

# Atlas funds

*Nurturing your investments*

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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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**HALF YEARLY REPORT**

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31 December 2013

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**(UN-AUDITED)**



**Invest today**  
Prosper tomorrow



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, providing a stimulating and challenging environment for our employees, and committing to the highest ethical and fiduciary standards. We 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

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

# Half Yearly 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 half year / period ended 31 December 2013 of the FY 2013-14.

### The Economy

During the period July - December FY 2013-14, total exports stood at US\$ 12.6 billion as compared to US\$ 12 billion reported in the same period last year. Trade deficit was reduced from US\$ 9.9 billion to US\$ 9.0 during the same period. Exports showed a growth of 5.1% against 1.1% decline in imports. The country's foreign exchange reserves stood at US\$ 8.5 billion as on 27 December 2013 with SBP's share of US\$ 3.7 billion in the total liquid foreign exchange reserves. Foreign remittances for the period July - December FY 2013-14 stood at US\$ 7.8 billion, which was an increase of 9.46% YoY. CPI inflation for the period of July - December FY 2013-14 was recorded at 8.9%. The SBP has increased its policy rate by a cumulative 100 basis points (bps) from 9.0% to 10.0% during the period under review, i.e., 50 bps in September 2013 and 50 bps in November 2013. The decision was primarily driven by resurgence of inflationary pressure which in consequence affects savings, investment level and exchange rate.

### Fund Operations - AMF

During the period under review, units of the value of Rs.4,322 million were sold and the units of value of Rs.1,663 million were redeemed. The Net Asset Value (NAV) per unit of Atlas Money Market Fund increased by 3.87% to Rs.502.75 as on 31 December 2013, thus providing an annualized total return of 7.67%. AMF's total exposure in Treasury Bills stood at 58.34% 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.6.69 billion on 31 December 2013 as compared to Rs.3.82 billion on 30 June 2013.

The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund, under the authority delegated to them by the Board of Directors approved three interim bonus distributions during second quarter (October - December 2013) of the FY 2013-14 of Rs.9.75 per unit (1.95% on the face value of Rs.500 per unit). This is in addition to Rs.9 per unit (1.8% on the face value of Rs.500 per unit) during the first quarter (July - September 2013) of the FY 2013-14. The aggregate Interim Bonus Distribution for the period July - December FY 2013-14 works out to Rs.18.75 per unit (3.75% on the face value of Rs.500 per unit).

### Fund Operations - AIF

During the period under review units of the value of Rs.731 million were sold and the units of value of Rs.429 million were redeemed. The Net Asset Value (NAV) per unit of Atlas Income Fund has increased by 3.81% to Rs.513.22 as on 31 December 2013, this works out to 7.55% on an annualized basis. AIF's current asset allocation is 51.48% in Treasury bills, 4.55% in Term Finance Certificates (TFC), 1.07% in Pakistan Investment Bonds, 18.97% in Margin Trading System and 23.24% in bank deposits. AIF's investment in TFCs is net of provision for non-performing TFCs that are fully provided. The amount of the provision together with suspended mark up is Rs.111 million. AIF presents a good investment opportunity for investors to earn attractive returns on short to medium term investment. Investment in AIF offers an opportunity of gain as a result of reversal of provisions for non-performance. The Net Assets of the Fund stood at Rs.2.33 billion on 31 December 2013 as compared to Rs.1.94 billion on 30 June 2013.

The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Income Fund, under the authority delegated to them by the Board of Directors of Atlas Asset Management Limited has 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 31 December 2013. This is in addition to the Interim Bonus Distribution of Rs.9.50 per unit (1.90% on the face value of Rs.500 per unit), already distributed.

# Atlas Funds

## Fund Operations - ASMF

During the period under review, units of the value of Rs.78 million were sold and the units of the value of Rs.152 million were redeemed. The Net Asset Value (NAV) per unit of Atlas Stock Market Fund has increased by 17.53% to Rs.467.48 as on 31 December 2013. The benchmark KSE-100 index has increased by 20.26% during the same period. The KSE- 100 index increased from 21,005.69 points as on 30 June 2013 to 25,261.14 points as on 31 December 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.1.13 billion, as compared to Rs.1.04 billion on 30 June 2013.

## Fund Operations - AGF

Atlas Asset Management Limited launched its first Fund in commodity sector on 26 July 2013. The Net Asset Value (NAV) per unit of Atlas Gold Fund has decreased by 5.55% to Rs.94.45 as on 31 December 2013. The AGF's current asset allocation is 82% in Gold futures contracts and remaining in bank deposits/others. The US\$ based gold prices per ounce decreased by 6.25% from US\$ 1,284.75/oz as on 15 July 2013 to US\$ 1,204.50/oz as on 31 December 2013. The Net Assets of the Fund stood at Rs.225 million, with 2.4 million units outstanding as of 31 December 2013.

## WORKERS WELFARE FUND (WWF) AND FEDERAL EXCISE DUTY (FED)

Mutual Funds Association of Pakistan (MUFAP) sought clarification from Ministry of Labor and Manpower that WWF is applicable on asset management companies (AMC) and that Mutual Funds are not subject to WWF. Nevertheless, the FBR has persisted in sending notices to Mutual Funds. Mutual Funds have filed petition in Honorable Sindh High Court which is pending since June 2010.

The Federal Budget, 2014 imposed FED on mutual funds with effect from 13 June 2013 in addition to Sales Tax already collected by the Sindh Government. The AMCs on behalf of mutual funds have filed petition in Honorable Sindh High Court that the same service cannot be subject to double tax. The Honorable Court has granted stay order.

The Mutual Fund Industry faces dilemma as both, providing the liability, as well as non-provision have negative implications. The Funds have made provisions for the WWF and FED. As on 31 December 2013, the provisions for WWF and FED amounted to Rs.32.08 million (Rs.2.41 per unit) for AMF, Rs.16.34 million (Rs.3.61 per unit) for AIF, Rs.23.12 million (Rs.9.53 per unit) for ASMF and Rs.0.25 million (Rs.0.10) for AGF.

Imposition of multiple taxes on mutual funds and pension funds has direct impact on rate of return, particularly because of absence of level playing field; other savings schemes are not subject to WWF and FED.

## 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) for FY 2011-12. 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. The annual rating review for the FY 2012-13 is currently in progress.

### • 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.

# Half Yearly Report 2013 -14

## • 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 "3 Star" short term ranking to the Fund, and a long term "4 Star" ranking, for FY 2012 - 13. 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

Going forward, there is a need to ensure fiscal reforms for equitable taxation to all incomes, better tax collection, control the re-emergence of circular debt, reduce borrowing from the banking system and encouraging savings for all sector of economies. The temporary resolution of energy-related circular debt issue has resulted in improved supply of electricity, which is helpful for growth in exports and to achieve maximum benefit from recent grant of GSP Plus status to Pakistan. It is necessary that the Government should seek permanent resolution to energy related circular debts. This will include collection of billings and elimination of transmission/ distribution losses. The Government also needs to encourage savings; including retirement savings that provide financing to capital market and infra structure projects. Successful completion of structural benchmarks under the IMF program will also ensure additional inflows from other international financial institutions. In the short-run auction of 3G license, bond floatation, divestment of shares through stock market, and inflows from coalition support fund will create fiscal space, which will help build up foreign exchange reserves to achieve sustainable growth in the economy.

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

كَيْسَ لِلْإِنْسَانِ إِلَّا مَا سَعَى  
(انسان کو اتنا ہی ملے گا جتنی اس نے کوشش کی)

## Acknowledgement

I would like to thank the Securities and Exchange Commission of Pakistan, the Board of Directors, and the Group Executive Committee for their help, support and guidance. I also thank the financial institutions and the unit holders for their help, support and the confidence reposed in the Fund and the Chief Executive Officer, Mr. M. Habib-ur-Rahman and his management team for their hard work, dedication, and sincerity of purpose.

Karachi: 20 February 2014

Yusuf H. Shirazi  
Chairman

# Atlas Money Market Fund

## 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



# Half Yearly Report 2013 -14

## TRUSTEE REPORT TO THE UNIT HOLDERS

### **Report of the Trustee pursuant to Regulation 41 (h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Money Market Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2013 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Muhammad Hanif Jakhura**

**Chief Executive Officer**

**Central Depository Company of Pakistan Limited**

**Dated: February 17, 2014**

**Karachi**

# Atlas Money Market Fund

## AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Money Market Fund as at 31 December 2013 and the related condensed interim statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Ernst & Young Ford Rhodes Sidat Hyder**

**Chartered Accountants**

**Engagement Partner: Arslan Khalid**

**Dated: February 20, 2014**

**Karachi**

# Half Yearly Report 2013 -14

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2013

		31 December 2013 Un-audited	30 June 2013 Audited
	Note	Rupees	
<b>Assets</b>			
Bank balances and term deposits	4	2,811,902,548	103,676,820
Investments	5	3,901,145,891	3,748,608,910
Interest accrued		14,757,481	1,028,245
Prepayment		20,000	-
Deferred formation cost		100,000	200,000
<b>Total assets</b>		<b>6,727,925,920</b>	<b>3,853,513,975</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	6	10,295,751	4,274,304
Payable to Central Depository Company of Pakistan Limited - Trustee		476,030	290,029
Annual fee payable to the Securities & Exchange Commission of Pakistan		2,059,933	3,024,801
Accrued expenses and other liabilities	7	28,633,460	24,287,650
<b>Total liabilities</b>		<b>41,465,174</b>	<b>31,876,784</b>
<b>NET ASSETS</b>		<b>6,686,460,746</b>	<b>3,821,637,191</b>
<b>UNIT HOLDERS' FUND</b>		<b>6,686,460,746</b>	<b>3,821,637,191</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>13,299,743</b>	<b>7,607,048</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>502.75</b>	<b>502.38</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

