

# Atlas funds

*Nurturing your investments*

Atlas Money Market Fund

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Atlas Income Fund

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Atlas Stock Market Fund

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Atlas Gold Fund

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**QUARTERLY REPORT**

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30 September 2013

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**(UN-AUDITED)**



Your **Atlas**  
to the **World** of  
**Investments**



It Takes Skill to  
Master the Game



Management Company

**Atlas Asset Management**

Rated AM2- 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 Funds

## ORGANISATION

<b>Management Company</b>		<b>Investment Committee</b>	
Atlas Asset Management Limited		Chairman	Mr. M. Habib-ur-Rahman
<b>Board of Directors of the Management Company</b>		Members	Mr. Ali H. Shirazi Mr. Muhammad Abdul Samad Mr. Khalid Mahmood Mr. Muhammad Umar Khan (Secretary) Mr. Fawad Javaid
Chairman	Mr. Yusuf H. Shirazi (Non-Executive Director)	<b>Management Committee</b>	
Directors	Mr. Azam Faruque (Independent Director) Mr. Shamshad Nabi (Independent Director) Mr. Frahim Ali Khan (Non-Executive Director) Mr. Arshad P. Rana (Non-Executive Director) Mr. Ali H. Shirazi (Non-Executive Director)	Chairman	Mr. M. Habib-ur-Rahman
Chief Executive Officer	Mr. M. Habib-ur-Rahman (Executive Director)	Members	Ms Lilly R. Dossabhoy Mr. Muhammad Abdul Samad Mr. Abbas Sajjad
Company Secretary	Ms Lilly R. Dossabhoy	Secretary	Mr. M. Irfan Dhedhi
<b>Board Committees</b>		<b>Risk Management Committee</b>	
<b>Audit Committee</b>		Chairman	Mr. Muhammad Abdul Samad
Chairman	Mr. Azam Faruque	Members	Mr. Khalid Mahmood Ms Qurrat-ul-Ain Jafari Mr. Muhammad Umar Khan
Members	Mr. Shamshad Nabi Mr. Frahim Ali Khan	Secretary	Ms Zainab Hussain
Secretary	Ms Qurrat-ul-Ain Jafari	<b>Chief Internal Auditor</b>	
<b>Human Resource &amp; Remuneration Committee</b>		Ms Qurrat-ul-Ain Jafari	
Chairman	Mr. Frahim Ali Khan	<b>Registered Office</b>	
Members	Mr. M. Habib-ur-Rahman Mr. Ali H. Shirazi	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	
Secretary	Mr. Mohsin Ali Khan		

# First Quarter Report 2013-14

## CHAIRMAN'S REVIEW

It is my pleasure to present to you the un-audited financial statements of Atlas Money Market Fund (AMF), Atlas Income Fund (AIF), Atlas Stock Market Fund (ASMF) and Atlas Gold Fund (AGF) for the first quarter / period ended 30 September 2013 of the FY 2013-14.

### The Economy

During the period July- August FY 2013-14, total exports stood at US\$ 4.1 billion as compared to US\$ 3.9 billion worth of exports reported in the same period last year. The foreign exchange reserves of the country stood at US\$ 9.9 billion as on 27 September 2013 with SBP's share of US\$ 4.6 billion in the total liquid foreign exchange reserves. Foreign remittances for the period July-August FY 2013- 14 stood at US\$ 2.64 billion, which was an increase of 7.05% YoY compared to the corresponding period last year. CPI inflation for the period of July - September FY 2013-14 was recorded at 7.4%. SBP in its latest monetary policy statement announced a 50bps increase in discount rate from 9% to 9.5%. This increase was made by the State bank in order to curtail the inflationary pressure that could be detrimental to both economic growth and to the value of rupee in the long-term.

### Fund Operations - AMF

The Net Asset Value per unit of AMF increased by 1.86% to Rs.502.73 as on 30 September 2013, thus providing an annualized total return of 7.43%. The AMF's total exposure in Treasury Bills stood at 94.72% with remaining in short term deposits with banks / cash. AMF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity with low risk. The net assets of the Fund stood at Rs.5.27 billion, with 10.48 million units outstanding as of 30 September 2013.

The Investment Committee of Atlas Asset Management Limited, the Management Company of AMF, under the authority delegated by the Board of Directors, approved an interim bonus distribution of Rs.3.00 per unit (0.60% on the face value of Rs. 500 per unit). This is in addition to the aggregate Interim Bonus Distribution of Rs.6.00 per unit (1.20% on the face value of Rs.500 per unit), already distributed.

### Fund Operations - AIF

The Net Asset Value per unit of AIF increased by 1.88% to Rs.513.19 as on 30 September 2013, this works out to 7.46% on an annualized basis. AIF's current asset allocation is 66.50% in Treasury bills, 19.84% in Margin Trading System, 8.83% in TFC/ Sukuk, 1.06% in Pakistan Investment Bonds and remaining in bank deposits/others. AIF presents a good investment opportunity for investors to earn attractive returns in medium term investment horizon. The net assets of the Fund stood at Rs.2.34 billion with 4.56 million units outstanding as of 30 September 2013.

The Investment Committee of Atlas Asset Management Limited, the Management Company of AIF, under the authority delegated by the Board of Directors, in their meeting held on 4 October 2013 approved an interim bonus distribution of Rs.9.50 per unit (1.90% on the face value of Rs.500 per unit) for the quarter ended 30 September 2013.

### Fund Operations - ASMF

The Net Asset Value per unit of ASMF increased by 5.65% to Rs.420.23 as on 30 September 2013. The benchmark KSE-100 index has increased by 3.94% during the same period. The KSE - 100 index increased from 21,005.69 points as on 30 June 2013 to 21,832.68 points as on 30 September 2013. The ASMF's equity portfolio exposure was mainly in Oil & Gas, Commercial Banks and Electricity sectors. ASMF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. The net assets of the Fund stood at Rs.1.06 billion, with 2.52 million units outstanding as of 30 September 2013.

### Fund Operations - AGF

The Net Asset Value per unit of AGF increased by 1.10% to Rs.101.10 as on 30 September 2013. AGF has gradually increased exposure in Gold based futures contract since its launch date of 15 July 2013. During the month of August 2013 the average investment level of AGF in Gold based futures contract was 54.45% of net assets. AGF's exposure in Gold based futures contracts stood at 71.85% and with remaining in cash and cash equivalents /others as of 30 September 2013. The net assets of the Fund stood at Rs.225.88 million, with 2.23 million units outstanding as of 30 September 2013.

# Atlas Funds

## Ratings

### • Asset Manager Rating

The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of Atlas Asset Management Limited (AAML) at "AM2-" (AM Two Minus). The rating denotes the company's very strong capacity to manage the risks inherent in asset management and meets very high investment management industry standards and benchmarks.

### • Fund Stability Rating - AMF

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

### • Fund Stability Rating - AIF

PACRA has assigned a stability rating of "A+ (f)" (Single A Plus - Fund Rating) to the Fund. The Fund's rating denotes a strong capacity to manage relative stability in returns and low exposure to risks.

### • Star Ranking - ASMF

PACRA has assigned a "4 Star" short term ranking to the Fund, and a long term "4 Star" ranking, for the FY 2011-12. The short term ranking is based on performance during the trailing twelve months period, whereas long-term star ranking is based on performance during the trailing thirty six months.

### • Rating/Ranking - AGF

Not yet rated / ranked. AGF was launched on 15 July 2013.

## FUTURE OUTLOOK

The sustainable economic growth over the medium term would call for a substantial increase in both the domestic and foreign investment in the economy. Fiscal reforms need to be implemented to ensure better tax collection, reduction of subsidies and reduced borrowing from the banking system. Inflation is expected to increase as electricity tariff hike, petroleum products price increase and PKR depreciation will fuel import inflation thus this all will build inflationary pressure in months to come. In the short-run successful auction of 3G license and inflows from Coalition Support Fund will create fiscal space and will also help build up foreign exchange reserves.

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

پرواز ہے دونوں کی اسی ایک فضا میں

کرگس کا جہاں اور ہے شاہین کا جہاں اور

(Let us continue to fly our flag high)

## 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 Funds and the Chief Executive Officer, Mr. M. Habib-ur-Rahman and his management team for their hard work, dedication, and sincerity of purpose.

Karachi: 24 October 2013

Yusuf H. Shirazi  
Chairman

# First Quarter Report 2013-14

## Atlas Money Market Fund

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### Corporate Information

#### **Trustee**

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

#### **Auditors**

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Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

#### **Legal Advisers**

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Bawaney & Partners

#### **Bankers**

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Bank Alfalah Limited  
Faysal Bank Limited  
National Bank of Pakistan

# Atlas Money Market Fund

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 30 SEPTEMBER 2013

		30 September 2013 Un-audited	30 June 2013 Audited
	Note	----- Rupees -----	-----
<b>Assets</b>			
Bank balances	4	277,497,608	103,676,820
Investments	5	5,021,640,550	3,748,608,910
Interest accrued		2,154,029	1,028,245
Prepayment		30,000	-
Deferred formation cost		150,000	200,000
<b>Total assets</b>		<b>5,301,472,187</b>	<b>3,853,513,975</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company		3,650,667	3,445,117
Payable to Central Depository Company of Pakistan Limited - Trustee		366,116	290,029
Annual fee payable to the Securities & Exchange Commission of Pakistan		858,292	3,024,801
Accrued expenses and other liabilities	6	28,687,250	25,116,837
<b>Total liabilities</b>		<b>33,562,325</b>	<b>31,876,784</b>
<b>NET ASSETS</b>		<b>5,267,909,862</b>	<b>3,821,637,191</b>
<b>UNIT HOLDERS' FUND</b>		<b>5,267,909,862</b>	<b>3,821,637,191</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>10,478,588</b>	<b>7,607,048</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>502.73</b>	<b>502.38</b>

The annexed notes from 1 to 12 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

Shamshad Nabi  
Director



# First Quarter Report 2013-14

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Note	2013 ----- Rupees -----	2012
<b>Income</b>			
Interest income	8	102,297,305	126,250,069
Net (loss) / gain on maturity / sale of investments		(475,345)	2,167,876
Net unrealised (loss) / gain on remeasurement of investments classified as "financial assets at fair value through profit or loss"		(910,934)	5,299,748
		<b>(1,386,279)</b>	<b>7,467,624</b>
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net		3,830,222	(1,961,666)
		<b>104,741,248</b>	<b>131,756,027</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company		9,727,294	10,878,539
Sindh Sales Tax on Remuneration of the Management Company	6.1	1,805,386	1,740,566
Federal Excise Duty on Remuneration of the Management Company	6.2	1,556,367	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,047,333	1,138,922
Annual fees - Securities & Exchange Commission of Pakistan		858,292	815,895
Annual rating fee		55,000	50,000
Annual listing fee		10,000	10,000
Brokerage		39,072	10,230
Auditors' remuneration		143,570	121,639
Printing charges		43,690	34,027
Amortisation of formation cost		50,000	50,000
Bank charges		26,799	28,996
Provision for Workers' Welfare Fund	6.3	1,787,569	2,337,544
		<b>17,150,372</b>	<b>17,216,358</b>
<b>Net income for the period before taxation</b>		<b>87,590,876</b>	<b>114,539,669</b>
<b>Taxation</b>		<b>-</b>	<b>-</b>
<b>Net income for the period after taxation</b>		<b>87,590,876</b>	<b>114,539,669</b>

The annexed notes from 1 to 12 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

Shamshad Nabi  
Director

# Atlas Money Market Fund

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	2013	2012
	----- Rupees -----	
<b>Net income for the period after taxation</b>	<b>87,590,876</b>	<b>114,539,669</b>
Other comprehensive income / (loss)	-	-
<b>Total comprehensive income for the period</b>	<b><u>87,590,876</u></b>	<b><u>114,539,669</u></b>

The annexed notes from 1 to 12 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

