456 |
| Issue of units | 8,642 | 2,592,868 | 4,870 | 2,209,663 |
| Redemption of units | (95,424) | (28,919,541) | (169,968) | (80,668,841) |
| | (86,782) | (26,326,673) | (165,098) | (78,459,178) |
| Element of loss/(income) and capital losses/(gains) included in prices of units issued less those in units redeemed - net | - | 61,932,774 | - | (4,089,822) |
| Issue of bonus units | 366,659 | - | - | - |
| Net (loss) / income for the period | - | (42,652,109) | - | 116,306,953 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive (loss)/income for the period | - | (42,652,109) | - | 116,306,953 |
| Shariah non-compliant income set-aside for charity | - | (49,746) | - | - |
| Net assets as at the end of the period [Rs. 306.51 (2009: Rs. 494.13) per unit] | 801,541 | 245,677,413 | 913,804 | 451,533,409 |

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Stock Fund (Formerly Atlas Islamic Fund)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2010

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Stock Fund (formerly Atlas Islamic Fund) (the Fund) is an open ended Fund constituted by a trust deed entered into on 12 September 2006 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 29 October 2007, Second Supplemental Trust Deed dated 06 March 2008, Third Supplemental Trust Deed dated 04 December 2009 and the Fourth 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, Second, Third and Fourth Supplements, dated 29 October 2007, 06 March 2008, 04 December 2009 and 23 June 2010 respectively, 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 15 January 2007, 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 one window facility to invest in diversified, professionally managed investment portfolio of Shariah Compliant securities, such as equities, cash and/or near cash Shariah Compliant instruments including cash in bank accounts (excluding TDRs) and Shariah Compliant government securities not exceeding 90 days' maturity. The activities of the Fund are undertaken in accordance with the criteria for Shariah compliance, called the Shariah Code (the Code), which has been laid down by the Shariah Advisor of the Fund. The investment objectives and policies are fully defined in the Fund's Offering Document.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 " Interim Financial Reporting" as applicable in Pakistan.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements of the Fund and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2010.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended 30 June 2010.

4. BANK BALANCES

| | | 30 September 2010 Un-audited | 30 June 2010 Audited |
|------------------------|------|------------------------------------|----------------------------|
| | Note | ----- Rupees ----- | ----- |
| In PLS saving accounts | 4.1 | 37,328,620 | 13,142,095 |

- 4.1 The expected rate of return on these accounts ranges between 5% to 10.75% (30 June 2010: 5% to 10.75%) per annum.

5. INVESTMENTS - at fair value through income statement

| | | | |
|---|-----|-------------|-------------|
| Listed equity securities - held-for-trading | 5.1 | 200,065,677 | 239,572,139 |
|---|-----|-------------|-------------|

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| Number of shares | | | | | Rupees | Percentage of | | |
|--------------------------------|----------------------------|--------------------------------|----------------------------|--------------------------|--------------|-------------------|------------|-------------------------------------|
| At the beginning of the period | Acquired during the period | Bonus shares during the period | Disposed during the period | At the end of the period | Market Value | Total investments | Net assets | Paid-up Capital of Investee company |

5.1. Listed equity securities - held for trading

(Ordinary shares have a face value of Rs. 10/- each unless stated otherwise).

OIL & GAS

| | | | | | | | | | |
|------------------------------------|---------|---------|--------|---------|---------|------------|-------|-------|------|
| Attock Petroleum Limited | 75,000 | 10,000 | - | 25,000 | 60,000 | 20,433,600 | 10.21 | 8.32 | 0.10 |
| National Refinery Limited | 165,000 | 30,000 | - | 96,500 | 98,500 | 19,902,910 | 9.95 | 8.10 | 0.12 |
| Pakistan Oilfields Limited | 170,000 | 46,040 | - | 106,040 | 110,000 | 26,084,300 | 13.04 | 10.62 | 0.05 |
| Pakistan Petroleum Limited | 140,000 | 15,000 | 14,000 | 85,000 | 84,000 | 14,482,440 | 7.24 | 5.89 | 0.01 |
| Pakistan State Oil Company Limited | 135,000 | 20,203 | - | 105,203 | 50,000 | 13,435,000 | 6.72 | 5.47 | 0.03 |
| | 685,000 | 121,243 | 14,000 | 417,743 | 402,500 | 94,338,250 | 47.15 | 38.40 | 0.32 |

CHEMICALS

| | | | | | | | | | |
|------------------------------------|---------|---------|---|---------|---------|------------|-------|-------|------|
| Fauji Fertilizer Bin Qasim Limited | 400,000 | 450,700 | - | 450,000 | 400,700 | 10,858,970 | 5.42 | 4.42 | 0.04 |
| Fauji Fertilizer Company Limited | 250,000 | 141,767 | - | 96,767 | 295,000 | 30,927,800 | 15.46 | 12.59 | 0.04 |
| ICI Pakistan Limited | 116,737 | 138,110 | - | 67,247 | 187,600 | 21,967,960 | 10.98 | 8.94 | 0.14 |
| | 766,737 | 730,577 | - | 614,014 | 883,300 | 63,754,730 | 31.86 | 25.95 | 0.22 |

CONSTRUCTION & MATERIALS

| | | | | | | | | | |
|---------------------------------|---------|---------|---|---------|---------|------------|-------|-------|------|
| Attock Cement Pakistan Limited | - | 100,958 | - | - | 100,958 | 6,495,638 | 3.25 | 2.64 | 0.12 |
| D G Khan Cement Company Limited | 425,000 | 763,784 | - | 538,784 | 650,000 | 15,548,000 | 7.77 | 6.33 | 0.21 |
| Lucky Cement Limited | 225,000 | 100,000 | - | 200,000 | 125,000 | 8,645,000 | 4.32 | 3.52 | 0.04 |
| | 650,000 | 964,742 | - | 738,784 | 875,958 | 30,688,638 | 15.34 | 12.49 | 0.37 |