Azam Faruque  
Director

# Atlas Money Market Fund

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

		For the Half Year ended		For the Quarter ended	
		31 December 2013	2012	31 December 2013	2012
Note		Rupees -----			
<b>Income</b>					
Interest income	9	251,040,387	235,905,260	148,743,082	109,655,191
<b>Net (loss)/gain on financial assets at fair value through profit and loss</b>					
Net (loss)/gain on maturity/sale investments		(1,271,191)	3,685,282	(795,846)	1,517,406
Net unrealised (loss)/gain on remeasurement of investments	5.1	(1,941,908)	1,721,342	(1,030,974)	(3,578,406)
		<b>(3,213,099)</b>	<b>5,406,624</b>	<b>(1,826,820)</b>	<b>(2,061,000)</b>
Element of income/(loss) and capital gains/(losses) included in prices of units sold less those in units redeemed - net		6,209,163	(2,046,181)	2,378,941	(84,515)
		<b>254,036,451</b>	<b>239,265,703</b>	<b>149,295,203</b>	<b>107,509,676</b>
<b>Expenses</b>					
Remuneration of Atlas Asset Management Limited - Management Company	6.1	23,345,923	21,688,806	13,618,629	10,810,267
Sindh Sales Tax on Remuneration of the Management Company	6.2	4,333,003	3,470,209	2,527,617	1,729,643
Federal Excise Duty on Remuneration of the Management Company	6.3	3,735,348	-	2,178,981	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,438,017	2,272,040	1,390,684	1,133,118
Annual fees - Securities & Exchange Commission of Pakistan		2,059,933	1,626,665	1,201,641	810,770
Annual rating fee		110,000	100,000	55,000	50,000
Annual listing fee		20,000	20,000	10,000	10,000
Brokerage		179,536	73,374	140,464	63,144
Auditors' remuneration		281,946	253,968	138,376	132,329
Printing charges		158,066	121,524	114,376	87,497
Amortisation of formation cost		100,000	100,000	50,000	50,000
Bank charges		47,743	50,917	20,944	21,921
Provision for Workers' Welfare Fund	7.1	4,344,539	4,189,764	2,556,970	1,852,220
		<b>41,154,054</b>	<b>33,967,267</b>	<b>24,003,682</b>	<b>16,750,909</b>
Net income for the period before taxation		<b>212,882,397</b>	<b>205,298,436</b>	<b>125,291,521</b>	<b>90,758,767</b>
Taxation	10	-	-	-	-
Net income for the period after taxation		<b>212,882,397</b>	<b>205,298,436</b>	<b>125,291,521</b>	<b>90,758,767</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

Azam Faruque  
Director

# Half Yearly Report 2013 -14

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	<u>For the Half Year ended</u>		<u>For the Quarter ended</u>	
	<u>31 December</u>	<u>2012</u>	<u>31 December</u>	<u>2012</u>
	<u>2013</u>		<u>2013</u>	
	----- Rupees -----			
Net income for the period after taxation	212,882,397	205,298,436	125,291,521	90,758,767
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income for the period	<u>212,882,397</u>	<u>205,298,436</u>	<u>125,291,521</u>	<u>90,758,767</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

Azam Faruque  
Director

# Atlas Money Market Fund

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 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	212,882,397	205,298,436
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>212,882,397</b>	<b>205,298,436</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: 55,534)	(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>
Interim distribution for the month ended 31 October 2013 at the rate of Rs.3.25 per unit declared on 24 October 2013 (2012: Rs. 3.75 per unit declared on 31 October 2012)		
- 81,841 Bonus units (2012: 62,507)	(41,092,499)	(31,567,445)
- Cash payout against interim distribution	(155,106)	(1,372,685)
	<b>(41,247,605)</b>	<b>(32,940,130)</b>
Interim distribution for the month ended 30 November 2013 at the rate of Rs.3.25 per unit declared on 29 November 2013 (2012: Rs. 3.25 per unit declared on 30 November 2012)		
- 79,851 Bonus units (2012: 52,188)	(40,119,591)	(26,345,403)
- Cash payout against interim distribution	(155,106)	(1,141,532)
	<b>(40,274,697)</b>	<b>(27,486,935)</b>
<b>c/f</b>	<b>52,805,747</b>	<b>51,398,591</b>

# Half Yearly Report 2013 -14

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) (Continued...) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	2013	2012
	----- Rupees -----	
c/f	52,805,747	51,398,591
Interim distribution for the month ended 31 December 2013 at the rate of Rs. 3.25 per unit declared on 27 December 2013 (2012: Rs. 3.25 per unit declared on 26 December 2012)		
- 84,723 Bonus units (2012: 49,314)	(42,565,045)	(24,872,121)
- Cash payout against interim distribution	(158,338)	(1,461,981)
	<b>(42,723,383)</b>	<b>(26,334,102)</b>
<b>Undistributed income carried forward</b>	<b>10,082,364</b>	<b>25,064,489</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

Azam Faruque  
Director

# Atlas Money Market Fund

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	31 December 2013		31 December 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)]	<b>7,607,048</b>	<b>3,821,637,191</b>	<b>9,015,663</b>	<b>4,532,024,814</b>
Issue of units	8,579,108	4,322,320,007	3,776,813	1,909,568,784
Redemption of units	(3,299,421)	(1,663,206,143)	(5,851,926)	(2,958,003,924)
	<b>5,279,687</b>	<b>2,659,113,864</b>	<b>(2,075,113)</b>	<b>(1,048,435,140)</b>
Element of loss/(income) and capital losses/(gains) included in prices of units sold less those in units redeemed - net	-	(6,209,163)	-	2,046,181
Capital (loss)/gain on maturity/sale of investments - net	-	(1,271,191)	-	3,685,282
Net unrealised (loss)/gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	(1,941,908)	-	1,721,342
Other net income for the period	-	216,095,496	-	199,891,812
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>212,882,397</b>	<b>-</b>	<b>205,298,436</b>
<b>Total interim distributions for the period ended 31st December 2013</b> (As per Distribution Statement)				
Issue of bonus units	413,008	-	349,513	-
Cash payout against distribution	-	(963,543)	-	(9,078,852)
<b>Net assets at the end of the period</b> [Rs.502.75 per unit (2012: Rs.505.05 per unit)]	<b>13,299,743</b>	<b>6,686,460,746</b>	<b>7,290,063</b>	<b>3,681,855,439</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

Azam Faruque  
Director



# Half Yearly Report 2013 -14

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>Cash flows from operating activities</b>			
Net income for the period after taxation		212,882,397	205,298,436
<b>Adjustments for:</b>			
Interest income		(251,040,387)	(235,905,260)
Net loss/(gain) on maturity/sale of investments		1,271,191	(3,685,282)
Net unrealised loss/(gain) on remeasurement of investments classified as "financial assets at fair value through profit or loss"		1,941,908	(1,721,342)
Amortization of formation cost		100,000	100,000
Element of (income)/loss and capital (gains)/losses included in prices of units sold less those in units redeemed - net		(6,209,163)	2,046,181
		<b>(253,936,451)</b>	<b>(239,165,703)</b>
<b>Increase in prepayment</b>		<b>(20,000)</b>	<b>(20,000)</b>
<b>Increase/(decrease) in liabilities</b>			
Payable to the Management Company		6,021,447	(315,935)
Payable to the trustee		186,001	(53,178)
Payable to SECP		(964,868)	(1,659,979)
Accrued and other liabilities		4,345,810	3,374,020
		<b>9,588,390</b>	<b>1,344,928</b>
		<b>(31,485,664)</b>	<b>(32,542,339)</b>
Interest received		237,311,151	229,618,424
Investments made during the period		(17,468,441,903)	(7,827,123,998)
Investments sold / matured during the period		17,312,691,823	8,745,346,094
<b>Net cash generated from operating activities</b>		<b>50,075,407</b>	<b>1,115,298,181</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of units		4,322,320,007	1,909,568,784
Payment on redemption of units		(1,663,206,143)	(2,958,003,924)
Cash payout against distribution		(963,543)	(9,078,852)
<b>Net cash generated from / (used in) financing activities</b>		<b>2,658,150,321</b>	<b>(1,057,513,992)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,708,225,728</b>	<b>57,784,189</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>	4	<b>2,811,902,548</b>	<b>1,120,552,529</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

Azam Faruque  
Director

# Atlas Money Market Fund

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 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 dated 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 Musharaka (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. BASIS OF PREPARATION

#### 2.1 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.

These condensed interim financial statements are un-audited but has been subject to limited scope review by the auditors.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at 31 December 2013.

#### 2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

The Fund has adopted the following amendments and improvements to IFRSs which became effective for the current period:

IFRS 7 – Financial Instruments : Disclosures – (Amendment)

- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

#### Improvements to accounting standards issued by IASB

IAS 1 - Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 32 - Financial Instruments : Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 - Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments and improvements to accounting standards did not have any effect on these condensed interim financial statements.

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There are certain amendments, revisions and improvements to accounting standards that are mandatory for the Fund's accounting periods beginning on or after 1 July 2013 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these condensed interim financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

3.1 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, other than as disclosed in note 2.2 above.

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.

3.2 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.

3.3 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.

	31 December 2013	30 June 2013
	Un-audited	Audited
Note	Rupees	Rupees

## 4. BANK BALANCES AND TERM DEPOSITS

In PLS saving accounts	4.1	240,902,548	103,676,820
Term deposit accounts	4.2	2,571,000,000	-
		<b>2,811,902,548</b>	<b>103,676,820</b>

4.1 These carry rate of return ranging between 6.50% and 9% (30 June 2013: 6% and 8.75%) per annum.

4.2 The rate of return on term deposits ranges between 9.70% and 10.16% (30 June 2013 : Nil) per annum. The deposits will mature by 23 January 2014 (30 June 2013 : Nil).