Shamshad Nabi  
Director

# First Quarter Report 2013-14

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	2013	2012
	----- Rupees -----	
<b>Undistributed income brought forward</b>	<b>5,661,146</b>	<b>5,087,897</b>
Net income for the period after taxation	87,590,876	114,539,669
Other comprehensive income	-	-
Total comprehensive income for the period	<b>87,590,876</b>	<b>114,539,669</b>
Interim distribution for the month ended 31 July 2013 at the rate of Rs.3 per unit declared on 31 July 2013 (2012: Rs.4 per unit declared on 27 July 2012)		
- 52,470 Bonus units (2012: 65,082)	(26,371,028)	(32,706,265)
- Cash payout against interim distribution	(175,909)	(2,265,771)
	<b>(26,546,937)</b>	<b>(34,972,036)</b>
Interim distribution for the month ended 31 August 2013 at the rate of Rs.3 per unit declared on 30 August 2013 (2012: Rs.4 per unit declared on 31 August 2012)		
- 54,844 Bonus units (2012: 64,888)	(27,566,801)	(32,745,277)
- Cash payout against interim distribution	(175,909)	(1,464,198)
	<b>(27,742,710)</b>	<b>(34,209,475)</b>
Interim distribution for the month ended 30 September 2013 at the rate of Rs.3 per unit declared on 27 September 2013 (2012: Rs.3.75 per unit declared on 28 September 2012)		
- 59,279 Bonus units (2012: 55,535)	(29,782,672)	(28,006,481)
- Cash payout against interim distribution	(143,175)	(1,372,685)
	<b>(29,925,847)</b>	<b>(29,379,166)</b>
<b>Undistributed income carried forward</b>	<b>9,036,528</b>	<b>21,066,889</b>

The annexed notes from 1 to 12 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

Shamshad Nabi  
Director

# Atlas Money Market Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	30 September 2013		30 September 2012	
	Units	Rupees	Units	Rupees
<b>Net assets at the beginning of the period</b> [Rs.502.38 per unit (2012: Rs.502.68 per unit)]	7,607,048	3,821,637,191	9,015,663	4,532,024,814
Issue of units	4,465,823	2,251,386,168	1,700,787	859,565,102
Redemption of units	(1,760,876)	(888,379,158)	(3,012,057)	(1,522,174,376)
	<b>2,704,947</b>	<b>1,363,007,010</b>	<b>(1,311,270)</b>	<b>(662,609,274)</b>
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed - net	-	(3,830,222)	-	1,961,666
Capital (loss)/gain on maturity/sale of investments-net	-	(475,345)	-	2,167,876
Net unrealised (loss) / gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	(910,934)	-	5,299,748
Other net income for the period	-	88,977,155	-	107,072,045
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>87,590,876</b>	<b>-</b>	<b>114,539,669</b>
Total interim distribution for the period ended 30th September 2013 (As per Distribution Statement)				
Issue of bonus units	166,593	-	185,505	-
Cash payout against distribution	-	(494,993)	-	(5,102,654)
<b>Net assets at the end of the period</b> [Rs. 502.73 per unit (2012: Rs.504.55 per unit)]	<b>10,478,588</b>	<b>5,267,909,862</b>	<b>7,889,898</b>	<b>3,980,814,221</b>

The annexed notes from 1 to 12 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

Shamshad Nabi  
Director

# First Quarter Report 2013 -14

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	2013	2012
Note	----- Rupees -----	----- Rupees -----
<b>Cash flows from operating activities</b>		
Net income for the period after taxation	87,590,876	114,539,669
<b>Adjustments for:</b>		
Interest income	(102,297,305)	(126,250,069)
Net loss / (gain) on maturity / sale of investments	475,345	(2,167,876)
Net unrealised loss / (gain) on remeasurement of investments classified as "financial assets at fair value through profit or loss"	910,934	(5,299,748)
Amortization of formation cost	50,000	50,000
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - net	(3,830,222)	1,961,666
	<b>(104,691,248)</b>	<b>(131,706,027)</b>
<b>Increase in prepayment</b>	<b>(30,000)</b>	<b>(30,000)</b>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	205,550	(853,145)
Payable to the trustee	76,087	(54,339)
Payable to SECP	(2,166,509)	(2,470,749)
Accrued and other liabilities	3,570,413	2,008,876
	<b>1,685,541</b>	<b>(1,369,357)</b>
	<b>(15,444,831)</b>	<b>(18,565,715)</b>
Interest received	101,171,521	128,827,306
Investments made during the period	(9,213,799,494)	(4,030,255,219)
Investments sold / matured during the period	7,939,381,575	4,149,621,425
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,188,691,229)</b>	<b>229,627,797</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	2,251,386,168	859,565,102
Payment on redemption of units	(888,379,158)	(1,522,174,376)
Cash payout against distribution	(494,993)	(5,102,654)
<b>Net cash generated from/ (used in) financing activities</b>	<b>1,362,512,017</b>	<b>(667,711,928)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>173,820,788</b>	<b>(438,084,131)</b>
Cash and cash equivalents at the beginning of the period	103,676,820	1,062,768,340
<b>Cash and cash equivalents at the end of the period</b>	<b>4 277,497,608</b>	<b>624,684,209</b>

The annexed notes from 1 to 12 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

Shamshad Nabi  
Director

# Atlas Money Market Fund

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Money Market Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 4 December 2009 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. 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 20 January 2010, 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 its investors competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. The Fund aims to deliver this objective mainly by investing in Government securities, cash and near cash instruments which include cash in bank accounts, treasury bills, lending to deposit with scheduled banks, certificates of deposit (CODs), certificate of musharakas (COM), commercial papers, and reverse repo; with a weighted average time to maturity of not more than 90 days, and in case of a single asset, maximum time to maturity of six months. The investment objectives and policy are more 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", 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. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2013.

### 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2013.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended 30 June 2013.

	30 September 2013	30 June 2013
	Un-audited	Audited
Note	-----	Rupees -----

### 4. BANK BALANCES

In PLS saving accounts	4.1	<u>277,497,608</u>	<u>103,676,820</u>
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- 4.1 The rate of return on these accounts ranges between 6% and 8.75% (30 June 2013: 6% and 8.75%) per annum.

### 5. INVESTMENTS - at fair value through income statement

#### Government securities

Market Treasury Bills - held-for-trading	5.1	<u>5,021,640,550</u>	<u>3,748,608,910</u>
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# First Quarter Report 2013-14

## 5.1 Market Treasury Bills - Held for trading

	Face value (Rupees)				Rupees		Percentage of	
	At the beginning of the period	Acquired during the period	Matured/Disposed during the period	At the end of the period	Amortized cost	Market Value	Total Investments	Net Assets
Treasury bills								
3 Months - T-bills	1,585,000,000	4,425,000,000	1,985,000,000	4,025,000,000	3,985,245,179	3,985,145,350	79.36	75.65
6 Months - T-bills	1,245,000,000	825,000,000	1,020,000,000	1,050,000,000	1,037,306,305	1,036,495,200	20.64	19.68
12 Months - T-bills	960,000,000	3,988,000,000	4,948,000,000	-	-	-	-	-
	<u>3,790,000,000</u>	<u>9,238,000,000</u>	<u>7,953,000,000</u>	<u>5,075,000,000</u>	<u>5,022,551,484</u>	<u>5,021,640,550</u>	<u>100.00</u>	<u>95.33</u>

5.2 The cost of investments as on 30 September 2013 is Rs.4,961,314,790 (30 June 2013: Rs.3,699,034,610).

5.3 These Market treasury bills carry purchase yields ranging from 8.60% to 9.43% (30 June 2013: 8.89% to 9.78%) per annum and will mature between 3 October 2013 and 12 December 2013 (30 June 2013: 11 July 2013 and 12 December 2013).

Note	30 September 2013	30 June 2013
	Un-audited	Audited

## 6. ACCRUED AND OTHER LIABILITIES

	Note	30 September 2013 Un-audited	30 June 2013 Audited
Auditors' remuneration payable		197,324	381,410
Printing charges payable		173,558	129,868
Payable to unit holders		3,374	3,374
Annual rating fee payable		55,000	-
Payable to brokers		14,959	14,853
Withholding tax payable		48,305	50,820
Zakat payable		375	-
Sindh Sales Tax payable on Remuneration of the Management Company	6.1	848,294	534,387
Federal Excise Duty payable on Remuneration of the Management Company	6.2	1,851,167	294,800
Provision for Workers' Welfare Fund	6.3	25,494,894	23,707,325
		<u>28,687,250</u>	<u>25,116,837</u>

6.1 During the period, an amount of Rs.1,805,386 (2012: Rs.1,740,566) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.957,092 (2012: Rs.1,187,429) has already been paid to the Management Company which acts as a collecting agent.

6.2 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 6.1 above, the Management Company is of the view that further levy of FED is not justified.

On 4 September 2013, a Constitutional Petition has been filed in Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the Hon'ble SHC has issued a stay order against recovery proceedings. The hearing of the petition is in progress.

In view of the pending decision, as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from 13 June 2013, aggregating to Rs.1,851,167 (30 June 2013: Rs.294,800).

# Atlas Money Market Fund

6.3 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / Mutual Funds (CISs) / Pension Funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs / pension funds, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended 30 June 2010.

During the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on 8 July 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. Show cause notices were then issued by Federal Board of Revenue (FBR) to several Mutual Funds (CISs) / Pension Funds for the collection of WWF including some of the mutual funds and one of the pension fund managed by the AMC. In respect of such show cause notices, certain Mutual Funds (CISs) / Pension Funds have been granted stay by Honorable SHC on the basis of the pending Constitutional Petition as referred above.

In March 2013, a three member bench of the Sindh High Court in its judgement on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Acts, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgement was in contrast to the July 2011 single member bench decision of the Honorable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills. For the CISs and Pension Funds, the issue of chargeability or otherwise of WWF levy to the CISs / Pension Funds is currently pending before the Honorable SHC.

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.25,494,894 (30 June 2013: Rs.23,707,325) in these condensed interim financial statements. Had the same not been made the net asset value per unit of the Fund would have been higher by Rs.2.43 (30 June 2013: Rs.3.12) per unit.

## 7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 September 2013.

For the Quarter Ended	
30 September 2013	30 September 2012
Un-audited	Un-audited
----- Rupees -----	

## 8. INTEREST INCOME

Profit on bank deposits	3,659,782	7,830,875
Government Securities - Market Treasury bills	98,637,523	118,419,194
	<b>102,297,305</b>	<b>126,250,069</b>

## 9. TAXATION

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Further, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income, other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end, to the unit holders. Accordingly, no provision has been made for taxation in these condensed interim financial statements.



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For the Quarter Ended	
30 September 2013	30 September 2012
Un-audited	Un-audited
----- Rupees -----	

## 10. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

### 10.1 Transactions for the period

#### Atlas Asset Management Limited (Management Company)

Remuneration of the management company	9,727,294	10,878,539
Remuneration paid	9,321,744	11,531,684
Sindh Sales Tax on Remuneration of the Management Company	1,805,386	1,740,566
Federal Excise Duty on Remuneration of the Management Company	1,556,367	-
Sale of Nil (2012: 17,829) units	-	9,000,000
Redemption of Nil (2012: 59,359) units	-	30,000,000
Bonus of 108 (2012: 1,322) units	54,379	665,722

#### Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	1,047,333	1,138,922
Remuneration paid	971,246	1,193,261

#### Atlas Battery Limited (Group Company)

Redemption of 59,604 (2012: 138,389) units	30,000,000	70,000,000
Bonus of 7,713 (2012: 15,688) units	3,876,342	7,903,221

#### Atlas Foundation (Group Company)

Redemption of 9,934 (2012: 8,729) units	5,000,000	4,400,000
Bonus of 218 (2012: 935) units	109,564	470,914

#### Atlas Fund of Funds (Fund under common management)

Sale of Nil (2012: 158,398) units	-	80,000,000
Redemption of Nil (2012: 233,035) units	-	117,659,724
Bonus of Nil (2012: 788) units	-	396,495

#### Atlas Hitec (Private) Limited (Group Company)

Sale of 336,165 (2012: Nil) units	169,000,000	-
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#### Atlas Honda Limited (Group Company)

Sale of 793,565 (2012: Nil) units	400,000,000	-
Redemption of 99,197 (2012: Nil) units	50,000,000	-
Bonus of 17,961 (2012: 21,143) units	9,026,022	10,652,184