AUTOMOBILE & PARTS

| | | | | | | | | | |
|-----------------------------|---|--------|---|--------|---|---|---|---|---|
| Indus Motor Company Limited | - | 20,000 | - | 20,000 | - | - | - | - | - |
|-----------------------------|---|--------|---|--------|---|---|---|---|---|

GENERAL INDUSTRIALS

| | | | | | | | | | |
|------------------------|---|----|---|---|----|-------|---|---|---|
| Tri-Pack Films Limited | - | 41 | - | - | 41 | 4,059 | - | - | - |
|------------------------|---|----|---|---|----|-------|---|---|---|

FIXED LINE TELECOMMUNICATION

| | | | | | | | | | |
|--|---------|---|---|---------|---------|------------|------|------|------|
| Pakistan Telecommunication Company Limited | 900,000 | - | - | 300,000 | 600,000 | 11,280,000 | 5.64 | 4.59 | 0.02 |
|--|---------|---|---|---------|---------|------------|------|------|------|

Market value of investments as at 30 September 2010

200,065,677 100.00 81.43

5.2 The cost of held for trading investments as on 30 September 2010 is Rs.202,689,428 (30 June 2010: Rs. 260,603,383).

5.3 The above investments include 25,000, 50,000, 45,000, 50,000, 200,000, 100,000 and 50,000 shares of Attock Petroleum Limited, Pakistan Oilfields Limited, Pakistan Petroleum Limited, Pakistan State Oil Company Limited, Fauji Fertilizer Company Limited, Lucky Cement Limited and Pakistan Telecommunication Company Limited.

| | 30 September 2010 | 30 June 2010 |
|------|--------------------|--------------|
| | Un-audited | Audited |
| Note | ----- Rupees ----- | |

6. ACCRUED AND OTHER LIABILITIES

| | | |
|-------------------------------------|------------------|------------------|
| Auditors' remuneration payable | 56,250 | 173,891 |
| Printing charges payable | 230,000 | 175,000 |
| Rating fee payable | 127,500 | 100,000 |
| Charity payable | 49,746 | 204,483 |
| NCCPL charges payable | 20,000 | 20,000 |
| Zakat payable | 461 | 2,937 |
| Provision for Workers' Welfare Fund | 2,328,242 | 2,328,242 |
| Withholding tax payable | 49,686 | - |
| Others | 40,892 | 40,892 |
| | <u>2,902,778</u> | <u>3,045,445</u> |

Atlas Islamic Stock Fund (Formerly Atlas Islamic Fund)

- 6.1 According to the Trust Deed of the Fund, where a portion of the Fund's income has been earned from Shariah non-compliant avenues, such portion of income of the Fund is to be purified directly by the management company of the Fund. The Shariah Advisor of the Fund, has certified an amount of Rs. 49,746 (30 June 2010: Rs. 467,278) against dividend income, as Shariah non-compliant income, which has accordingly, been marked to charity, which will be paid in due course of time.
- 6.2 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 be 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 members 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 quarter ended
30 September 2010 30 September 2009
----- Rupees -----

7. TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

7.1 Transactions for the period

| | | |
|--|------------|-----------|
| Atlas Asset Management Limited (Management Company) | | |
| Remuneration of the management company | 1,927,963 | 3,446,877 |
| Remuneration paid | - | 3,291,521 |
| Central Depository Company of Pakistan Limited (Trustee) | | |
| Remuneration of the Trustee | 176,456 | 229,794 |
| Settlement charges | 9,541 | 10,385 |
| Atlas Insurance Limited (Group Company) | | |
| Bonus 70,397 (2009: Nil) units | 20,031,565 | - |
| Atlas Capital Markets (Private) Limited (Group Company) | | |
| Brokerage commission | 6 | 58,500 |
| Brokerage commission paid | 6 | 30,080 |
| <u>Key Management Personnel of management company</u> | | |
| Chief Executive Officer | | |
| Sales Nil (2009: 1,139) units | - | 500,000 |
| Bonus 1,538 (2009: Nil) units | 437,515 | - |
| Directors | | |
| Bonus 20,818 (2009: Nil) units | 5,923,758 | - |
| Executives | | |
| Sales Nil (2009: 1,589) units | - | 690,970 |
| Bonus 933 (2009: Nil) units | 265,501 | - |
| Redemption of 1,748 (2009: 2,879) units | 533,809 | 1,290,091 |

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| | 30 September 2010 Un-audited ----- Rupees ----- | 30 June 2010 Audited ----- |
|---|--|-------------------------------------|
| <u>7.2 Outstanding balances as at period/year end</u> | | |
| Atlas Asset Management Limited (Management Company) Remuneration payable to the management company | 2,559,209 | 631,246 |
| Central Depository Company of Pakistan Limited (Trustee) Remuneration payable to trustee Settlement charges payable | 57,540 5,000 | 57,540 5,000 |
| Atlas Insurance Limited (Group Company) Units in issue 170,555 (30 June 2010: 100,158) - at net asset value | 52,276,865 | 48,531,474 |
| <u>Key Management Personnel of management company</u> | | |
| Chief Executive Officer Units in issue 3,725 (30 June 2010: 2,187) - at net asset value | 1,141,795 | 1,059,991 |
| Directors Units in issue 50,437 (30 June 2010: 29,619) - at net asset value | 15,459,376 | 14,351,785 |
| Executives Units in issue 513 (30 June 2010: 1,328) - at net asset value | 157,186 | 643,257 |

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

8. GENERAL

Figures have been rounded off to the nearest rupee.

9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 27 October 2010.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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