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

### Government securities

Market Treasury Bills - held-for-trading	5.1	<b>3,901,145,891</b>	<b>3,748,608,910</b>
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### 5.1 Market Treasury Bills - Held for trading

	Face value (Rupees)				Rupees		Percentage of	
	At the beginning of the period	Acquired during the period	Sold / Matured 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	12,034,000,000	9,919,500,000	3,699,500,000	3,643,597,609	3,641,726,471	93.35	54.46
6 Months - T-bills	1,245,000,000	1,485,990,000	2,470,990,000	260,000,000	259,490,190	259,419,420	6.65	3.88
12 Months - T-bills	960,000,000	3,988,000,000	4,948,000,000	-	-	-	-	-
	<b>3,790,000,000</b>	<b>17,507,990,000</b>	<b>17,338,490,000</b>	<b>3,959,500,000</b>	<b>3,903,087,799</b>	<b>3,901,145,891</b>	<b>100.00</b>	<b>58.34</b>

5.2 The cost of investments as on 31 December 2013 is Rs. 3,877,205,630 (30 June 2013: Rs. 3,699,034,610).

5.3 These Market treasury bills carry purchase yields ranging from 9.10% to 10.30% (30 June 2013: 8.89% to 9.78%) per annum and will mature between 9 January 2014 and 20 March 2014 (30 June 2013: 11 July 2013 and 12 December 2013).

# Atlas Money Market Fund

		31 December 2013 Un-audited	30 June 2013 Audited
Note		----- Rupees -----	-----
<b>6. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY</b>			
Management fee	6.1	4,673,085	3,045,117
Formation cost payable		200,000	400,000
Sindh Sales Tax payable on Remuneration of the Management Company	6.2	1,392,518	534,387
Federal Excise Duty payable on remuneration of the Management Company	6.3	4,030,148	294,800
		<b>10,295,751</b>	<b>4,274,304</b>

**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 0.85% per annum of the average net assets for the period.

**6.2** During the period, an amount of Rs.4,333,003 (2012: Rs.3,470,209) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.2,940,485 (2012: Rs.2,919,269) has already been paid to the Management Company which acts as a collecting agent.

**6.3** 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 pending.

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.

		31 December 2013 Un-audited	30 June 2013 Audited
Note		----- Rupees -----	-----
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		282,099	381,410
Printing charges payable		113,000	129,868
Payable to unit holders		3,374	3,374
Annual rating fee payable		110,000	-
Payable to brokers		64,837	14,853
Withholding tax payable		8,286	50,820
Provision for Workers' Welfare Fund	7.1	28,051,864	23,707,325
		<b>28,633,460</b>	<b>24,287,650</b>

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7.1 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.28,051,864 (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.2.11 (30 June 2013: Rs.3.12) per unit.

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2013.

For the Half Year ended		For the Quarter ended	
31 December		31 December	
2013	2012	2013	2012
Un-audited	Un-audited	Un-audited	Un-audited
----- Rupees -----			

## 9. INTEREST INCOME

PLS saving and term deposit accounts	21,565,000	23,088,157	17,905,218	15,257,282
Government Securities -				
Market Treasury bills	229,475,387	212,817,103	130,837,864	94,397,909
	<u>251,040,387</u>	<u>235,905,260</u>	<u>148,743,082</u>	<u>109,655,191</u>

## 10. 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.

# Atlas Money Market Fund

## 11. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

	For the Half Year ended	
	31 December 2013	31 December 2012
	Un-audited	Un-audited
	----- Rupees -----	
<b>11.1 Transactions for the period:</b>		
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the management company	23,345,923	21,688,806
Remuneration paid	21,717,955	22,355,681
Sindh Sales Tax on Remuneration of the Management Company	4,333,003	3,470,209
Federal Excise Duty on Remuneration of the Management Company	3,735,348	-
Sale of Nil (2012: 17,829) units	-	9,000,000
Redemption of Nil (2012: 87,962) units	-	44,500,000
Bonus of 228 (2012: 1,912) units	114,381	963,740
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	2,438,017	2,272,040
Remuneration paid	2,252,016	2,325,218
<b>Atlas Battery Limited (Group Company)</b>		
Redemption of 59,604 (2012: 336,299) units	30,000,000	170,000,000
Bonus of 16,228 (2012: 25,162) units	8,153,511	12,685,931
<b>Atlas Foundation (Group Company)</b>		
Sale of 9,349 (2012: Nil) units	4,700,000	-
Redemption of 9,934 (2012: 41,870) units	5,000,000	21,150,000
Bonus of 641 (2012: 1,201) units	322,200	605,188
<b>Atlas Fund of Funds (Fund under common management)</b>		
Sale of Nil (2012: 253,098) units	-	128,000,000
Redemption of Nil (2012: 328,360) units	-	165,851,335
Bonus of Nil (2012: 1,413) units	-	712,187
<b>Atlas Hitec (Private) Limited (Group Company)</b>		
Sale of 336,165 (2012: Nil) units	169,000,000	-
Bonus of 6,567 (2012: Nil) units	3,298,861	-
<b>Atlas Honda Limited (Group Company)</b>		
Sale of 2,781,795 (2012: 128,553) units	1,400,000,000	65,000,000
Redemption of 497,167 (2012: 395,750) units	250,000,000	200,000,000
Bonus of 79,236 (2012: 38,244) units	39,804,322	19,284,765
<b>Atlas Insurance Limited (Group Company)</b>		
Sale of 312,873 (2012: 227,856) units	157,500,000	115,000,000
Redemption of Nil (2012: 246,540) units	-	124,389,481
Bonus of 3,452 (2012: 8,668) units	1,734,357	4,371,623
<b>Atlas Metals (Private) Limited (Group Company)</b>		
Sale of 29,739 (2012: Nil) units	15,000,000	-
Bonus of 192 (2012: Nil) units	96,651	-

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	For the Half Year ended	
	31 December 2013	31 December 2012
	Un-audited	Un-audited
	----- Rupees -----	
<b>11.1 Transactions for the period: (Continued...)</b>		
<b>Batool Benefit Trust (Trust having common Director/Trustee)</b>		
Redemption of 129 (2012: Nil) units	65,000	-
Bonus of 42 (2012: 48) units	21,101	24,124
<b>Ifitikhar Shirazi Family Trust (Trust having common Director/Trustee)</b>		
Sale of Nil (2012: 39,000) units	-	19,726,826
Bonus of 1,587 (2012: 2,318) units	797,452	1,168,336
<b>Shirazi Trading Company (Private) Limited (Group Company)</b>		
Sale of 198,466 (2012: Nil) units	100,000,000	-
Redemption of 198,466 (2012: Nil) units	100,137,934	-
<b>Shirazi Investments (Private) Limited - Employees</b>		
<b>Provident Fund (Retirement benefit plan of a Group Company)</b>		
Sale of 4,511 (2012: 7,069) units	2,275,000	3,580,000
Redemption of 9,935 (2012: 395) units	5,010,000	200,000
Bonus of 673 (2012: 1,244) units	338,165	627,277
<b>Shirazi (Private) Limited (Group Company)</b>		
Redemption of Nil (2012: 1,681) units	-	846,935
Bonus of Nil (2012: 4) units	-	1,873
<b>Key Management Personnel of Management Company</b>		
Sale of 15,591 (2012: 13,866) units	7,842,046	7,000,000
Redemption of 18,023 (2012: 17,945) units	9,072,285	9,073,000
Bonus of 3,533 (2012: 3,365) units	1,775,092	1,697,022
	<b>31 December 2013</b>	<b>30 June 2013</b>
	<b>Un-audited</b>	<b>Audited</b>
	----- Rupees -----	

## 11.2 Investments/outstanding balances as at period/year end

<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration payable to the management company	4,673,085	3,045,117
Payable in respect of formation cost	200,000	400,000
Sindh Sales Tax payable on Remuneration of the Management Company	1,392,518	534,387
Federal Excise Duty payable on remuneration of the Management Company	4,030,148	294,800
Units in issue 6,234 (30 June 2013: 6,006) - at net asset value	3,134,061	3,017,383
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration payable to the Trustee	476,030	290,029
<b>Atlas Battery Limited (Group Company)</b>		
Units in issue 444,372 (30 June 2013: 487,748) - at net asset value	223,408,188	245,034,949
<b>Atlas Foundation (Trust having common Director / Trustee)</b>		
Units in issue 22,092 (30 June 2013: 22,035) - at net asset value	11,106,587	11,070,155
<b>Atlas Hitec (Private) Limited (Group Company)</b>		
Units in issue 342,732 (30 June 2013: Nil) - at net asset value	172,308,470	-



# Atlas Money Market Fund

31 December 2013	30 June 2013
Un-audited	Audited
----- Rupees -----	

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

### Atlas Honda Limited (Group Company)

Units in issue 3,064,169 (30 June 2013: 700,305) - at net asset value	1,540,510,824	351,819,276
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### Atlas Insurance Limited (Group Company)

Units in issue 316,325 (30 June 2013: Nil) - at net asset value	159,032,345	-
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### Atlas Metals (Private) Limited (Group Company)

Units in issue 29,931 (30 June 2013: Nil) - at net asset value	15,047,947	-
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### Batool Benefit Trust (Trust having common Director / Trustee)

Units in issue 1,087 (30 June 2013: 1,175) - at net asset value	546,652	590,106
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### Ifikhar Shirazi Family Trust (Trust having common Director / Trustee)

Units in issue 43,462 (30 June 2013: 41,874) - at net asset value	21,850,373	21,036,911
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### Shirazi Investments (Private) Limited - Employees

### Provident Fund (Retirement benefit plan of a Group Company)

Units in issue 18,954 (30 June 2013: 23,705) - at net asset value	9,529,356	11,908,755
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### Key Management Personnel of Management Company

Units in issue 97,803 (30 June 2013: 96,702) - at net asset value	49,170,634	48,580,988
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**11.3** 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.

**11.4** 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.

## 12. GENERAL

**12.1** Figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2013 and 31 December 2012 have not been subject to limited scope review by the auditors.