#### Atlas Insurance Limited (Group Company)

Sale of 53,658 (2012: Nil) units	27,000,000	-
Bonus of 643 (2012: 3,728) units	322,907	1,878,460

#### Batool Benefit Trust (Trust having common Director / Trustee)

Redemption of 129 (2012: Nil) units	65,000	-
Bonus of 21 (2012: 25) units	10,635	12,751

#### Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)

Redemption of Nil (2012: 39,000) units	-	19,726,826
Bonus of 754 (2012: 1,514) units	379,124	762,892

#### Shirazi Trading Company (Private) Limited (Group Company)

Sale of 198,466 (2012: Nil) units	100,000,000	-
Redemption of 198,466 (2012: Nil) units	100,137,934	-

#### Shirazi Investments (Private) Limited - Employees

Provident Fund (Retirement benefit plan of a Group Company)		
Sale of 1,143 (2012: 7,069) units	575,000	3,580,000
Redemption of 8,643 (2012: Nil) units	4,360,000	-
Bonus of 336 (2012: 615) units	169,091	309,934

#### Shirazi (Private) Limited (Group Company)

Redemption of Nil (2012: 1,519) units	-	765,000
Bonus of Nil (2012: 4) units	-	1,873

#### Key Management Personnel of Management Company

Sale of 7,952 (2012: 10,486) units	4,000,000	5,300,000
Redemption of 17,232 (2012: 10,218) units	8,673,980	5,170,000
Bonus of 1,703 (2012: 1,989) units	855,827	1,002,299

# Atlas Money Market Fund

	30 September 2013 Un-audited ----- Rupees -----	30 June 2013 Audited -----
<b>10.2 Investments/outstanding balances as at period/year end</b>		
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration payable to the management company	3,450,667	3,045,117
Payable in respect of formation cost	200,000	400,000
Units in issue 6,114 (30 June 2013: 6,006) - at net asset value	3,073,884	3,017,383
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration payable to the Trustee	366,116	290,029
<b>Atlas Battery Limited (Group Company)</b>		
Units in issue 435,857 (30 June 2013: 487,748) - at net asset value	219,118,560	245,034,949
<b>Atlas Foundation (Trust having common Director / Trustee)</b>		
Units in issue 12,319 (30 June 2013: 22,035) - at net asset value	6,193,331	11,070,155
<b>Atlas Hitec (Private) Limited (Group Company)</b>		
Units in issue 336,165 (30 June 2013: Nil) - at net asset value	169,000,000	-
<b>Atlas Honda Limited (Group Company)</b>		
Units in issue 1,412,635 (30 June 2013: 700,305) - at net asset value	710,173,931	351,819,276
<b>Atlas Insurance Limited (Group Company)</b>		
Units in issue 54,300 (30 June 2013: Nil) - at net asset value	27,298,353	-
<b>Batool Benefit Trust (Trust having common Director/Trustee)</b>		
Units in issue 1,066 (30 June 2013: 1,175) - at net asset value	536,155	590,106
<b>Ifitikhar Shirazi Family Trust (Trust having common Director/Trustee)</b>		
Units in issue 42,629 (30 June 2013: 41,874) - at net asset value	21,430,828	21,036,911
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Units in issue 16,542 (30 June 2013: 23,705) - at net asset value	8,315,966	11,908,755
<b>Key Management Personnel of Management Company</b>		
Units in issue 89,125 (30 June 2013: 96,702) - at net asset value	44,805,592	48,580,988

**10.3** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.3 million and above, as set by the Board of Directors of the Management Company for FY 2013-14.

**10.4** 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.

## 11. GENERAL

**11.1** Figures have been rounded off to the nearest Rupee.

**11.2** Corresponding figures have been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current period. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

## 12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 24 October 2013.

**For Atlas Asset Management Limited  
(Management Company)**

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Shamshad Nabi  
Director

# First Quarter Report 2013-14

## Atlas Income Fund

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### Corporate Information

#### **Trustee**

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

#### **Auditors**

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A. F. Ferguson & Co.  
Chartered Accountants

#### **Legal Advisers**

---

Mohsin Tayebaly & Co.

#### **Bankers**

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Bank Alfalah Limited  
Faysal Bank Limited  
National Bank of Pakistan  
Summit Bank Limited  
The Bank of Punjab

# Atlas Income Fund

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 30 SEPTEMBER 2013

		30 September 2013 Un-audited	30 June 2013 Audited
	Note	----- Rupees -----	-----
<b>ASSETS</b>			
Bank balances	4	74,818,255	43,778,182
Investments	5	1,807,701,562	1,492,155,988
Receivable against Margin Trading System		468,591,075	408,467,532
Interest / profit accrued		9,964,807	11,832,012
Deposits and prepayments		419,041	452,055
<b>Total assets</b>		<b>2,361,494,740</b>	<b>1,956,685,769</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company		2,732,440	2,443,472
Payable to Central Depository Company of Pakistan Limited - Trustee		281,233	255,562
Payable to the Securities and Exchange Commission of Pakistan		400,133	1,103,186
Accrued and other liabilities	6	15,523,113	12,885,442
<b>Total liabilities</b>		<b>18,936,919</b>	<b>16,687,662</b>
<b>NET ASSETS</b>		<b>2,342,557,821</b>	<b>1,939,998,107</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>2,342,557,821</b>	<b>1,939,998,107</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>4,564,692</b>	<b>3,851,364</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>513.19</b>	<b>503.72</b>

The annexed notes from 1 to 13 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

Shamshad Nabi  
Director

# First Quarter Report 2013-14

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Note	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>INCOME</b>			
Interest / profit income	8	54,329,069	28,910,770
Capital (loss)/gain on sale of investments - net		(702,891)	6,107,971
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(34,695)	(209,322)
		<b>(737,586)</b>	<b>5,898,649</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net		3,935,539	1,616,485
		<b>57,527,022</b>	<b>36,425,904</b>
<b>EXPENSES</b>			
Remuneration of Atlas Asset Management Limited - Management Company		8,002,709	3,605,275
Sindh sales tax on remuneration of the Management Company	6.1	1,485,303	576,844
Federal Excise Duty on remuneration of the Management Company	6.2	1,280,433	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		667,740	407,227
Annual fees - Securities and Exchange Commission of Pakistan		400,133	180,262
Auditors' remuneration		137,491	127,736
Annual rating fee		55,000	50,000
Annual listing fee		10,000	10,000
Securities transaction cost		1,438,054	56,500
Printing charges		43,690	34,027
Bank charges		11,247	10,576
Provision for Workers' Welfare Fund	6.3	879,904	627,349
		<b>14,411,704</b>	<b>5,685,796</b>
<b>Net income for the period before taxation</b>		<b>43,115,318</b>	<b>30,740,108</b>
<b>Taxation</b>		<b>-</b>	<b>-</b>
<b>Net income for the period after taxation</b>		<b>43,115,318</b>	<b>30,740,108</b>

The annexed notes from 1 to 13 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

Shamshad Nabi  
Director

# Atlas Income Fund

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	2013	2012
	----- Rupees -----	
Net income for the period after taxation	43,115,318	30,740,108
Income that may be re-classified subsequently to Income Statement		
Net unrealised appreciation in the value of investment classified as 'available for sale'	127,079	-
<b>Total comprehensive income for the period</b>	<b>43,242,397</b>	<b>30,740,108</b>

The annexed notes from 1 to 13 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

Shamshad Nabi  
Director

# First Quarter Report 2013-14

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	2013	2012
	----- Rupees -----	
<b>Undistributed income brought forward</b>	8,247,459	8,120,663
Net income for the period after taxation	43,115,318	30,740,108
<b>Undistributed income carried forward</b>	<u>51,362,777</u>	<u>38,860,771</u>

The annexed notes from 1 to 13 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

Shamshad Nabi  
Director

# Atlas Income Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	30 September 2013		30 September 2012	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the period [Rs.503.72 (2012: Rs.502) per unit]	3,851,364	1,939,998,107	1,855,552	931,487,281
Issue of units	982,788	500,165,276	281,372	143,884,391
Redemption of units	(269,460)	(136,912,420)	(123,559)	(63,045,585)
	713,328	363,252,856	157,813	80,838,806
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(3,935,539)	-	(1,616,485)
Net unrealised appreciation in the value of investment classified as 'available for sale'	-	127,079	-	-
Capital (loss) / gain on sale of investments - net	-	(702,891)	-	6,107,971
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	(34,695)	-	(209,322)
Other net income for the period	-	43,852,904	-	24,841,459
Total comprehensive income for the period	-	43,242,397	-	30,740,108
Net assets at the end of the period [Rs.513.19 (2012: Rs.517.27) per unit ]	4,564,692	2,342,557,821	2,013,365	1,041,449,710

The annexed notes from 1 to 13 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

Shamshad Nabi  
Director



# First Quarter Report 2013-14

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	2013	2012
Note	----- Rupees -----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period after taxation	43,115,318	30,740,108
<b>Adjustments for:</b>		
Interest / profit income	(54,329,069)	(28,910,770)
Capital loss / (gain) on sale of investments - net	702,891	(6,107,971)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	34,695	209,322
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(3,935,539)	(1,616,485)
	<b>(57,527,022)</b>	<b>(36,425,904)</b>
<b>(Increase) / decrease in assets</b>		
Receivable against Margin Trading System	(60,123,543)	-
Deposits and prepayments	33,014	(30,000)
	<b>(60,090,529)</b>	<b>(30,000)</b>
<b>Increase / (decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	288,968	96,436
Payable to Central Depository Company of Pakistan Limited - Trustee	25,671	9,552
Payable to the Securities and Exchange Commission of Pakistan	(703,053)	(428,814)
Accrued and other liabilities	2,637,671	502,481
	<b>2,249,257</b>	<b>179,655</b>
	<b>(72,252,976)</b>	<b>(5,536,141)</b>
Interest received	56,196,274	31,483,892
Investments made during the period	(3,215,754,168)	(428,921,737)
Investment sold / redeemed / matured during the period	2,899,598,087	219,703,802
<b>Net cash used in operating activities</b>	<b>(332,212,783)</b>	<b>(183,270,184)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	500,165,276	143,884,391
Net payments against redemption of units	(136,912,420)	(63,045,585)
<b>Net cash generated from financing activities</b>	<b>363,252,856</b>	<b>80,838,806</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>31,040,073</b>	<b>(102,431,378)</b>
Cash and cash equivalents at the beginning of the period	43,778,182	146,593,329
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b> <b>74,818,255</b>	<b>44,161,951</b>

The annexed notes from 1 to 13 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

Shamshad Nabi  
Director

# Atlas Income Fund

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Income Fund (the Fund) is an open ended mutual fund constituted by a Trust Deed entered into on 20 February 2003 between Atlas Asset Management Limited (AAML) as the establisher and the management company and MCB Financial Services Limited (MCBFSL) as the trustee. MCBFSL resigned on 11 June 2005 as trustee and Central Depository Company of Pakistan Limited (CDC) was appointed as the Trustee with effect from that date. The Trust Deed has been revised through the Deed of Change of Trustee and First Supplemental Trust Deed dated 11 June 2005, Second Supplemental Trust Deed dated 29 October 2007, Third Supplemental Trust Deed dated 23 June 2010 and the Fourth Supplemental Trust Deed dated 12 November 2010 with the approval of the SECP. Also, the Offering Document of the Fund has been revised through the First, Second, Third, Fourth and Fifth Supplements, dated 21 June 2005, 29 October 2007, 29 February 2008, 23 June 2010 and 12 November 2010 respectively, with the approval of the SECP. The investment activities and administration of the Fund are managed by Atlas Asset Management Limited situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund have been offered for public subscription on a continuous basis from 22 March 2004, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on Lahore Stock Exchange.
- 1.3 According to the trust deed, the objective of the Fund is to provide investors one window facility to invest in diversified portfolio offering good returns and consistent growth. The Fund aims to deliver this objective mainly by investing in Government securities, cash in bank accounts, Certificate of Investments (COI), money market placements, deposits, Certificates of deposits (COD), Certificates of Musharikas (COM), TDRs, commercial paper, reverse repo, term finance certificates (TFCs)/Sukuks, transactions on Margin Trading System (MTS), spread transactions and any other instruments that may be allowed by the Securities and Exchange Commission of Pakistan. The investment objectives and policies are more 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", 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. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2013.

### 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2013.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended 30 June 2013.

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		30 September 2013	30 June 2013
		Un-audited	Audited
Note		----- Rupees -----	
<b>4. BANK BALANCES</b>			
<b>In local Currency</b>			
	Profit and loss sharing accounts	4.1	74,818,255
			43,778,182

4.1 These carry rate of return ranging between 6% and 8.75% (30 June 2013: 6% and 8.75%) per annum.

## 5. INVESTMENTS

### Available for sale

Quoted equity security	5.1	3,630,828	3,503,749
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### At fair value through profit or loss - held for trading

Term finance certificates - listed	5.2 & 5.7	162,997,122	215,705,880
Term finance certificates - unlisted	5.3 & 5.7	45,609,900	44,975,000
Sukuk certificates - unlisted	5.4 & 5.7	-	-
Government Securities - Market Treasury Bills	5.5	1,570,376,830	1,202,026,735
Government Securities - Pakistan Investment Bonds	5.6	25,086,882	25,944,624
		<b>1,804,070,734</b>	<b>1,488,652,239</b>
		<b>1,807,701,562</b>	<b>1,492,155,988</b>

### 5.1 Quoted equity security

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

	Number of shares				Rupees		Percentage of		
	At the beginning of the period	Acquired during the period	Sales during the period	At the end of the period	Carrying Cost	Market Value	Market Value as a percentage of Investment	Market Value as a percentage of net assets	Market Value as a percentage of paid-up capital of Investee company

### CHEMICAL

Agritech Limited	302,569	-	-	302,569	3,933,397	3,630,828	0.20	0.15	0.09
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5.1.1 This represents shares allocated to the Fund as part of the settlement agreement finalised between Azgard Nine Limited and its creditors. As part of the settlement, 302,569 shares of Agritech Limited have been allocated to the Fund against its receivable balance of Rs.10.589 million from Azgard Nine Limited. The Fund's gross receivable against Azgard Nine Limited amounted to Rs.18.724 million out of which Rs.10.589 million has been settled as part of this agreement. In prior years, the Fund has fully provided its exposure against Azgard Nine Limited and has consequently recorded a gain of Rs.3.933 million on this settlement in the previous year. The balance receivable amounting to Rs.8.135 million remains fully provided.

# Atlas Income Fund

## 5.2 Term finance certificates - listed

Note	Number of Certificates				Rupees		Percentage of		
	At the beginning of the period	Purchases during the period	Disposed/ matured during the period	At the end of the period	Carrying Cost	Market Value	Total Investments	Net assets	
<b>BANKS</b>									
Askari Bank Limited - II	6,775	-	-	6,775	33,924,578	33,810,762	1.87	1.44	
Bank Al Habib Limited - II	1,192	-	-	1,192	6,010,870	5,971,225	0.33	0.26	
Bank Alfalah Limited - V	8,450	-	-	8,450	42,903,481	43,203,897	2.39	1.84	
NIB Bank Limited	1,399	-	1,399	-	-	-	-	-	
United Bank Limited - III	5,500	-	-	5,500	9,240,049	9,163,702	0.51	0.39	
United Bank Limited - IV	8,000	-	8,000	-	-	-	-	-	
	<b>31,316</b>	<b>-</b>	<b>9,399</b>	<b>21,917</b>	<b>92,078,978</b>	<b>92,149,586</b>	<b>5.10</b>	<b>3.93</b>	
<b>FINANCIAL SERVICES</b>									
Escort Investment Bank Limited	5.7.1	5,000	-	-	5,000	1,513,836	1,841,878	0.10	0.08
<b>TELECOMMUNICATION</b>									
Pakistan Mobile Communications Limited		13,800	-	-	13,800	69,024,633	69,005,658	3.82	2.95
Telecard Limited	5.7.1	4,000	-	-	4,000	-	-	-	-
		<b>17,800</b>	<b>-</b>	<b>-</b>	<b>17,800</b>	<b>69,024,633</b>	<b>69,005,658</b>	<b>3.82</b>	<b>2.95</b>
<b>PERSONAL GOODS</b>									
Azgard Nine Limited	5.7.1	5,000	-	-	5,000	-	-	-	-
					<b>162,617,447</b>	<b>162,997,122</b>	<b>9.02</b>	<b>6.96</b>	

## 5.3 Term finance certificates - Unlisted

Note	Number of Certificates				Rupees		Percentage of		
	At the beginning of the period	Purchases during the period	Disposed/ matured during the period	At the end of the period	Carrying Cost	Market Value	Total Investments	Net assets	
<b>CHEMICALS</b>									
Engro Fertilizers Limited		10,000	-	-	10,000	44,975,000	45,609,900	2.52	1.95
Agritech Limited- I	5.7.1	2,000	-	-	2,000	-	-	-	-
Agritech Limited - II	5.7.1	8,000	-	-	8,000	-	-	-	-
Agritech Limited- IV	5.7.1	2,203	-	-	2,203	-	-	-	-
		<b>22,203</b>	<b>-</b>	<b>-</b>	<b>22,203</b>	<b>44,975,000</b>	<b>45,609,900</b>	<b>2.52</b>	<b>1.95</b>
<b>PERSONAL GOODS</b>									
Azgard Nine Limited-V	5.7.1	1,075	-	-	1,075	-	-	-	-
<b>MISCELLANEOUS</b>									
Bunny's Limited	5.7.1	424	-	-	424	-	-	-	-
					<b>44,975,000</b>	<b>45,609,900</b>	<b>2.52</b>	<b>1.95</b>	

## 5.4 Sukuk certificates - Unlisted

Note	Number of Certificates				Rupees		Percentage of		
	At the beginning of the period	Purchases during the period	Disposed/ matured during the period	At the end of the period	Carrying Cost	Market Value	Total Investments	Net assets	
<b>CHEMICALS</b>									
Agritech Limited	5.7.1	4,060	-	-	4,060	-	-	-	-

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	<b>30 September 2013</b>	<b>30 June 2013</b>
	<b>Un-audited</b>	<b>Audited</b>
<b>Note</b>	-----	-----
	<b>Rupees</b>	

## 5.5 Government Securities

Market Treasury Bills	5.5.1	<u><u>1,570,376,830</u></u>	<u><u>1,202,026,735</u></u>
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### 5.5.1 Market Treasury Bills

	Face value (Rupees)				Rupees		Percentage of	
	At the beginning of the period	Acquired during the period	Disposed / Matured during the period	At the end of the period	Amortized cost	Market Value	Total Investments	Net Assets
3 months - T Bills	780,000,000	1,335,000,000	1,030,000,000	1,085,000,000	1,072,527,692	1,072,584,550	59.33	45.79
6 months - T Bills	185,000,000	545,000,000	225,000,000	505,000,000	498,040,667	497,792,280	27.54	21.25
12 months - T Bills	250,000,000	1,350,000,000	1,600,000,000	-	-	-	-	-
	<u>1,215,000,000</u>	<u>3,230,000,000</u>	<u>2,855,000,000</u>	<u>1,590,000,000</u>	<u>1,570,568,358</u>	<u>1,570,376,830</u>	<u>86.87</u>	<u>67.04</u>

5.5.2 The cost of investments as on 30 September 2013 is Rs.1,556,531,675 (30 June 2013: Rs.1,191,146,775).

5.5.3 These Market treasury bills carry purchase yields ranging from 8.60% to 9.43% (30 June 2013: 9.15% to 9.59%) per annum and will mature between 3 October 2013 and 12 December 2013 (30 June 2013: 11 July 2013 and 12 December 2013).

5.5.4 The above investments include T Bills which has been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades amounting to Rs.171,876,075 (face value: Rs.175,000,000) maturing on 12 December 2013.

	<b>30 September 2013</b>	<b>30 June 2013</b>
	<b>Un-audited</b>	<b>Audited</b>
<b>Note</b>	-----	-----
	<b>Rupees</b>	

## 5.6 Government Securities

Pakistan Investment Bonds	5.6.1	<u><u>25,086,882</u></u>	<u><u>25,944,624</u></u>
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### 5.6.1 Pakistan Investment Bonds (PIBs)

	Face value (Rupees)				Rupees		Percentage of	
	At the beginning of the period	Acquired during the period	Disposed / Matured during the period	At the end of the period	Amortized cost	Market Value	Total Investments	Net Assets
3 Year - PIBs	25,000,000	-	-	25,000,000	25,400,000	25,086,882	1.39	1.07
	<u>25,000,000</u>	<u>-</u>	<u>-</u>	<u>25,000,000</u>	<u>25,400,000</u>	<u>25,086,882</u>	<u>1.39</u>	<u>1.07</u>

5.6.2 The cost of investments as on 30 September 2013 is Rs.25,400,000 (30 June 2013: Rs.25,400,000).

5.6.3 These Pakistan Investment Bonds carry purchase yield of 11.25% (30 June 2013: 11.25%) per annum and will mature by 19 July 2015.

# Atlas Income Fund

## 5.7 Particulars of non-compliant investments

5.7.1 The Securities and Exchange Commission of Pakistan (SECP), vide its circular No. 16 dated 07 July 2010, prescribed certain disclosures for the schemes holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirement of their constitutive documents. The following are the details of non-compliant investments:

Non-compliant investment	Type of Investment	Value before provision	Provision held	Net carrying value	Percentage of	
					Net assets	Gross assets
				Rupees	%	%
<b>Listed</b>						
Azgard Nine Limited	Term finance certificate	7,871,511	7,871,511	-	-	-
Telecard Limited	Term finance certificate	5,506,380	5,506,380	-	-	-
Escort Investment Bank Limited	Term finance certificate	1,841,878	-	1,841,878	0.08	0.08
		<b>15,219,769</b>	<b>13,377,891</b>	<b>1,841,878</b>	<b>0.08</b>	<b>0.08</b>
<b>Unlisted</b>						
Agritech Limited-I	Term finance certificate	7,494,000	7,494,000	-	-	-
Agritech Limited-II	Term finance certificate	29,976,000	29,976,000	-	-	-
Agritech Limited-IV	Term finance certificate	11,015,000	11,015,000	-	-	-
Azgard Nine Limited-V	Term finance certificate	5,375,000	5,375,000	-	-	-
Bunny's Limited	Term finance certificate	1,590,000	1,590,000	-	-	-
		<b>55,450,000</b>	<b>55,450,000</b>	-	-	-
<b>Unlisted - Sukuk</b>						
Agritech Limited	Sukuk certificate	15,225,000	15,225,000	-	-	-
		<b>85,894,769</b>	<b>84,052,891</b>	<b>1,841,878</b>	<b>0.08</b>	<b>0.08</b>

5.7.2 The securities stated above have been classified as non-performing as per the requirements of SECP's Circular 1 of 2009 read with SECP's Circular 33 of 2012 dated 24 October 2012, and an aggregate provision of Rs.84.05 million (30 June 2013: Rs.84.05 million), has been made in accordance with the provisioning requirements of the above mentioned circulars.

5.7.3 During the FY 2012-13, the Fund received zero coupon term finance certificates of Azgard Nine Limited having face value of Rs.5,375,000. These TFCs were received against outstanding markup of Azgard Nine Limited's TFC, payable as of 31 March 2012.

Note	30 September 2013	30 June 2013
	Un-audited	Audited
----- Rupees -----		

## 6. ACCRUED AND OTHER LIABILITIES

Auditors' remuneration payable		483,923	346,432
NCCPL charges payable		33,698	40,890
Printing charges payable		173,559	129,869
Payable to unit holders against redemption of units		23,931	23,931
Brokerage payable		9,753	16,371
Fund rating fee payable		55,000	-
Withholding tax payable		19,124	18,506
Zakat payable		3,241	-
Sindh sales tax payable on remuneration of the Management Company	6.1	679,507	428,403
Federal Excise Duty payable on remuneration of the Management Company	6.2	1,514,477	234,044
Provision for Workers' Welfare Fund	6.3	12,526,900	11,646,996
		<b>15,523,113</b>	<b>12,885,448</b>

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- 6.1 During the period, an amount of Rs.1,485,303 (2012:Rs.576,844) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.805,796 (2012: Rs.380,574) has already been paid to the Management Company which acts as a collecting agent.
- 6.2 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 6.1 above, the Management Company is of the view that further levy of FED is not justified.