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

**12.3** Corresponding figures have been reclassified, rearranged or additionally incorporated in these condensed interim financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. 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 20 February 2014.

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

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director



# Half Yearly 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**

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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

## TRUSTEE REPORT TO THE UNIT HOLDERS

### **Report of the Trustee pursuant to Regulation 41 (h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Income Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2013 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Muhammad Hanif Jakhura**  
**Chief Executive Officer**  
**Central Depository Company of Pakistan Limited**  
**Dated: February 17, 2014**  
**Karachi**

# Half Yearly Report 2013 -14

## INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Income Fund as at December 31, 2013 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2013. The Management Company (Atlas Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the period ended December 31, 2013.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**A. F. Ferguson & Co.**

**Chartered Accountants**

**Engagement Partner: Salman Hussain**

**Dated: February 21, 2014**

**Karachi**

# Atlas Income Fund

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2013

		31 December 2013 Un-audited	30 June 2013 Audited
	Note	Rupees	
<b>ASSETS</b>			
Bank balances and term deposits	4	545,560,580	43,778,182
Investments	5	1,344,226,314	1,492,155,988
Receivable against Margin Trading System		445,354,308	408,467,532
Interest / profit accrued		11,637,693	11,832,012
Deposits and prepayments		596,027	452,055
<b>Total assets</b>		<b>2,347,374,922</b>	<b>1,956,685,769</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	6	6,819,541	3,105,919
Payable to Central Depository Company of Pakistan Limited - Trustee		297,991	255,562
Payable to the Securities and Exchange Commission of Pakistan		845,284	1,103,186
Accrued and other liabilities	7	13,949,814	12,222,995
<b>Total liabilities</b>		<b>21,912,630</b>	<b>16,687,662</b>
<b>NET ASSETS</b>		<b>2,325,462,292</b>	<b>1,939,998,107</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>2,325,462,292</b>	<b>1,939,998,107</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>4,531,164</b>	<b>3,851,364</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>513.22</b>	<b>503.72</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

Azam Faruque  
Director

# Half Yearly Report 2013 -14

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

		For the Half Year ended		For the Quarter ended	
		31 December		31 December	
		2013	2012	2013	2012
	Note	Rupees -----			
<b>INCOME</b>					
Interest/profit income	9	113,370,919	61,315,660	59,041,850	32,404,890
Capital (loss)/gain on sale/maturity of investments - net		(1,103,590)	6,711,235	(400,699)	603,264
Gain on exchange of financial asset		-	3,933,397	-	3,933,397
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		762,406	730,775	797,101	940,097
		<b>(341,184)</b>	<b>11,375,407</b>	<b>396,402</b>	<b>5,476,758</b>
Element of income/(loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		2,998,877	10,707,937	(936,662)	9,091,452
		<b>116,028,612</b>	<b>83,399,004</b>	<b>58,501,590</b>	<b>46,973,100</b>
<b>EXPENSES</b>					
Remuneration of Atlas Asset Management Limited - Management Company		16,905,738	8,331,925	8,903,029	4,726,650
Sindh Sales Tax on remuneration of the Management Company	6.1	3,137,705	1,333,108	1,652,402	756,264
Federal Excise Duty on remuneration of the Management Company	6.2	2,704,918	-	1,424,485	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,386,490	889,314	718,750	482,087
Annual fees - Securities and Exchange Commission of Pakistan		845,284	416,597	445,151	236,335
Auditors' remuneration		279,291	260,569	141,800	132,833
Annual rating fee		110,000	100,000	55,000	50,000
Annual listing fee		20,000	20,000	10,000	10,000
Securities transaction cost		2,619,728	156,246	1,181,674	99,746
Printing charges		158,064	121,524	114,374	87,497
Bank charges		18,489	25,157	7,242	14,581
Provision for Workers' Welfare Fund	7.1	1,756,858	1,434,891	876,954	807,542
		<b>29,942,565</b>	<b>13,089,331</b>	<b>15,530,861</b>	<b>7,403,535</b>
<b>Net income for the period before taxation</b>		<b>86,086,047</b>	<b>70,309,673</b>	<b>42,970,729</b>	<b>39,569,565</b>
Taxation	10	-	-	-	-
<b>Net income for the period after taxation</b>		<b>86,086,047</b>	<b>70,309,673</b>	<b>42,970,729</b>	<b>39,569,565</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

Azam Faruque  
Director

# Atlas Income Fund

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	<u>For the Half Year ended</u>		<u>For the Quarter ended</u>	
	<u>31 December</u>	<u>2012</u>	<u>31 December</u>	<u>2012</u>
	<u>2013</u>		<u>2013</u>	<u>2012</u>
	<u>----- Rupees -----</u>			
Net income for the period after taxation	86,086,047	70,309,673	42,970,729	39,569,565
Income that may be re-classified subsequently to Income Statement				
Net unrealised appreciation/(diminution) in the value of investment classified as 'available for sale'	329,800	(402,417)	202,721	(402,417)
Total comprehensive income for the period	<u>86,415,847</u>	<u>69,907,256</u>	<u>43,173,450</u>	<u>39,167,148</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

Azam Faruque  
Director

# Half Yearly Report 2013 -14

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	2013	2012
	----- Rupees -----	
<b>Undistributed income brought forward</b>	<b>8,247,459</b>	<b>8,120,663</b>
Net income for the period after taxation	86,086,047	70,309,673
Interim distribution for the quarter ended 30 September 2013 Rs.9.50 per unit declared on 4 October 2013 (2012: Rs.12.50 per unit declared on 5 October 2012)		
- Bonus units	(43,315,484)	(25,123,989)
- Cash payout against interim distribution	(51,528)	(67,801)
	<b>(43,367,012)</b>	<b>(25,191,790)</b>
<b>Undistributed income carried forward</b>	<b>50,966,494</b>	<b>53,238,546</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

Azam Faruque  
Director

# Atlas Income Fund

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	31 December 2013		31 December 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	1,436,804	730,886,254	1,756,520	902,566,859
Redemption of units	(842,929)	(428,787,511)	(475,080)	(243,999,767)
	593,875	302,098,743	1,281,440	658,567,092
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(2,998,877)	-	(10,707,937)
Interim distribution @ Rs.9.50 declared on 4 October 2013 (2012: Rs.12.50 per unit declared on 5 October 2012)				
- Issue of bonus units	85,925	-	49,644	-
- Cash payout against interim distribution	-	(51,528)	-	(67,801)
Net unrealised appreciation / (diminution) in the value of investment classified as 'available for sale'	-	329,800	-	(402,417)
Capital (loss) / gain on sale/maturity of investments-net	-	(1,103,590)	-	6,711,235
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	762,406	-	730,775
Other net income for the period	-	86,427,231	-	62,867,663
Total comprehensive income for the period	-	86,415,847	-	69,907,256
Net assets at the end of the period [Rs.513.22 (2012: Rs.517.53) per unit]	4,531,164	2,325,462,292	3,186,636	1,649,185,891

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

Azam Faruque  
Director



# Half Yearly Report 2013 -14

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the period after taxation		86,086,047	70,309,673
<b>Adjustments for:</b>			
Interest/profit income		(113,370,919)	(61,315,660)
Capital loss/(gain) on sale/maturity of investments - net		1,103,590	(6,711,235)
Gain on exchange of financial asset		-	(3,933,397)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(762,406)	(730,775)
Element of income and capital gains included in prices of units issued less those in units redeemed - net		(2,998,877)	(10,707,937)
		<b>(116,028,612)</b>	<b>(83,399,004)</b>
<b>(Increase)/decrease in assets</b>			
Receivable against Margin Trading System		(36,886,776)	(11,092,692)
Deposits and prepayments		(143,972)	(496,027)
		<b>(37,030,748)</b>	<b>(11,588,719)</b>
<b>Increase/(decrease) in liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company		3,713,622	898,302
Payable to Central Depository Company of Pakistan Limited - Trustee		42,429	52,227
Payable to the Securities and Exchange Commission of Pakistan		(257,902)	(192,479)
Accrued and other liabilities		1,726,819	1,433,640
		<b>5,224,968</b>	<b>2,191,690</b>
		<b>(61,748,345)</b>	<b>(22,486,360)</b>
Interest received		113,565,238	60,113,332
Investments made during the period		(5,176,405,282)	(1,407,880,022)
Investment sold/redeemed/matured during the period		5,324,323,572	1,040,025,056
<b>Net cash generated from/(used in) operating activities</b>		<b>199,735,183</b>	<b>(330,227,994)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from issuance of units		730,886,254	902,566,859
Net payments against redemption of units		(428,787,511)	(243,999,767)
Cash payout against interim distribution		(51,528)	(67,801)
<b>Net cash generated from financing activities</b>		<b>302,047,215</b>	<b>658,499,291</b>
<b>Net increase in cash and cash equivalents</b>		<b>501,782,398</b>	<b>328,271,297</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>	4	<b>545,560,580</b>	<b>474,864,626</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

Azam Faruque  
Director

# Atlas Income Fund

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 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, Fifth and Sixth Supplements, dated 21 June 2005, 29 October 2007, 29 February 2008, 23 June 2010, 12 November 2010 and 14 October 2013 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. BASIS OF PREPARATION

#### 2.1 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.

The 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.

These condensed interim financial statements are unaudited but have been subject to limited scope review by the auditors.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at 31 December 2013.

#### 2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

The Fund has adopted the following amendments and improvements to IFRSs which became effective for the current period:

IFRS 7 - Financial Instruments : Disclosures - (Amendment)

- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.

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## Improvements to accounting standards issued by IASB

IAS 1 - Presentation of Financial Statements - Clarification of the requirements for comparative information.

IAS 32 - Financial Instruments : Presentation - Tax Effects of Distribution to Holders of Equity Instruments.

IAS 34 - Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities.

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

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting periods beginning on or after 1 July 2013 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these condensed interim financial statements.