On 4 September 2013, a Constitutional Petition has been filed in Honorable Sindh High Court (SHC) jointly by various asset management Companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the Hon'ble SHC has issued a stay order against recovery proceedings. The hearing of the petition is in progress.

In view of the pending decision, as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from 13 June 2013, aggregating to Rs.1,514,477 (30 June 2013: Rs,234,044).

- 6.3 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / Mutual Funds (CISs) / Pension Funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs / pension funds, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended 30 June 2010.

During the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on 8 July 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. Show cause notices were then issued by Federal Board of Revenue (FBR) to several Mutual Funds (CISs) / Pension Funds for the collection of WWF including some of the mutual funds and one of the pension fund managed by the AMC. In respect of such show cause notices, certain Mutual Funds (CISs) / Pension Funds have been granted stay by Honorable SHC on the basis of the pending Constitutional Petition as referred above.

In March 2013, a three member bench of the Sindh High Court in its judgement on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgement was in contrast to the July 2011 single member bench decision of the Honorable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills. For the CISs and Pension Funds, the issue of chargeability or otherwise of WWF levy to the CISs / Pension Funds is currently pending before the Honorable SHC.

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.12,526,900 (30 June 2013: Rs.11,646,996) in these financial statements. Had the same not been made, the net asset value per unit of the Fund would have been higher by Rs.2.74 (30 June 2013: Rs.3.02) per unit.

# Atlas Income Fund

## 7. CONTINGENCIES AND COMMITMENTS

7.1 There were no contingencies outstanding as at 30 September 2013.

	30 September 2013 Un-audited	30 June 2013 Audited
Note	----- Rupees -----	
<b>7.2 Commitments</b>		
Margin Trading System (MTS) transactions entered into by the Fund in respect of which the purchase transactions have not been settled as at 30 September 2013	<u>88,434,991</u>	<u>77,127,112</u>

For the Quarter Ended	
30 September 2013 Un-audited	30 September 2012 Un-audited
----- Rupees -----	

## 8. INTEREST / PROFIT INCOME

Interest / profit on:		
Profit and loss sharing account	1,855,498	1,450,726
Income from Margin Trading System	16,735,928	-
Term finance certificates	8.1 6,689,296	9,195,910
Government Securities - Market Treasury Bills	28,339,443	18,233,312
Government Securities - Pakistan Investment Bonds	708,904	30,822
	<u>54,329,069</u>	<u>28,910,770</u>

8.1 Mark-up on non performing securities amounting to Rs.25.41 million (2012: Rs.15.64 million) based on outstanding principal has not been recognised, in accordance with the requirements specified by SECP.

## 9. TAXATION

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Further, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income, other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end, to the unit holders. Accordingly, no provision has been made for taxation in these condensed interim financial statements.



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## 10. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

	For the Quarter Ended	
	30 September 2013	30 September 2012
	Un-audited	Un-audited
	----- Rupees -----	
<b>10.1 Transactions for the period</b>		
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration charged	8,002,709	3,605,275
Remuneration paid	7,713,741	3,508,839
Sindh sales tax on remuneration of the Management Company	1,485,303	576,844
Federal Excise Duty on remuneration of the Management Company	1,280,433	-
Sale of 125,234 (2012: 21,609) units	64,000,000	11,000,000
Redemption of 36,163 (2012: 4,890) units	18,500,000	25,000,000
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Trustee fee	667,740	407,227
Trustee fee paid	651,369	397,675
Settlement charges	134,207	1,500
<b>Atlas Battery Limited (Group Company)</b>		
Sale of Nil (2012: 97,769) units	-	49,989,087
<b>Atlas Foundation (Trust having common Director / Trustee)</b>		
Sale of Nil (2012: 14,875) units	-	7,600,000
Redemption of 71,168 (2012: 19,035) units	36,000,000	9,700,000
<b>Atlas Honda Limited (Group company)</b>		
Sale of 588,838 (2012: Nil) units	300,000,000	-
<b>Atlas Insurance Limited (Group company)</b>		
Sale of 88,486 (2012: 39,047) units	44,700,000	20,000,000
<b>Batool Benefit Trust (Trust having common Director / Trustee)</b>		
Redemption of 33,049 (2012: 27,961) units	16,690,000	14,277,000
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit Plan of a Group Company)</b>		
Redemption of Nil (2012: 99) units	-	50,000
<b>Key Management Personnel of Management Company</b>		
Sale of 11,290 (2012: 26,968) units	5,750,000	13,750,000
Redemption of 3,299 (2012: Nil) units	1,683,452	-
	<b>30 September 2013</b>	<b>30 June 2013</b>
	<b>Un-audited</b>	<b>Audited</b>
	----- Rupees -----	
<b>10.2 Investments/outstanding balances as at period/year end</b>		
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration payable to the management company	2,732,440	2,443,472
Units in issue 194,704 (30 June 2013: 105,634) - at net asset value	99,920,149	53,209,749
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Trustee fee payable	281,233	255,562
<b>Atlas Battery Limited (Group Company)</b>		
Units in issue 609,209 (30 June 2013: 609,209) - at net asset value	312,640,119	306,870,907
<b>Atlas Foundation (Trust having common Director / Trustee)</b>		
Units in issue 52,676 (30 June 2013: 123,844) - at net asset value	27,032,788	62,382,929
<b>Atlas Honda Limited (Group company)</b>		
Units in issue 1,899,383 (30 June 2013: 1,310,545) - at net asset value	974,744,223	660,147,568

# Atlas Income Fund

**30 September**      **30 June**  
**2013**                      **2013**  
**Un-audited**              **Audited**  
**Note ----- Rupees -----**

## 10.2 Investments/outstanding balances as at period/year end (Continued...)

<b>Atlas Insurance Limited (Group company)</b>			
Units in issue 524,513 (30 June 2013: 436,028) - at net asset value		269,174,863	219,635,727
<b>Batool Benefit Trust (Trust having common Director / Trustee)</b>			
Units in issue 110,960 (30 June 2013: 144,009) - at net asset value		56,943,615	72,540,103
<b>Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)</b>			
Units in issue 390 (30 June 2013: 390) - at net asset value		196,455	
<b>Key Management Personnel of Management Company</b>			
Units in issue 193,161 (30 June 2013: 185,170) - at net asset value	10.3	99,128,250	93,273,855

**10.3** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.3 million and above, as set by the Board of Directors of the Management Company.

**10.4** 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.

## 11. SUBSEQUENT EVENT - INTERIM DISTRIBUTION TO UNITHOLDERS PER UNIT

The Investment Committee of the Management Company, under the authority delegated to them by the Board of Directors of the Management Company, in their meeting held on 4 October 2013, approved an interim distribution of Rs.9.50 per unit (2012: Rs.12.50) on the face value of Rs.500 each i.e. 1.90% (2012: 2.50%) amounting to Rs.43,367,012 (2012: Rs.25,191,789), on behalf of the Board of Directors of the Management Company.

## 12. GENERAL

**12.1** Figures have been rounded off to the nearest Rupee.

**12.2** Corresponding figures have been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current period. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

## 13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 24 October 2013.

**For Atlas Asset Management Limited**  
**(Management Company)**

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Shamshad Nabi  
Director

# First Quarter Report 2013-14

## Atlas Stock Market Fund

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### Corporate Information

#### **Trustee**

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

#### **Auditors**

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A. F. Ferguson & Co.  
Chartered Accountants

#### **Legal Advisers**

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Mohsin Tayebaly & Co.

#### **Bankers**

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Bank Alfalah Limited  
Faysal Bank Limited  
Summit Bank Limited  
The Bank of Punjab

# Atlas Stock Market Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)  
AS AT 30 SEPTEMBER 2013

		30 September 2013 Un-audited	30 June 2013 Audited
	Note	----- Rupees -----	-----
<b>ASSETS</b>			
Bank balances	4	230,407,000	59,156,287
Investments	5	869,085,272	994,043,100
Dividend receivable		14,700,000	770,000
Profit receivable on bank balances		1,539,308	675,233
Receivable against sale of securities		12,897,973	32,129,422
Deposits, prepayments and other receivables		2,644,777	2,614,777
<b>Total assets</b>		<b>1,131,274,330</b>	<b>1,089,388,819</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company		1,796,334	1,806,937
Payable to Central Depository Company of Pakistan Limited - Trustee		190,412	193,906
Payable to the Securities and Exchange Commission of Pakistan		262,440	852,550
Payable against purchase of securities		46,703,572	31,905,187
Accrued expenses and other liabilities	6	21,291,771	18,903,201
<b>Total liabilities</b>		<b>70,244,529</b>	<b>53,661,781</b>
<b>NET ASSETS</b>		<b>1,061,029,801</b>	<b>1,035,727,038</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>1,061,029,801</b>	<b>1,035,727,038</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>2,524,890</b>	<b>1,981,235</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>420.23</b>	<b>522.77</b>

The annexed notes from 1 to 11 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

Shamshad Nabi  
Director

# First Quarter Report 2013-14

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	2013	2012
Note	----- Rupees -----	
<b>INCOME</b>		
Profit on bank balances	4,265,312	1,232,924
Dividend income	16,752,875	10,432,500
Capital gain on sale of investments - net	55,004,098	32,429,764
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(8,388,465)	47,953,805
	<b>46,615,633</b>	<b>80,383,569</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	(286,004)	9,531,969
	<b>67,347,816</b>	<b>101,580,962</b>
<b>EXPENSES</b>		
Remuneration of Atlas Asset Management Limited - Management Company	5,525,013	3,962,102
Sindh sales tax on remuneration of the Management Company	6.1 1,025,442	633,936
Federal Excise Duty on remuneration of the Management Company	6.2 884,002	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	528,303	396,208
Annual fee - Securities and Exchange Commission of Pakistan	262,440	188,202
Auditors' remuneration	112,688	80,000
Annual listing fee	10,000	10,000
Annual rating fee	25,000	25,000
Securities transaction cost	1,062,955	1,154,679
Printing charges	43,333	33,754
Bank charges	4,052	10,164
Provision for Workers' Welfare Fund	6.3 1,157,292	1,901,738
	<b>10,640,520</b>	<b>8,395,783</b>
<b>Net income for the period before taxation</b>	<b>56,707,296</b>	<b>93,185,179</b>
<b>Taxation</b>	<b>-</b>	<b>-</b>
<b>Net income for the period after taxation</b>	<b>56,707,296</b>	<b>93,185,179</b>

The annexed notes from 1 to 11 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

Shamshad Nabi  
Director

# Atlas Stock Market Fund

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	2013	2012
	----- Rupees -----	
Net income for the period after taxation	56,707,296	93,185,179
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>56,707,296</b>	<b>93,185,179</b>

The annexed notes from 1 to 11 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

Shamshad Nabi  
Director

# First Quarter Report 2013-14

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	2013	2012
	----- Rupees -----	
<b>Undistributed income / accumulated losses brought forward</b>	<b>118,074,859</b>	<b>(119,822,281)</b>
Final distribution for the year ended 30 June 2013 at the rate of Rs.125 per unit declared on 4 July 2013 (2012: Rs.65 per unit declared on 5 July 2012)		
- Issue of bonus units	(245,811,990)	(111,436,354)
- Cash payout against distribution	(1,842,331)	(958,012)
	<b>(247,654,321)</b>	<b>(112,394,366)</b>
Net income for the period after taxation	56,707,296	93,185,179
<b>Accumulated loss carried forward</b>	<b>(72,872,166)</b>	<b>(139,031,468)</b>

The annexed notes from 1 to 11 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

Shamshad Nabi  
Director

# Atlas Stock Market Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	30 September 2013		30 September 2012	
	Units	Rupees	Units	Rupees
<b>Net assets at beginning of the period</b> [Rs.522.77 (2012: Rs.410.96) per unit]	1,981,235	1,035,727,038	1,729,144	710,616,673
Issue of units	103,650	45,641,820	603,555	230,867,807
Redemption of units	(177,970)	(75,490,026)	(411,229)	(154,798,651)
	<b>(74,320)</b>	<b>(29,848,206)</b>	<b>192,326</b>	<b>76,069,156</b>
Element of income/(loss) capital gains/(losses) included in prices of units issued less those in units redeemed - net	-	286,004	-	(9,531,969)
- Issue of bonus units	617,975	-	322,108	-
- Cash payout against final distribution	-	(1,842,331)	-	(958,012)
Capital gain on sale of investments - net	-	55,004,098	-	32,429,764
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	(8,388,465)	-	47,953,805
Other net income for the period	-	10,091,663	-	12,801,610
Total comprehensive income for the period	-	<b>56,707,296</b>	-	<b>93,185,179</b>
<b>Net assets at the end of the period</b> [Rs.420.23 (2012: Rs.387.50) per unit]	<b>2,524,890</b>	<b>1,061,029,801</b>	<b>2,243,578</b>	<b>869,381,027</b>

The annexed notes from 1 to 11 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

Shamshad Nabi  
Director



# First Quarter Report 2013 -14

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	2013	2012
Note	Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period after taxation	56,707,296	93,185,179
<b>Adjustments:</b>		
Profit on bank balances	(4,265,312)	(1,232,924)
Dividend income	(16,752,875)	(10,432,500)
Capital gain on sale of investments - net	(55,004,098)	(32,429,764)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	8,388,465	(47,953,805)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	286,004	(9,531,969)
	<b>(67,347,816)</b>	<b>(101,580,962)</b>
	<b>(10,640,520)</b>	<b>(8,395,783)</b>
<b>(Increase) / decrease in assets</b>		
Receivable against sale of securities	19,231,449	(17,507,312)
Deposits, prepayments and other receivables	(30,000)	(30,000)
	<b>19,201,449</b>	<b>(17,537,312)</b>
<b>Increase / (decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	(10,603)	277,420
Payable to Central Depository Company of Pakistan Limited - Trustee	(3,494)	30,381
Payable to the Securities and Exchange Commission of Pakistan	(590,110)	(425,972)
Payable against purchase of securities	14,798,385	5,633,523
Accrued expenses and other liabilities	2,388,570	16,337,935
	<b>16,582,748</b>	<b>21,853,287</b>
Profit received on bank balances	3,401,237	1,096,234
Dividend received	2,822,875	2,401,250
Investments made during the period	(472,967,562)	(542,382,546)
Investments sold during the period	644,541,023	470,041,118
<b>Net cash generated from operating activities</b>	<b>202,941,250</b>	<b>(72,923,752)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	45,641,820	230,867,807
Net payments against redemption of units	(75,490,026)	(154,798,651)
Cash payout against distribution	(1,842,331)	(958,012)
<b>Net cash (used in) / generated from financing activities</b>	<b>(31,690,537)</b>	<b>75,111,144</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>171,250,713</b>	<b>2,187,392</b>
Cash and cash equivalents at the beginning of the period	59,156,287	11,548,993
<b>Cash and cash equivalents at the end of the period</b> 4	<b>230,407,000</b>	<b>13,736,385</b>

The annexed notes from 1 to 11 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

Shamshad Nabi  
Director

# Atlas Stock Market Fund

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Atlas Stock Market Fund (the Fund) is an open ended mutual Fund constituted by a trust deed entered into on 29 May 2004 between Atlas Asset Management Limited (AAML) as the management company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed has been revised through the First, Second, Third, Fourth, and Fifth Supplemental Trust Deeds dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, and 4 December 2009 respectively, with the approval of the SECP. The Offering Document has been revised through the First, Second, Third, Fourth and Fifth Supplements dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, and 4 December 2009 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 23 November 2004 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 one window facility to invest in a diversified portfolio of equity securities offering consistent returns and growth. The Fund aims to deliver this objective mainly by investing in equity securities of companies that are paying regular dividend, have growth prospects or are actively traded. Any amounts which have not been invested in equity securities may be invested in liquid instruments including bank deposits (excluding TDRs) and treasury bills not exceeding 90 days maturity. The investment objectives and policies are more fully defined in the Fund's Offering Document.

### 2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 " Interim Financial Reporting", 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. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2013.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended 30 June 2013.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2013.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended 30 June 2013.

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	30 September 2013	30 June 2013
	Un-audited	Audited
Note	-----	-----
	Rupees	

## 4. BANK BALANCES

In local currency		
- Profit and loss sharing accounts	4.1	<u>230,407,000</u>
		<u>59,156,287</u>

4.1 The rate of return on these profit and loss sharing accounts ranges between 6% to 8.75% (30 June 2013: 6% to 8.75%) per annum.

## 5. INVESTMENTS

At fair value through profit or loss		
- Listed equity securities - Held for trading	5.1	<u>869,085,272</u>
		<u>994,043,100</u>

### 5.1 Listed equity securities

Shares of listed companies- fully paid ordinary shares with a face value of Rs 10 each unless otherwise stated.

Number of shares				Rupees			Percentage of		
As at 01 July 2013	Purchases during the period	Bonus shares during the period	Sales during the period	As at 30 September 2013	Carrying Cost	Market Value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Percentage of paid up capital of investee company held

#### Oil and Gas

Oil and Gas Development Company Limited	440,000	10,000	-	200,000	250,000	57,211,109	58,755,000	6.76	5.54	0.01
Pakistan Oilfields Limited	195,000	93,500	-	63,500	225,000	109,266,928	96,464,250	11.10	9.09	0.10
Pakistan Petroleum Limited	265,000	125,000	45,000	160,000	275,000	51,446,868	52,415,000	6.03	4.94	0.01
Pakistan State Oil Company Limited	175,000	40,000	-	65,000	150,000	48,615,505	39,315,000	4.52	3.70	0.06
	<b>1,075,000</b>	<b>268,500</b>	<b>45,000</b>	<b>488,500</b>	<b>900,000</b>	<b>266,540,410</b>	<b>246,949,250</b>	<b>28.41</b>	<b>23.27</b>	

#### Chemicals

Engro Corporation Limited	500,000	-	-	200,000	300,000	36,561,000	40,734,000	4.69	3.84	0.06
Fatima Fertilizer Company Limited	1,000,000	-	-	1,000,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	600,000	250,000	-	250,000	600,000	63,508,941	60,822,000	7.00	5.73	0.05
ICI Pakistan Limited	25,000	-	-	25,000	-	-	-	-	-	-
	<b>2,125,000</b>	<b>250,000</b>	<b>-</b>	<b>1,475,000</b>	<b>900,000</b>	<b>100,069,941</b>	<b>101,556,000</b>	<b>11.69</b>	<b>9.57</b>	

#### Forestry (Paper and Board)

Century Paper and Board Mills Limited	-	175,000	-	175,000	-	-	-	-	-	-
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#### Construction and Materials (Cement)

D G Khan Cement Company Limited	600,000	800,000	-	400,000	1,000,000	77,726,008	68,870,000	7.92	6.49	0.23
Kohat Cement Company Limited	100,000	54,000	-	154,000	-	-	-	-	-	-
Lucky Cement Limited	200,000	30,300	-	125,000	105,300	23,016,193	24,354,837	2.80	2.30	0.03
	<b>900,000</b>	<b>884,300</b>	<b>-</b>	<b>679,000</b>	<b>1,105,300</b>	<b>100,742,201</b>	<b>93,224,837</b>	<b>10.72</b>	<b>8.79</b>	

#### General Industrials

Packages Limited	30,000	-	-	30,000	-	-	-	-	-	-
Tri-Pack Films Limited	85,700	14,300	-	800	99,200	20,101,570	19,215,040	2.21	1.81	0.33
	<b>115,700</b>	<b>14,300</b>	<b>-</b>	<b>30,800</b>	<b>99,200</b>	<b>20,101,570</b>	<b>19,215,040</b>	<b>2.21</b>	<b>1.81</b>	

# Atlas Stock Market Fund

Number of shares					Rupees		Percentage of		
As at 01 July 2013	Purchases during the period	Bonus shares during the period	Sales during the period	As at 30 September 2013	Carrying Cost	Market Value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Percentage of paid up capital of investee company held

## 5.1 Listed equity securities (Continued...)

### Food Producers

Engro Foods Limited	125,000	100,000	-	125,000	100,000	12,775,563	10,169,000	1.17	0.96	0.01
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### Household Goods

Tariq Glass Industries Limited	509,500	-	-	509,500	-	-	-	-	-	-
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### Personal Goods (Textile)

Nishat (Chunian) Limited	-	400,000	-	400,000	-	-	-	-	-	-
Nishat Mills Limited	700,000	208,900	-	497,900	411,000	38,626,020	38,087,370	4.38	3.59	0.12
	<b>700,000</b>	<b>608,900</b>	<b>-</b>	<b>897,900</b>	<b>411,000</b>	<b>38,626,020</b>	<b>38,087,370</b>	<b>4.38</b>	<b>3.59</b>	

### Tobacco

Pakistan Tobacco Company Limited	100,000	-	-	100,000	-	-	-	-	-	-
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### Electricity

Lalpir Power Limited	-	354,500	-	-	354,500	7,138,765	6,838,305	0.79	0.64	0.09
Nishat Chunian Power Limited	-	164,000	-	-	164,000	5,728,250	5,897,440	0.68	0.56	0.04
Nishat Power Limited	-	250,000	-	250,000	-	-	-	-	-	-
Pakgen Power Limited	400,000	800,000	-	-	1,200,000	29,460,710	24,216,000	2.79	2.28	0.32
The Hub Power Company Limited	1,625,000	350,000	-	325,000	1,650,000	103,592,292	105,154,500	12.10	9.91	0.14
	<b>2,025,000</b>	<b>1,918,500</b>	<b>-</b>	<b>575,000</b>	<b>3,368,500</b>	<b>145,920,017</b>	<b>142,106,245</b>	<b>16.36</b>	<b>13.39</b>	

### Multiutilities (Gas and water)

Sui Northern Gas Pipelines Limited	700,000	400,000	-	465,500	634,500	13,175,595	13,083,390	1.51	1.23	0.10
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### Commercial Banks

Allied Bank Limited	-	546,000	-	226,500	319,500	24,919,937	24,655,815	2.84	2.32	0.03
Bank Alfalah Limited	4,000,000	800,000	-	3,000,000	1,800,000	33,936,685	37,692,000	4.34	3.55	0.13
Bank Al Habib Limited	3,200,000	419,500	-	919,500	2,700,000	75,659,466	97,929,000	11.27	9.23	0.26
Faysal Bank Limited	-	840,000	-	-	840,000	9,204,345	8,727,600	1.00	0.82	0.09
Habib Metropolitan Bank Limited	-	100,000	-	-	100,000	2,099,980	2,109,000	0.24	0.20	0.02
Meezan Bank Limited	-	614,000	-	66,500	547,500	19,802,007	20,317,725	2.33	1.91	0.05
MCB Bank Limited	-	25,000	-	25,000	-	-	-	-	-	-
National Bank of Pakistan	-	250,000	-	250,000	-	-	-	-	-	-
United Bank Limited	100,000	200,000	-	200,000	100,000	13,900,000	13,263,000	1.53	1.26	0.01
	<b>7,300,000</b>	<b>3,794,500</b>	<b>-</b>	<b>4,687,500</b>	<b>6,407,000</b>	<b>179,522,420</b>	<b>204,694,140</b>	<b>23.55</b>	<b>19.29</b>	

Total as at 30 September 2013

877,473,737 869,085,272 100.00 81.91

Total as at 30 June 2013

899,311,666 994,043,100

5.2 The cost of listed equity securities as at 30 September 2013 is Rs.820,781,450 (30 June 2013: Rs.895,183,149).

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5.3 The above investments include shares which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades:

	Number of shares		Market value	
	30 September 2013 Un-audited	30 June 2013 Audited	30 September 2013 Un-audited	30 June 2013 Audited
----- Rupees -----				
Pakistan Oilfields Limited	125,000	110,000	53,591,250	54,710,700
Pakistan Petroleum limited	147,000	197,000	28,018,200	41,681,260
Fauji Fertilizer Company Limited	175,000	175,000	17,739,750	18,800,250
The Hub Power Company Limited	200,000	200,000	12,746,000	12,330,000
Bank Alfalah limited	500,000	500,000	10,470,000	9,110,000
			<b>122,565,200</b>	<b>136,632,210</b>
			30 September 2013 Un-audited	30 June 2013 Audited
			----- Rupees -----	
	Note			

## 6. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable		442,974	330,286
Printing charges payable		173,200	129,867
NCCPL charges payable		28,797	31,475
Withholding tax payable		11,630	19,172
Zakat payable		632	7,226
Sales load payable to distributors		53,916	-
Payable to unit holders against redemption of units		159,779	170,370
Rating fee payable		25,000	-
Sindh sales tax payable on remuneration of the Management Company	6.1	456,668	316,924
Federal Excise Duty payable on remuneration of the Management Company	6.2	1,057,840	173,838
Provision for Workers' Welfare Fund	6.3	18,881,335	17,724,043
		<b>21,291,771</b>	<b>18,903,201</b>

6.1 During the period, an amount of Rs.1,025,442 (30 June 2013: Rs.633,936) was charged on account of sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.885,698 (2012: Rs.589,549) has already been paid to the Management Company which acts as a collecting agent.