## 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.

	31 December 2013	30 June 2013
	Un-audited	Audited
Note	----- Rupees -----	-----

## 4. BANK BALANCES AND TERM DEPOSITS

### In local Currency

Profit and loss sharing accounts	4.1	45,560,580	43,778,182
Term deposit accounts	4.2	500,000,000	-
		<b>545,560,580</b>	<b>43,778,182</b>

4.1 These carry rate of return ranging between 6.50% and 9% (30 June 2013: 6% and 8.75%) per annum.

4.2 The rate of return on term deposits ranges between 9.70% and 10.10% (30 June 2013 : Nil) per annum. The deposits will mature by 23 January 2014 (30 June 2013 : Nil).

## 5. INVESTMENTS

### Available for sale

Quoted equity security	5.1	3,833,549	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	60,126,918	215,705,880
Term finance certificates - unlisted	5.3 & 5.7	46,613,250	44,975,000
Sukuk certificates - unlisted	5.4 & 5.7	-	-
Government Securities - Market Treasury Bills	5.5	1,208,426,825	1,202,026,735
Government Securities - Pakistan Investment Bonds	5.6	25,225,772	25,944,624
		<b>1,340,392,765</b>	<b>1,488,652,239</b>
		<b>1,344,226,314</b>	<b>1,492,155,988</b>

# Atlas Income Fund

## 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	3,833,549	0.29	0.16	0.10

**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 was settled as part of this agreement. The balance receivable amounting to Rs.8.135 million (market value Rs. 7.871 million) remains fully provided as disclosed in note 5.7.1.

## 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
BANKS									
Askari Bank Limited - II		6,775	-	6,775	-	-	-	-	-
Bank Al Habib Limited - II		1,192	-	-	1,192	6,010,870	5,975,314	0.44	0.26
Bank Alfalah Limited - V		8,450	-	-	8,450	42,903,481	43,160,304	3.21	1.86
NIB Bank Limited		1,399	-	1,399	-	-	-	-	-
United Bank Limited - III		5,500	-	-	5,500	9,240,049	9,149,422	0.68	0.39
United Bank Limited - IV		8,000	-	8,000	-	-	-	-	-
		31,316	-	16,174	15,142	58,154,400	58,285,040	4.33	2.51

### FINANCIAL SERVICES

Escort Investment Bank Limited	5.7.1	5,000	-	-	5,000	1,513,836	1,841,878	0.14	0.08
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### TELECOMMUNICATION

Pakistan Mobile Communications Limited		13,800	-	13,800	-	-	-	-	-
Telecard Limited	5.7.1	4,000	-	-	4,000	-	-	-	-
		17,800	-	13,800	4,000	-	-	-	-

### PERSONAL GOODS

Azgard Nine Limited	5.7.1	5,000	-	-	5,000	-	-	-	-
						59,668,236	60,126,918	4.47	2.59

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### 5.3 Term finance certificates - Unlisted

		Number of Certificates				Rupees		Percentage of	
	Note	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
CHEMICALS									
Engro Fertilizers Limited		10,000	-	-	10,000	44,975,000	46,613,250	3.47	2.00
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	-	-	-	-
		22,203	-	-	22,203	44,975,000	46,613,250	3.47	2.00
PERSONAL GOODS									
Azgard Nine Limited-V	5.7.1	1,075	-	-	1,075	-	-	-	-
MISCELLANEOUS									
Bunny's Limited	5.7.1	424	-	-	424	-	-	-	-
						44,975,000	46,613,250	3.47	2.00

#### 5.4 Sukuk certificates - Unlisted

		Number of Certificates				Rupees		Percentage of	
	Note	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
CHEMICALS									
Agritech Limited	5.7.1	4,060	-	-	4,060	-	-	-	-
						31 December 2013		30 June 2013	
						Un-audited		Audited	
	Note					Rupees			

## 5.5 Government Securities

Market Treasury Bills	5.5.1	1,208,426,825	1,202,026,735
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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	Amotized cost	Market Value	Total Investments	Net Assets
3 months - T Bills	780,000,000	2,945,000,000	2,650,000,000	1,075,000,000	1,059,356,071	1,058,761,775	78.76	45.53
6 months - T Bills	185,000,000	895,000,000	930,000,000	150,000,000	149,702,748	149,665,050	11.13	6.44
12 months - T Bills	250,000,000	1,350,000,000	1,600,000,000	-	-	-	-	-
	1,215,000,000	5,190,000,000	5,180,000,000	1,225,000,000	1,209,058,819	1,208,426,825	89.89	51.97

**5.5.2** The cost of investments as on 31 December 2013 is Rs.1,198,666,300 (30 June 2013: Rs.1,191,146,775).

**5.5.3** These treasury bills carry purchase yields ranging from 9.10% to 9.91% (30 June 2013: 9.15% to 9.59%) per annum and will mature between 9 January 2014 and 20 March 2014 (30 June 2013: 11 July 2013 and 12 December 2013).

**5.5.4** The above investments include treasury bills which has been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades amounting to Rs.172,597,075 (face value: Rs.175,000,000) [30 June 2013: Rs.198,815,900 (face value: Rs.200,000,000)] maturing on 20 February 2014 (30 June 2013: 25 July 2013).

# Atlas Income Fund

		31 December 2013 Un-audited Note	30 June 2013 Audited Rupees
<b>5.6 Government Securities</b>			
Pakistan Investment Bonds	5.6.1	<b>25,225,772</b>	<b>25,944,624</b>

## 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	25,944,624	25,225,772	1.88	1.08	
	<b>25,000,000</b>	<b>-</b>	<b>-</b>	<b>25,000,000</b>	<b>25,944,624</b>	<b>25,225,772</b>	<b>1.88</b>	<b>1.08</b>	

**5.6.2** The cost of investments as on 31 December 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.

## 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	Note	Type of Investment	Value before provision	Provision held	Net carrying value	Percentage of	
						Net assets	Gross assets
			----- Rupees -----				
Listed - Term finance certificates							
Azgard Nine Limited		Term finance certificate	7,871,511	7,871,511	-	-	-
Telecard Limited		Term finance certificate	5,494,140	5,494,140	-	-	-
Escort Investment Bank Limited		Term finance certificate	1,841,878	-	1,841,878	0.08%	0.08%
			15,207,529	13,365,651	1,841,878	0.08%	0.08%
Unlisted - Term finance certificates							
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	5.7.3	Term finance certificate	5,375,000	5,375,000	-	-	-
Bunny's Limited		Term finance certificate	1,590,000	1,590,000	-	-	-
			55,450,000	55,450,000	-	-	-
Unlisted - Sukuk							
Agritech Limited		Sukuk certificate	15,225,000	15,225,000	-	-	-
			85,882,529	84,040,651	1,841,878	0.08%	0.08%

**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.84.04 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.

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		31 December 2013 Un-audited	30 June 2013 Audited
	Note	----- Rupees -----	-----
6. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY			
Remuneration of the Management Company		2,939,952	2,443,472
Sindh Sales Tax payable on remuneration of the Management Company	6.1	940,627	428,403
Federal Excise Duty payable on remuneration of the Management Company	6.2	2,938,962	234,044
		<b>6,819,541</b>	<b>3,105,919</b>

**6.1** During the period, an amount of Rs.3,137,705 (31 December 2012: Rs.1,333,108) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs.2,625,481 (2012: Rs.1,209,204) has 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 Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending.

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.

		31 December 2013 Un-audited	30 June 2013 Audited
	Note	Rupees	
7. ACCRUED AND OTHER LIABILITIES			
Auditors' remuneration payable		264,899	346,432
NCCPL charges payable		15,000	40,890
Printing charges payable		113,000	129,869
Payable to unit holders against redemption of units		23,931	23,931
Brokerage payable		17,260	16,371
Fund rating fee payable		110,000	-
Withholding tax payable		1,723	18,506
Zakat payable		147	-
Provision for Workers' Welfare Fund	7.1	13,403,854	11,646,996
		13,949,814	12,222,995

# Atlas Income Fund

- 7.1

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 Sindh High Court (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) 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 funds 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 judgment 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 judgment 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 in respect of WWF which amounts to Rs.13,403,854 (30 June 2013: Rs.11,646,996) 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.2.96 (30 June 2013: Rs.3.02) per unit.
8. CONTINGENCIES AND COMMITMENTS

8.1

There were no contingencies outstanding as at 31 December 2013 and as at 30 June 2013.

	31 December 2013 Un-audited	30 June 2013 Audited
	----- Rupees -----	-----

8.2

Commitments

Margin Trading System (MTS) transactions entered into by the Fund in respect of which the purchase transactions have not been settled as at 31 December 2013

	21,204,509	77,127,112
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	For the Half Year ended		For the Quarter ended	
	31 December		31 December	
	2013	2012	2013	2012
Note	----- Rupees -----			

## 9. INTEREST / PROFIT INCOME

### Interest/profit on:

Profit and loss sharing accounts / term deposits	7,866,085	5,011,572	6,010,587	3,560,846
Income from Margin Trading System	27,745,486	5,440	11,009,558	5,440
Term finance certificates 9.1	11,488,388	17,208,031	4,799,092	8,012,121
Government Securities - Market Treasury Bills	64,853,152	38,350,891	36,513,709	20,117,579
Government Securities - Pakistan Investment Bonds	1,417,808	739,726	708,904	708,904
	<b>113,370,919</b>	<b>61,315,660</b>	<b>59,041,850</b>	<b>32,404,890</b>

- 9.1 Mark-up on non performing securities amounting to Rs.26.88 million (2012: Rs.18.57 million) based on outstanding principal has not been recognised in accordance with the requirements specified by the SECP.

## 10. 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 unrealised 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.