6.2 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 6.1 above, the Management Company is of the view that further levy of FED is not justified.

On 4 September 2013, a Constitutional Petition has been filed in Honorable Sindh High Court (SHC) jointly by various asset management Companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the Hon'ble SHC has issued a stay order against recovery proceedings. The hearing of the petition is in progress.

In view of the pending decision, as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from 13 June 2013, aggregating to Rs.1,057,840 (30 June 2013: Rs.173,838).

# Atlas Stock Market Fund

**6.3** The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / Mutual Funds (CISs) / Pension Funds whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs / pension funds, which is pending adjudication. However, without prejudice to the above, the Management Company has been providing for WWF contribution since the financial year ended 30 June 2010.

During the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) in on 8 July 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, in on 14 December 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. Show cause notices were then issued by Federal Board of Revenue (FBR) to several Mutual Funds (CISs) / Pension Funds for the collection of WWF including some of the mutual funds and a pension fund managed by the AMC. In respect of such show cause notices, certain Mutual Funds (CISs) / Pension Funds have been granted stay by Honourable SHC on the basis of the pending Constitutional Petition as referred above.

In March 2013, a three member bench of the Sindh High Court in its judgement on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Acts, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgement was in contrast to the July 2011 single member bench decision of the Honourable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills. For the CISs and Pension Funds, the issue of chargeability or otherwise of WWF levy to the CISs / Pension Funds is currently pending before the Honourable SHC.

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has continued to maintain the provision for WWF amounting to Rs.18,881,335 (30 June 2013: Rs.17,724,043) in these condensed interim financial statements. Had the same not been made, the net asset value per unit of the Fund would have been higher by Rs.7.48 (30 June 2013: Rs.8.95) per unit.

## **7. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstandings as at 30 September 2013.

## **8. TAXATION**

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Further, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income, other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end, if any, to the unit holders. Accordingly, no provision has been made for taxation in these condensed interim financial statements.

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	For the Quarter Ended	
	30 September 2013	30 September 2012
Note	Un-audited ----- Rupees -----	Un-audited ----- Rupees -----

## 9. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

### 9.1 Details of transaction with related parties during the period are as follows:

#### Atlas Asset Management Limited (Management Company)

Remuneration of the Management Company	5,525,013	3,962,102
Remuneration paid	5,535,616	3,684,682
Sindh sales tax on remuneration of the Management Company	1,025,442	633,936
Federal Excise Duty on remuneration of the Management Company	884,002	-
Sales load	245	1,471

#### Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	528,303	396,208
Remuneration paid	528,832	368,468
Settlement charges	45,543	24,376

#### Atlas Battery Limited (Group company)

Sale of Nil (2012: 26,096) units	-	9,997,817
Bonus 39,984 (2012: 8,152) units	15,904,349	2,820,120

#### Atlas Fund of Funds (Fund under common management)

Sale of Nil (2012: 146,353) units	-	55,163,425
Bonus Nil (2012: 11,492) units	-	3,975,820
Redemption of Nil (2012: 111,601) units	-	41,795,442

#### Atlas Insurance Limited (Group Company)

Sale of 56,499 (2012: 94,819) units	25,000,000	36,000,000
Bonus 74,751 (2012: 42,439) units	29,734,001	14,682,032
Redemption of 47,000 (2012: 94,000) units	20,829,930	35,790,500

#### Batools Benefit Trust (Trust having common Director / Trustee)

Sale of Nil (2012: 5,193) units	-	2,000,000
Bonus 8,866 (2012: 3,641) units	3,526,640	1,259,654

#### Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)

Sale of Nil (2012: 551) units	-	200,000
Bonus Nil (2012: 3,055) units	-	1,056,945

#### Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)

Sale of Nil (2012: 25,746) units	-	9,863,413
Bonus 8,091 (2012: Nil) units	3,218,205	-

#### Sindh Province Pension Fund (Unit holder with more than 10% holding)

Bonus 104,054 (2012: Nil) units	41,389,844	-
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#### Key Management Personnel of Management Company 9.3

Sale 434 (2012: 3,898) units	187,380	1,500,000
Bonus 46,604 (2012: 25,895) units	18,537,787	8,958,663
Redemption of 3,542 (2012: Nil) units	1,570,522	-

# Atlas Stock Market Fund

30 September 2013  
Un-audited  
Note ----- Rupees -----

30 June 2013  
Audited

## 9.2 Details of balances with related parties as at the period end are as follows:

<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration payable to the management company	1,796,334	1,806,937
Sindh Sales tax payable on remuneration of the Management Company	456,668	316,924
Federal Excise Duty payable on remuneration of the Management Company	1,057,840	-
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Trustee fee payable	172,009	172,538
Settlement charges payable	18,403	21,368
<b>Atlas Battery Limited (Group Company)</b>		
Outstanding 167,219 (30 June 2013: 127,235) units - at net asset value	70,270,260	66,514,531
<b>Atlas Insurance Limited (Group Company)</b>		
Outstanding 322,123 (30 June 2013: 237,873) units - at net asset value	135,365,948	124,352,348
<b>Batools Benefit Trust (Trust having common Director / Trustee)</b>		
Outstanding 37,079 (30 June 2013: 28,213) units - at net asset value	15,581,771	14,748,973
<b>Ifikhar Shirazi Family Trust (Trust having common Director/Trustee)</b>		
Outstanding 33,836 (30 June 2013: 25,746) units - at net asset value	14,219,012	13,459,049
<b>Sindh Province Pension Fund (Unit holder with more than 10% holding)</b>		
Outstanding 435,173 (2012: 331,119) units at the net asset value	182,872,947	173,098,419
<b>Key Management Personnel of Management Company</b> 9.3		
Outstanding 191,799 (30 June 2013: 148,302) units - at net asset value	80,599,577	77,527,991

9.3 For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Financial Officer & Co. Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.3 million and above, as set by the Board of Directors of the Management Company for FY 2013-14.

9.4 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.

## 10. GENERAL

10.1 Figures have been rounded off to the nearest Rupee.

10.2 Corresponding figures have been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current period. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

## 11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the management company on 24 October 2013.

**For Atlas Asset Management Limited  
(Management Company)**

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Shamshad Nabi  
Director



# First Quarter Report 2013-14

## Atlas Gold Fund

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### Corporate Information

**Trustee**

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

**Auditors**

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Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

**Legal Advisers**

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Bawaney & Partners

**Bankers**

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Bank Alfalah Limited

# Atlas Gold Fund

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 30 SEPTEMBER 2013

	Note	30 September 2013 Un-audited Rupees
<b>ASSETS</b>		
Bank balances	4	204,958,682
Interest accrued		826,882
Deferred formation cost	5	1,142,476
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts		24,675,824
Prepayments		81,920
<b>Total assets</b>		<b>231,685,784</b>
<b>LIABILITIES</b>		
Payable to Atlas Asset Management Limited - Management Company	6	1,473,845
Payable to Central Depository Company of Pakistan Limited - trustee	7	31,659
Annual fee payable to the Securities & Exchange Commission of Pakistan		34,772
Financial liabilities at fair value through profit or loss	8	3,981,566
Accrued expenses and other liabilities	9	287,617
<b>Total liabilities</b>		<b>5,809,459</b>
<b>NET ASSETS</b>		<b>225,876,325</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>225,876,325</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10	-
<b>NUMBER OF UNITS IN ISSUE</b>		<b>2,234,241</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>101.10</b>

The annexed notes from 1 to 14 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

Shamshad Nabi  
Director

# First Quarter Report 2013-14

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE PERIOD FROM 26 JUNE 2013 TO 30 SEPTEMBER 2013

	Note	For the period from 26 June 2013 to 30 September 2013 Un-audited Rupees
<b>Income</b>		
Interest income	11	3,873,897
Gain on sale of financial derivatives at fair value through profit and loss - net		3,623,806
Net unrealised loss on remeasurement of financial liabilities at fair value through profit and loss		(3,981,566)
		<b>(357,760)</b>
Element of income and capital gains included in prices of units sold less those in units redeemed - net		228,966
		<b>3,745,103</b>
<b>Expenses</b>		
Remuneration of Atlas Asset Management Limited - Management Company		695,484
Sindh sales tax on remuneration of the Management Company	9.1	129,082
Federal Excise Duty on remuneration of the Management Company	9.2	111,277
Remuneration of Central Depository Company of Pakistan Limited - Trustee		78,822
Annual fee - Securities and Exchange Commission of Pakistan		34,772
Auditors' remuneration		31,250
Initial and annual listing fee		22,805
Printing charges		10,888
Securities transaction cost		68,259
Amortisation of formation cost		52,024
Bank charges		8,139
Provision for Workers' Welfare Fund	9.3	50,046
		<b>1,292,848</b>
<b>Net income for the period before taxation</b>		<b>2,452,255</b>
<b>Taxation</b>		<b>-</b>
<b>Net income for the period after taxation</b>		<b>2,452,255</b>

The annexed notes from 1 to 14 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

Shamshad Nabi  
Director

# Atlas Gold Fund

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE PERIOD FROM 26 JUNE 2013 TO 30 SEPTEMBER 2013

	For the period from 26 June 2013 to 30 September 2013 Un-audited Rupees
Net income for the period after taxation	2,452,255
Other comprehensive income	-
<b>Total comprehensive income for the period</b>	<u><u>2,452,255</u></u>

The annexed notes from 1 to 14 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

Shamshad Nabi  
Director

# First Quarter Report 2013-14

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)**  
FOR THE PERIOD FROM 26 JUNE 2013 TO 30 SEPTEMBER 2013

	For the period from 26 June 2013 to 30 September 2013 Un-audited Rupees
Net income for the period after taxation	2,452,255
Undistributed income carried forward	<u>2,452,255</u>

The annexed notes from 1 to 14 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

Shamshad Nabi  
Director

# Atlas Gold Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE PERIOD FROM 26 JUNE 2013 TO 30 SEPTEMBER 2013

	For the period from 26 June 2013 to 30 September 2013 Un-audited	
	Units	Rupees
<b>Net assets at the beginning of the period</b>	-	-
Issue of units	2,302,169	230,570,069
Redemption of units	(67,928)	(6,917,033)
	<b>2,234,241</b>	<b>223,653,036</b>
Element of income and capital gains included in prices of units sold less those in units redeemed - net	-	(228,966)
Gain on sale of financial derivatives at fair value through profit and loss - net	-	3,623,806
Net unrealised loss on remeasurement of financial liabilities at fair value through profit and loss	-	(3,981,566)
Other income for the period	-	2,810,015
<b>Total comprehensive income for the period</b>	-	<b>2,452,255</b>
<b>Net assets at the end of the period</b>	<b>2,234,241</b>	<b>225,876,325</b>

The annexed notes from 1 to 14 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

Shamshad Nabi  
Director

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## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD FROM 26 JUNE 2013 TO 30 SEPTEMBER 2013

	Note	For the period from 26 June 2013 to 30 September 2013 Un-audited Rupees
<b>Cash flows from operating activities</b>		
Net income for the period after taxation		2,452,255
<b>Adjustments:</b>		
Interest income		(3,873,897)
Gain on sale of financial derivatives at fair value through profit and loss - net		(3,623,806)
Net unrealised loss on remeasurement of financial liabilities at fair value through profit and loss		3,981,566
Amortization of formation cost		52,024
Element of income and capital income included in prices of units issued less those in units redeemed - net		(228,966)
		<b>(3,693,079)</b>
		<b>(1,240,824)</b>
<b>Increase in assets</b>		
Deferred formation cost		(1,194,500)
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts		(24,675,824)
Prepayments		(81,920)
		<b>(25,952,244)</b>
<b>Increase in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company		1,473,845
Payable to Central Depository Company of Pakistan Limited - trustee		31,659
Annual fee payable to the Securities and Exchange Commission of Pakistan		34,772
Accrued expenses and other liabilities		287,617
		<b>1,827,893</b>
Interest received		3,047,015
Investments made during the period		(479,964,945)
Investments sold / matured during the period		483,588,751
<b>Net cash used in operating activities</b>		<b>(18,694,354)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units		230,570,069
Payment on redemption of units		(6,917,033)
<b>Net cash generated from financing activities</b>		<b>223,653,036</b>
<b>Net increase in cash and cash equivalents during the period</b>		<b>204,958,682</b>
Cash and cash equivalents at the beginning of the period		-
<b>Cash and cash equivalents at the end of the period</b>	4	<b>204,958,682</b>

The annexed notes from 1 to 14 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

Shamshad Nabi  
Director

# Atlas Gold Fund

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD FROM 26 JUNE 2013 TO 30 SEPTEMBER 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Gold Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 6 May 2013 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. 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 July 2013, 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 capital appreciation through investment in gold or gold futures contracts traded on the Commodity Exchange. The Fund aims to deliver this objective mainly by investing at least 70% of the net assets in gold or gold futures contracts during the year based on quarterly average investments calculated on daily basis. The remaining net assets of the Fund shall be invested in cash and near cash instruments which includes cash in bank accounts (excluding TDR), and treasury bills not exceeding 90 days maturity. At least 10% of the net assets of the Fund shall remain invested in cash and near cash instruments at all times. The investment objectives and policy are more fully defined in the Fund's offering document.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim 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.

#### 2.2 Critical accounting estimates and judgments

The preparation of these condensed interim 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.

The estimates and judgements that have a significant effect on the financial statements are in respect of the following:

	<b>Notes</b>
Investments	3.1 & 8
Provisions	3.7
Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed - net	3.8

#### 2.3 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except for investments which are carried at fair value.

#### 2.4 Functional and presentation currency

These condensed interim financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.



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## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are set out below:

### 3.1 Investments

The investments of the Fund, upon initial recognition, are classified as investment at fair value through income statement or available-for-sale investment, as appropriate.

All investments are initially measured at fair value plus, in the case of investments not at fair value through income statement, transaction costs that are directly attributable to acquisition.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the investment.

#### Investments at fair value through income statement

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the income statement. All derivatives are classified as held-for-trading.

#### Available-for-sale

Investments which are not classified in the preceding categories are classified as available-for-sale investments. After initial measurement, such investments are measured at fair value with unrealised gain or loss recognised directly in the statement of comprehensive income until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recognised in the statement of comprehensive income is taken to the income statement.

### 3.2 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Gain or loss is also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired.

### 3.3 Derivatives Financial Instruments

Derivative instruments that are held by the Fund primarily comprise of gold futures contracts in the commodities market. These are measured initially at fair value and revalued at each subsequent measurement date at their fair values which is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the futures commodities. Derivatives with the positive market values (unrealised gains) are included in assets and derivatives with the negative market value (unrealised losses) are included in liabilities in the Statement of Assets and Liabilities. The resultant gains and losses are included in the income statement.

### 3.4 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.

# Atlas Gold Fund

## 3.5 Revenue recognition

Interest income on government securities is recognised using effective interest method at the rate of return implicit in the instrument.

Interest income on bank balances and deposits is recognised on an accrual basis.

Gains or losses on sale of investments are included in the Income Statement in the period in which they arise.

Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed is recognised when the units are issued and redeemed at the transaction date.

## 3.6 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.

## 3.7 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.

## 3.8 Element of income / loss and capital gains / losses in prices of units sold 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 / loss and capital gains / losses in prices of units issued less those in units redeemed" (the element) is created.

Upon sale and redemption of units, the amount representing net income / loss and capital gains/ losses accounted for in net asset value and included in the sale / redemption price is taken to the element account.

The element is computed to the extent that it is represented by the increase / decrease in net income / loss and capital gains / losses earned / incurred during the period.

## 3.9 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 July 2013, 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.

## 3.10 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.

## 3.11 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 statement.

# First Quarter Report 2013 -14

## 3.12 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.

## 3.13 Distribution to unit holders

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

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the management company.

## 3.14 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 period end.

## 3.15 Cash and cash equivalents

Cash and cash equivalents include deposits with banks and other short term highly liquid investments with original maturities of three months or less.

	Note	30 September 2013 Un-audited Rupees
<b>4. BANK BALANCES AND TERM DEPOSITS</b>		
In PLS saving accounts	4.1	<u>204,958,682</u>
4.1 The rate of return on the account is 8.75% per annum.		
<b>5. DEFERRED FORMATION COST</b>		
Deferred formation cost		1,194,500
Amortisation of deferred formation cost		<u>(52,024)</u>
		<u>1,142,476</u>
<b>6. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY</b>		
Management fee	6.1	279,345
Formation cost payable		<u>1,194,500</u>
		<u>1,473,845</u>

6.1 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 of 1.5% per annum of the average net assets for the period.

## 7. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - 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.0.17% per annum of Net Assets.
- Rs.1,000 million to Rs.5,000 million	Rs.1.7 million plus 0.085% per annum of Net Assets exceeding Rs.1,000 million
- exceeding Rs.5,000 million	Rs.5.1 million plus 0.07% per annum of Net Assets exceeding Rs.5,000 million

# Atlas Gold Fund

30 September  
2013

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Rupees

Note

## 8. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

### Held-for-trading - derivative financial instruments

- Future Gold Contracts	8.1	<u><u>3,981,566</u></u>
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8.1 This represents net fair value of gold futures contracts entered into by the Fund at the Pakistan Mercantile Exchange Limited. The details of the outstanding contracts are given in the table below:

Commodity Contracts	Maturity Date	Quantity - ounces	Value of Gold in futures market US \$	Value of Gold in futures market - equivalent Pak Rupees	Market Value as a Percentage of net assets
Gold 1 oz - Nov. 2013	28 Oct. 2013	5	6,641	702,219	0.31
Gold 10 oz - Nov. 2013	28 Oct. 2013	190	252,358	26,684,335	11.81
Gold 10 oz - Dec. 2013	26 Nov. 2013	390	518,154	54,789,604	24.26
Gold 100 oz - Dec. 2013	26 Nov. 2013	600	797,160	84,291,698	37.32
		<u>1,185</u>	<u>1,574,313</u>	<u>166,467,856</u>	<u>73.70</u>

Liabilities against gold futures at contracted rates 170,449,422

Unrealised loss on future contracts of gold 3,981,566

30 September  
2013

Un-audited  
Rupees

Note

## 9. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable		31,250
Printing charges payable		10,888
Withholding tax payable		19,484
Brokerage payable		2,172
Sindh Sales Tax payable on Remuneration of the Management Company	9.1	62,500
Federal Excise Duty payable on remuneration of the Management Company	9.2	111,277
Provision against Workers' Welfare Fund	9.3	50,046
		<u><u>287,617</u></u>

9.1 During the period, an amount of Rs.129,082 was charged on account of sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.66,582 has already been paid to the Management Company which acts as a collecting agent.

9.2 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 9.1 above, the Management Company is of the view that further levy of FED is not justified.

On 4 September 2013, a Constitutional Petition has been filed in Honorable Sindh High Court (SHC) jointly by various asset management Companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the Hon'ble SHC has issued a stay order against recovery proceedings. The hearing of the petition is in progress.

In view of the pending decision, as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account aggregating to Rs.111,277.

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9.3 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / Mutual Funds (CISs) / Pension Funds whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs / Pension Funds, which is pending adjudication.

During the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on 8 July 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. This response was contradictory to the earlier clarification issued by the Ministry. Show cause notices were then issued by Federal Board of Revenue (FBR) to several Mutual Funds (CISs) / Pension Funds for the collection of WWF including some of the mutual funds and a pension fund managed by the AMC. In respect of such show cause notices, certain Mutual Funds (CISs) / Pension Funds have been granted stay by Honorable SHC on the basis of the pending Constitutional Petition as referred above.

In March 2013, a three member bench of the Sindh High Court in its judgement on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Acts, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgement was in contrast to the July 2011 single member bench decision of the Honourable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills. For the CISs and Pension Funds, the issue of chargeability or otherwise of WWF levy to the CISs / Pension Funds is currently pending before the Honourable SHC.

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.50,046 in these condensed interim financial statements. Had the same not been made the net asset value per unit of the Fund would have been higher by Re.0.02.

## 10. CONTINGENCIES AND COMMITMENTS

10.1 There were no contingencies outstanding as at 30 September 2013.

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### 10.2 COMMITMENTS

Purchase of:  
Ounce Gold Contracts US\$ 1,574,313

166,467,857

This represents the investment in future gold contracts with settlement date of 28 October 2013 and 26 November 2013.

# Atlas Gold Fund

For the period  
from 26 June  
2013 to  
30 September  
2013  
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## 11. INTEREST INCOME

Profit on PLS savings account and deposits	2,176,362
Government Securities - Market Treasury bills	1,697,535
	3,873,897

## 12. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

### 12.1 Details of transaction with related parties during the period are as follows:

#### **Atlas Asset Management Limited (Management Company)**

Remuneration of the Management Company	695,484
Remuneration paid	416,139
Sindh Sales Tax on Remuneration of the Management Company	129,082
Federal Excise Duty on Remuneration of the Management Company	111,277

#### **Central Depository Company of Pakistan Limited (Trustee)**

Remuneration of the Trustee	78,822
Remuneration paid	47,163

#### **Atlas Battery Limited (Group Company)**

Sale of 500,339 units	50,033,904
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#### **Atlas Foundation (Group Company)**

Sale of 150,102 units	15,010,171
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#### **Atlas Honda Limited (Group Company)**

Sale of 499,800 units	50,000,000
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#### **Atlas Insurance Limited (Group Company)**

Sale of 50,000 units	5,000,000
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#### **Batoos Benefit Trust (Trust having common Director / Trustee)**

Sale of 150,102 units	15,010,171
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#### **Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)**

Sale of 7,106 units	710,642
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#### **Key Management Personnel of Management Company**

Sale of 53,382 units	5,355,199
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30 September  
2013  
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## 12.2 Investment / outstanding balances as at period end

### **Atlas Asset Management Limited (Management Company)**

Remuneration payable to the management company	279,345
Sindh sales tax payable on remuneration of the Management Company	62,500
Federal Excise Duty payable on remuneration of the Management Company	111,277
Formation cost payable	1,194,500

### **Central Depository Company of Pakistan Limited (Trustee)**

Trustee fee payable	31,659
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### **Atlas Battery Limited (Group Company)**

Outstanding 500,339 units - at net asset value	50,584,277
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### **Atlas Foundation (Group Company)**

Outstanding 150,102 units - at net asset value	15,175,283
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### **Atlas Honda Limited (Group Company)**

Outstanding 499,800 units - at net asset value	50,529,788
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### **Atlas Insurance Limited (Group Company)**

Outstanding 50,000 units - at net asset value	5,055,000
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### **Batool Benefit Trust (Trust having common Director / Trustee)**

Outstanding 150,102 units - at net asset value	15,175,283
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### **Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)**

Outstanding 7,106 units - at net asset value	718,459
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### **Key Management Personnel of Management Company**

Outstanding 53,382 units - at net asset value	5,396,895
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12.3 For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Financial Officer & Co. Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.3 million and above, as set by the Board of Directors of the Management Company for FY 2013-14.

12.4 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.

# Atlas Gold Fund

## 13. GENERAL

13.1 Being the first financial statements of the Fund, there are no comparative figure to report.

13.2 Figures have been rounded off to the nearest Rupee.

## 14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the management company on 24 October 2013.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Shamshad Nabi  
Director



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