## 11. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

	For the Half Year ended	
	31 December	31 December
	2013	2012
	Un-audited	Un-audited
	----- Rupees -----	

### 11.1 Transactions for the period:

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

Remuneration charged	16,905,738	8,331,925
Remuneration paid	16,409,258	7,557,527
Sindh Sales Tax on remuneration of the Management Company	3,137,705	1,333,108
Federal Excise Duty on remuneration of the Management Company	2,704,918	-
Sale of 149,766 (2012: 59,805) units	76,500,000	30,500,000
Redemption of 105,255 (2012: 4,890) units	53,500,000	2,500,000
Bonus of 3,669 (2012: 1,297) units	1,849,688	656,241

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

Trustee fee	1,386,490	889,314
Trustee fee paid	1,356,029	837,286
Settlement charges	339,082	3,205

# Atlas Income Fund

For the Half Year ended	
31 December 2013	31 December 2012
Un-audited	Un-audited
----- Rupees -----	

## 11.1 Transactions for the period:

### Atlas Battery Limited (Group Company)

Sale of 9,791 (2012: 234,656) units	5,000,000	119,989,087
Bonus of 11,481 (2012: 4,039) units	5,787,488	2,043,822

### Atlas Foundation (Trust having common Director / Trustee)

Sale of 133,342 (2012: 24,115) units	67,400,000	12,300,000
Redemption of 72,733 (2012: 26,749) units	36,800,000	13,675,000
Bonus of 993 (2012: 3,139) units	500,422	1,588,513

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

Redemption of Nil (2012: 22,236) units	-	11,254,351
Bonus of Nil (2012: 536) units	-	271,246

### Atlas Honda Limited (Group Company)

Sale of 588,838 (2012: 505,108) units	300,000,000	260,000,000
Redemption of 392,426 (2012: Nil) units	200,000,000	-
Bonus of 35,794 (2012: 17,465) units	18,044,136	8,838,735

### Atlas Insurance Limited (Group Company)

Sale of 254,101 (2012: 406,863) units	129,200,000	210,000,000
Redemption of Nil (2012: 270,995) units	-	139,882,364
Bonus of 9,884 (2012: 6,532) units	4,982,874	3,305,790

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

Sale of 41,758 (2012: Nil) units	21,200,000	-
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### Batool Benefit Trust (Trust having common Director/Trustee)

Redemption of 34,755 (2012: 29,224) units	17,559,000	14,925,000
Bonus of 2,091 (2012: 3,363) units	1,054,121	1,701,718

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

Bonus of 7 (2012: Nil) units	3,705	-
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### Shirazi Investments (Private) Limited - Employees

#### Provident Fund (Retirement Benefit Plan of a Group Company)

Sale of Nil (2012: 4,930) units	-	2,515,000
Redemption of Nil (2012: 99) units	-	50,000
Bonus of Nil (2012: 173) units	-	87,600

### Key Management Personnel of Management Company

Sale of 37,285 (2012: 37,555) units	18,975,000	19,150,000
Redemption of 3,299 (2012: Nil) units	1,683,452	-
Bonus of 3,640 (2012: 2,099) units	1,835,029	1,062,247

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	31 December 2013 Un-audited Rupees	30 June 2013 Audited
Note	-----	-----

## 11.2 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	2,939,952	2,443,472
Sindh Sales Tax payable on remuneration of the Management Company	940,627	428,403
Federal Excise Duty payable on remuneration of the Management Company	2,938,962	234,044
Units in issue 153,814 (30 June 2013: 105,634) - at net asset value	78,940,442	53,209,749
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Trustee fee payable	238,790	208,329
Settlement charges payable	59,201	47,233
<b>Atlas Battery Limited (Group Company)</b>		
Units in issue 630,481 (30 June 2013: 609,209) - at net asset value	323,575,340	306,870,907
<b>Atlas Foundation (Trust having common Director / Trustee)</b>		
Units in issue 185,446 (30 June 2013: 123,844) - at net asset value	95,174,403	62,382,929
<b>Atlas Honda Limited (Group Company)</b>		
Units in issue 1,542,751 (30 June 2013: 1,310,545) - at net asset value	791,770,463	660,147,568
<b>Atlas Insurance Limited (Group Company)</b>		
Units in issue 700,012 (30 June 2013: 436,028) - at net asset value	359,260,411	219,635,727
<b>Aamir Shirazi Family Trust (Trust having common Director/Trustee)</b>		
Units in issue 41,758 (30 June 2013: Nil) - at net asset value	21,430,920	-
<b>Batool Benefit Trust (Trust having common Director / Trustee)</b>		
Units in issue 111,345 (30 June 2013: 144,009) - at net asset value	57,144,531	72,540,103
<b>Ifikhar Shirazi Family Trust (Trust having common Director/Trustee)</b>		
Units in issue 397 (30 June 2013: 390) - at net asset value	203,932	196,455
<b>Key Management Personnel of Management Company</b>		
Units in issue 222,796 (30 June 2013: 185,170) - at net asset value	10.3 114,343,231	93,273,855

**11.3** 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.

**11.4** 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 Income Fund

## 12. 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 7 January 2014, approved an interim distribution of Rs.9.5 per unit (2012: Rs.12.50 per unit) on the face value of Rs.500 each i.e. 1.90% (2012: 2.50%) amounting to Rs.43,060,604 (2012: Rs.39,935,367), on behalf of the Board of Directors of the Management Company.

## 13. GENERAL

- 13.1** Figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2013 and 31 December 2012 have not been subject to limited scope review by the auditors.
- 13.2** Figures have been rounded off to the nearest Rupee.
- 13.3** Corresponding figures have been reclassified, rearranged or additionally incorporated in these condensed interim financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

## 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 20 February 2014.

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

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

# Half Yearly 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

## TRUSTEE REPORT TO THE UNIT HOLDERS

### **Report of the Trustee pursuant to Regulation 41 (h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Stock Market Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2013 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Muhammad Hanif Jakhura**  
**Chief Executive Officer**  
**Central Depository Company of Pakistan Limited**  
**Dated: February 17, 2014**  
**Karachi**

# Half Yearly Report 2013 -14

## **INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS**

### **Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Stock Market Fund as at December 31, 2013 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2013. The Management Company (Atlas Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the period ended December 31, 2013.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**A. F. Ferguson & Co.**

**Chartered Accountants**

**Engagement Partner: Salman Hussain**

**Dated: February 21, 2014**

**Karachi**

# Atlas Stock Market Fund

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2013

		31 December 2013 Un-audited	30 June 2013 Audited
	Note	Rupees	
<b>ASSETS</b>			
Bank balances	4	303,681,928	59,156,287
Investments	5	857,623,877	994,043,100
Dividend receivable		850,000	770,000
Profit receivable on bank balances		2,496,631	675,233
Receivable against sale of securities		-	32,129,422
Deposits, prepayments and other receivables		2,684,777	2,614,777
<b>Total assets</b>		<b>1,167,337,213</b>	<b>1,089,388,819</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	6	4,497,598	2,297,699
Payable to Central Depository Company of Pakistan Limited - Trustee		190,710	193,906
Payable to the Securities and Exchange Commission of Pakistan		527,100	852,550
Payable against purchase of securities		6,311,385	31,905,187
Accrued and other liabilities	7	21,718,192	18,412,439
<b>Total liabilities</b>		<b>33,244,985</b>	<b>53,661,781</b>
<b>NET ASSETS</b>		<b>1,134,092,228</b>	<b>1,035,727,038</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>1,134,092,228</b>	<b>1,035,727,038</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>2,425,968</b>	<b>1,981,235</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>467.48</b>	<b>522.77</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

Azam Faruque  
Director



# Half Yearly Report 2013 -14

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	For the Half Year ended		For the Quarter ended	
	31 December 2013	2012	31 December 2013	2012
Note	Rupees			
INCOME				
Profit on bank balances	10,274,985	1,847,123	6,009,673	614,199
Dividend income	27,342,875	37,882,500	10,590,000	27,450,000
Capital gain on sale of investments - net	85,640,081	63,593,238	30,635,983	31,163,474
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	73,804,189	72,093,854	82,192,654	24,140,049
	159,444,270	135,687,092	112,828,637	55,303,523
Element of income/(loss) and capital gains/ (losses) included in prices of units issued less those in units redeemed - net	(5,373,497)	9,292,971	(5,087,493)	(238,998)
	191,688,633	184,709,686	124,340,817	83,128,724
EXPENSES				
Remuneration of Atlas Asset Management Limited - Management Company	11,096,849	8,548,158	5,571,836	4,586,056
Sindh Sales Tax on remuneration of the Management Company 6.1	2,059,575	1,367,705	1,034,133	733,769
Federal Excise Duty on remuneration of the Management Company 6.2	1,775,496	-	891,494	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,058,947	854,812	530,644	458,604
Annual fee - Securities and Exchange Commission of Pakistan	527,100	406,035	264,660	217,833
Auditors' remuneration	213,937	186,265	101,249	106,265
Annual listing fee	20,000	20,000	10,000	10,000
Annual rating fee	50,000	50,000	25,000	25,000
Securities transaction cost	2,148,312	2,087,350	1,085,357	932,671
Printing charges	158,066	72,885	114,733	39,131
Bank charges	11,125	13,220	7,073	3,056
Provision for Workers' Welfare Fund 7.1	3,451,385	3,422,065	2,294,093	1,520,327
	22,570,792	17,028,495	11,930,272	8,632,712
Net income for the period before taxation	169,117,841	167,681,191	112,410,545	74,496,012
Taxation 9	-	-	-	-
Net income for the period after taxation	169,117,841	167,681,191	112,410,545	74,496,012

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

Azam Faruque  
Director

# Atlas Stock Market Fund

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	<u>For the Half Year ended</u>		<u>For the Quarter ended</u>	
	<u>31 December</u>		<u>31 December</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<hr/> ----- Rupees ----- <hr/>			
Net income for the period after taxation	169,117,841	167,681,191	112,410,545	74,496,012
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>169,117,841</u>	<u>167,681,191</u>	<u>112,410,545</u>	<u>74,496,012</u>

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

Azam Faruque  
Director

# Half Yearly Report 2013 -14

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 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	169,117,841	167,681,191
<b>Undistributed income/(accumulated losses) carried forward</b>	<b>39,538,379</b>	<b>(64,535,456)</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

Azam Faruque  
Director

# Atlas Stock Market Fund

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	31 December 2013		31 December 2012	
	Units	Rupees	Units	Rupees
Net assets at beginning of the period [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	176,197	77,826,433	810,159	314,193,079
Redemption of units	(349,439)	(152,110,250)	(624,278)	(240,592,724)
	(173,242)	(74,283,817)	185,881	73,600,355
Element of income/(loss) and capital gains/ (losses) included in prices of units issued less those in units redeemed - net	-	5,373,497	-	(9,292,971)
- 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	-	85,640,081	-	63,593,238
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	73,804,189	-	72,093,854
Other net income for the period	-	9,673,571	-	31,994,099
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>169,117,841</b>	<b>-</b>	<b>167,681,191</b>
Net assets at the end of the period [Rs.467.48 (2012: Rs.420.92) per unit]	<u>2,425,968</u>	<u>1,134,092,228</u>	<u>2,237,133</u>	<u>941,647,236</u>

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

Azam Faruque  
Director

# Half Yearly Report 2013 -14

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	2013	2012
Note	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period after taxation	169,117,841	167,681,191
<b>Adjustments:</b>		
Profit on bank balances	(10,274,985)	(1,847,123)
Dividend income	(27,342,875)	(37,882,500)
Capital gain on sale of investments - net	(85,640,081)	(63,593,238)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(73,804,189)	(72,093,854)
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed - net	5,373,497	(9,292,971)
	<b>(191,688,633)</b>	<b>(184,709,686)</b>
	<b>(22,570,792)</b>	<b>(17,028,495)</b>
<b>(Increase)/decrease in assets</b>		
Receivable against sale of securities	32,129,422	4,751,684
Deposits, prepayments and other receivables	(70,000)	(70,000)
	<b>32,059,422</b>	<b>4,681,684</b>
Payable to Atlas Asset Management Limited - Management Company	2,199,899	510,451
Payable to Central Depository Company of Pakistan Limited - Trustee	(3,196)	45,099
Payable to the Securities and Exchange Commission of Pakistan	(325,450)	(208,139)
Payable against purchase of securities	(25,593,802)	4,350
Accrued and other liabilities	3,305,753	3,297,525
	<b>(20,416,796)</b>	<b>3,649,286</b>
Profit received on bank balances	8,453,587	1,787,410
Dividend received	27,262,875	38,057,500
Investments made during the period	(1,003,585,167)	(975,437,284)
Investments sold during the period	1,299,448,660	888,901,989
<b>Net cash generated from/(used in) operating activities</b>	<b>320,651,789</b>	<b>(55,387,910)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	77,826,433	314,193,079
Net payments against redemption of units	(152,110,250)	(240,592,724)
Cash payout against distribution	(1,842,331)	(958,012)
<b>Net cash (used in)/generated from financing activities</b>	<b>(76,126,148)</b>	<b>72,642,343</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>244,525,641</b>	<b>17,254,433</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>	<b>303,681,928</b>	<b>28,803,426</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

Azam Faruque  
Director

# Atlas Stock Market Fund

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 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 Securities and Exchange Commission of Pakistan. The Offering Document has been revised through the First, Second, Third, Fourth, Fifth and Sixth Supplements dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, 4 December 2009 and 14 October 2013 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. BASIS OF PREPARATION

#### 2.1 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.

The 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.

These condensed interim financial statements are un-audited but have been subject to limited scope review by the auditors.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at 31 December 2013.

#### 2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

The Fund has adopted the following amendments and improvements to IFRSs which became effective for the current period:

IFRS 7 - Financial Instruments : Disclosures - (Amendment)

- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.

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## Improvements to accounting standards issued by IASB

IAS 1 - Presentation of Financial Statements - Clarification of the requirements for comparative information.

IAS 32 - Financial Instruments : Presentation - Tax Effects of Distribution to Holders of Equity Instruments.

IAS 34 - Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities.

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

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting periods beginning on or after 1 July 2013 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these condensed interim financial statements.

## 3. SUMMARY OF 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.

		31 December 2013 Un-audited	30 June 2013 Audited
	Note	----- Rupees -----	

## 4. BANK BALANCES

### In local currency

- Profit and loss sharing accounts	4.1	<u>303,681,928</u>	<u>59,156,287</u>
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4.1 The rate of return on these profit and loss sharing accounts ranges between 6.50% to 9.00% (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>857,623,877</u>	<u>994,043,100</u>
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# Atlas Stock Market Fund

## 5.1 Listed equity securities

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

	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 31 December 2013	Carrying Cost	Market Value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Market Value as a percentage of paid up capital of investee company held
<b>Oil and Gas</b>										
Attock Petroleum Limited	-	156,000	-	81,000	75,000	35,273,698	37,476,750	4.37	3.30	0.09
National Refinery Limited	-	50,000	-	50,000	-	-	-	-	-	-
Oil and Gas Development Company Limited	440,000	10,000	-	250,000	200,000	45,768,887	55,272,000	6.44	4.87	-
Pakistan Oilfields Limited	195,000	107,700	-	167,700	135,000	65,537,830	67,190,850	7.83	5.92	0.06
Pakistan Petroleum Limited	265,000	300,000	45,000	385,000	225,000	43,479,610	48,141,000	5.61	4.24	0.01
Pakistan State Oil Company Limited	175,000	165,000	-	165,000	175,000	52,656,846	58,138,500	6.79	5.14	0.07
	<b>1,075,000</b>	<b>788,700</b>	<b>45,000</b>	<b>1,098,700</b>	<b>810,000</b>	<b>242,716,871</b>	<b>266,219,100</b>	<b>31.04</b>	<b>23.47</b>	
<b>Chemicals</b>										
Engro Corporation Limited	500,000	100,000	-	600,000	-	-	-	-	-	-
Fatima Fertilizer Company Limited	1,000,000	-	-	1,000,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	600,000	528,800	-	543,800	585,000	63,685,646	65,496,600	7.64	5.78	0.05
ICI Pakistan Limited	25,000	-	-	25,000	-	-	-	-	-	-
	<b>2,125,000</b>	<b>628,800</b>	<b>-</b>	<b>2,168,800</b>	<b>585,000</b>	<b>63,685,646</b>	<b>65,496,600</b>	<b>7.64</b>	<b>5.78</b>	
<b>Forestry (Paper and Board)</b>										
Century Paper and Board Mills Limited	-	175,000	-	175,000	-	-	-	-	-	-
<b>Construction and Materials (Cement)</b>										
D G Khan Cement Company Limited	600,000	1,100,000	-	1,200,000	500,000	38,165,291	42,865,000	5.00	3.78	0.11
Kohat Cement Company Limited	100,000	54,000	-	154,000	-	-	-	-	-	-
Lucky Cement Limited	200,000	80,300	-	180,300	100,000	24,300,933	29,987,000	3.49	2.64	0.03
	<b>900,000</b>	<b>1,234,300</b>	<b>-</b>	<b>1,534,300</b>	<b>600,000</b>	<b>62,466,224</b>	<b>72,852,000</b>	<b>8.49</b>	<b>6.42</b>	
<b>General Industrials</b>										
Packages Limited	30,000	-	-	30,000	-	-	-	-	-	-
Thal Limited (Face Value Rs.5 per share)	-	6,900	-	-	6,900	948,855	953,994	0.11	0.08	0.01
Tri-Pack Films Limited	85,700	14,300	-	25,000	75,000	15,197,759	14,820,750	1.73	1.31	0.25
	<b>115,700</b>	<b>21,200</b>	<b>-</b>	<b>55,000</b>	<b>81,900</b>	<b>16,146,614</b>	<b>15,774,744</b>	<b>1.84</b>	<b>1.39</b>	
<b>Beverages</b>										
Shezan International Limited	-	11,450	-	-	11,450	6,785,596	8,421,933	0.98	0.74	0.16
<b>Food Producers</b>										
Engro Foods Limited	125,000	150,000	-	275,000	-	-	-	-	-	-
<b>Household Goods</b>										
Tariq Glass Industries Limited	509,500	-	-	509,500	-	-	-	-	-	-
<b>Personal Goods (Textile)</b>										
Nishat (Chunian) Limited	-	1,320,500	30,000	1,350,500	-	-	-	-	-	-
Nishat Mills Limited	700,000	543,000	-	1,243,000	-	-	-	-	-	-
	<b>700,000</b>	<b>1,863,500</b>	<b>30,000</b>	<b>2,593,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	



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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 31 December 2013	Carrying Cost	Market Value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Market Value as a percentage of paid up capital of investee company held	

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

### Tobacco

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

Lalpir Power Limited	-	800,000	-	200,000	600,000	11,508,596	11,940,000	1.39	1.05	0.16
Nishat Chunian Power Limited	-	300,000	-	-	300,000	10,454,150	10,434,000	1.22	0.92	0.08
Nishat Power Limited	-	250,000	-	250,000	-	-	-	-	-	-
Pakgen Power Limited	400,000	1,365,000	-	200,000	1,565,000	36,066,969	33,976,150	3.96	3.00	0.42
The Hub Power Company Limited	1,625,000	750,000	-	675,000	1,700,000	105,912,314	103,224,000	12.04	9.10	0.15
	<b>2,025,000</b>	<b>3,465,000</b>	<b>-</b>	<b>1,325,000</b>	<b>4,165,000</b>	<b>163,942,029</b>	<b>159,574,150</b>	<b>18.61</b>	<b>14.07</b>	

### Multiutilities (Gas and water)

Sui Northern Gas Pipelines Limited	700,000	400,000	-	800,000	300,000	6,229,596	6,390,000	0.75	0.56	0.05
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### Commercial Banks

Allied Bank Limited	-	566,000	-	566,000	-	-	-	-	-	-
Bank Alfalah Limited	4,000,000	1,400,000	-	4,000,000	1,400,000	30,181,138	37,856,000	4.41	3.34	0.10
Bank Al Habib Limited	3,200,000	1,338,000	-	1,888,000	2,650,000	81,633,643	110,107,500	12.84	9.71	0.26
Faysal Bank Limited	-	1,098,188	111,312	109,500	1,100,000	10,856,441	12,529,000	1.46	1.10	0.11
Habib Metropolitan Bank Limited	-	900,000	-	400,000	500,000	11,183,750	12,535,000	1.46	1.11	0.05
MCB Bank Limited	-	30,000	-	25,000	5,000	1,389,889	1,405,850	0.16	0.12	-
Meezan Bank Limited	-	1,514,000	-	614,000	900,000	35,110,120	35,442,000	4.13	3.13	0.09
National Bank of Pakistan	-	250,000	-	250,000	-	-	-	-	-	-
United Bank Limited	100,000	525,000	-	225,000	400,000	51,492,131	53,020,000	6.19	4.68	0.03
	<b>7,300,000</b>	<b>7,621,188</b>	<b>111,312</b>	<b>8,077,500</b>	<b>6,955,000</b>	<b>221,847,112</b>	<b>262,895,350</b>	<b>30.65</b>	<b>23.19</b>	

### Total as at 31 December 2013

**783,819,688 857,623,877 100.00 75.62**

### Total as at 30 June 2013

**899,311,666 994,043,100**

5.2 The cost of listed equity securities as at 31 December 2013 is Rs.748,438,901 (30 June 2013 is Rs.895,183,149).

5.3 The above investments include following 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	
	31 December 2013	30 June 2013	31 December 2013	30 June 2013
	Un-audited	Audited	Un-audited	Audited
	----- Rupees -----			
Pakistan Oilfields Limited	125,000	110,000	62,213,750	54,710,700
Pakistan Petroleum limited	147,000	197,000	31,452,120	41,681,260
Fauji Fertilizer Company Limited	175,000	175,000	19,593,000	18,800,250
The Hub Power Company Limited	200,000	200,000	12,144,000	12,330,000
Bank Alfalah limited	500,000	500,000	13,520,000	9,110,000
			<b>138,922,870</b>	<b>136,632,210</b>

# Atlas Stock Market Fund

		31 December 2013 Un-audited	30 June 2013 Audited
Note		Rupees	
<b>6. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
		1,927,906	1,806,937
Remuneration of the Management Company - related party			
Sindh Sales Tax payable on remuneration of the Management Company	6.1	620,358	316,924
Federal Excise Duty payable on remuneration of the Management Company	6.2	1,949,334	173,838
		<b>4,497,598</b>	<b>2,297,699</b>

**6.1** During the period, an amount of Rs.2,059,575 (31 December 2012: Rs.1,367,705) was charged on account of sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs.1,756,141 (2012: Rs.1,297,298) has 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 Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending.

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.

		31 December 2013 Un-audited	30 June 2013 Audited
Note		Rupees	
<b>7. ACCRUED AND OTHER LIABILITIES</b>			
		225,376	330,286
Auditors' remuneration payable			
Printing charges payable		113,000	129,867
NCCPL charges payable		22,038	31,475
Withholding tax payable		6,583	19,172
Zakat payable		15,988	7,226
Payable to unit holders against redemption of units		159,779	170,370
Provision for Workers' Welfare Fund	7.1	21,175,428	17,724,043
		<b>21,718,192</b>	<b>18,412,439</b>

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**7.1** 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 Sindh High Court (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) 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 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 judgment 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 judgment 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 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 in respect of WWF which amounts to Rs.21,175,428 (30 June 2013: Rs.17,724,043) . Had the same not been made, the net asset value per unit of the Fund would have been higher by Rs.8.73 (30 June 2013: Rs.8.95) per unit.

## **8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at 31 December 2013 and as at 30 June 2013.

## **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 unrealised 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.

# Atlas Stock Market Fund

Note	For the Half Year ended	
	31 December 2013	31 December 2012
	Un-audited Rupees	Un-audited Rupees

## 10. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

### 10.1 Details of transactions with related parties during the period are as follows:

<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	11,096,849	8,548,158
Remuneration paid	10,975,880	8,108,114
Sindh sales tax on remuneration of the Management Company	2,059,575	1,367,705
Federal Excise Duty on remuneration of the Management Company	1,775,496	-
Sales load	245	1,471
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	1,058,947	854,812
Remuneration paid	1,050,162	810,812
Settlement charges	90,922	45,727
<b>Atlas Battery Limited (Group Company)</b>		
Sale of Nil (2012: 63,272) units	-	24,997,817
Bonus 39,984 (2012: 8,152) units	15,904,349	2,820,120
Redemption of 5,409 (2012: Nil) units	2,500,000	-
<b>Atlas Fund of Funds (Fund under common management)</b>		
Sale of Nil (2012: 166,522) units	-	63,242,770
Bonus Nil (2012: 11,492) units	-	3,975,820
Redemption of Nil (2012: 161,169) units	-	61,795,442
<b>Atlas Insurance Limited (Group Company)</b>		
Sale of 85,182 (2012: 221,817) units	37,500,000	87,000,000
Bonus 74,751 (2012: 42,439 ) units	29,734,001	14,682,032
Redemption of 172,800 (2012: 196,693) units	77,127,366	76,790,500
<b>Batools Benefit Trust (Trust having common Director / Trustee)</b>		
Sale of Nil (2012: 5,193) units	-	2,000,000
Bonus 8,866 (2012: 3,641 ) units	3,526,640	1,259,654
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Sale of Nil (2012: 551) units	-	200,000
Bonus Nil (2012: 3,055) units	-	1,056,945
<b>Iftekhar Shirazi Family Trust (Trust having common Director/Trustee)</b>		
Sale of Nil (2012: 25,746) units	-	9,863,413
Bonus 8,091 (2012: Nil) units	3,218,205	-
<b>Sindh Province Pension Fund (Unit holder with more than 10% holding)</b>		
Bonus 104,054 (2012: Nil) units	41,389,844	-
<b>Key Management Personnel of Management Company</b> 10.3		
Sale 5,289 (2012: 5,248) units	2,334,504	2,000,000
Bonus 46,604 (2012: 21,088) units	18,537,787	7,295,525
Redemption of 3,542 (2012: 1,479) units	1,570,522	600,000

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	31 December 2013 Un-audited	30 June 2013 Audited
Note	----- Rupees -----	

## 10.2 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	1,927,906	1,806,937
Sindh Sales tax payable on remuneration of the Management Company	620,358	316,924
Federal Excise Duty payable on remuneration of the Management Company	1,949,334	173,838
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Trustee fee payable	181,323	172,538
Settlement charges payable	9,387	21,368
<b>Atlas Battery Limited (Group Company)</b>		
Outstanding 161,810 (30 June 2013: 127,235) units - at net asset value	75,642,888	66,514,531
<b>Atlas Insurance Limited (Group Company)</b>		
Outstanding 225,006 (30 June 2013: 237,873) units - at net asset value	105,185,972	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	17,333,761	14,748,973
<b>Ifitikhar Shirazi Family Trust (Trust having common Director/Trustee)</b>		
Outstanding 33,836 (30 June 2013: 25,746) units - at net asset value	15,817,775	13,459,049
<b>Sindh Province Pension Fund (Unit holder with more than 10% holding)</b>		
Outstanding 435,173 ((30 June 2013: 331,119) units at the net asset value	203,434,894	173,098,419
<b>Key Management Personnel of Management Company</b> 10.3		
Outstanding 196,653 (30 June 2013: 148,302) units - at net asset value	91,931,373	77,527,991

**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 & 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.

**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.

# Atlas Stock Market Fund

## 11. GENERAL

- 11.1** Figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2013 and 31 December 2012 have not been subject to limited scope review by the auditors.
- 11.2** Figures have been rounded off to the nearest Rupee.
- 11.3** Corresponding figures have been reclassified, rearranged or additionally incorporated in these condensed interim financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. 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 20 February 2014.

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

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

# Half Yearly 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

## TRUSTEE REPORT TO THE UNIT HOLDERS

### **Report of the Trustee pursuant to Regulation 41 (h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Gold Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from June 26, 2013 to December 31, 2013 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Muhammad Hanif Jakhura**  
**Chief Executive Officer**  
**Central Depository Company of Pakistan Limited**  
**Dated: February 17, 2014**  
**Karachi**



# Half Yearly Report 2013 -14

## AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Gold Fund as at 31 December 2013 and the related condensed interim statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the period from 26 June 2013 to 31 December 2013. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Ernst & Young Ford Rhodes Sidat Hyder**

**Chartered Accountants**

**Engagement Partner: Arslan Khalid**

**Dated: February 20, 2014**

**Karachi**

# Atlas Gold Fund

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2013

		31 December 2013 Un-audited Rupees
	Note	
<b>ASSETS</b>		
Bank balances	4	207,786,541
Investments	5	-
Interest accrued		678,077
Deferred formation cost	6	1,079,499
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts		22,524,139
Prepayments		54,313
<b>Total assets</b>		<b>232,122,569</b>
<b>LIABILITIES</b>		
Payable to Atlas Asset Management Limited - Management Company	7	1,800,095
Payable to Central Depository Company of Pakistan Limited - Trustee	8	31,389
Annual fee payable to the Securities & Exchange Commission of Pakistan		76,595
Financial liabilities at fair value through profit or loss	9	5,199,730
Accrued expenses and other liabilities	10	258,536
<b>Total liabilities</b>		<b>7,366,345</b>
<b>NET ASSETS</b>		<b>224,756,224</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>224,756,224</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>2,379,559</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>94.45</b>

The annexed notes from 1 to 15 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

Azam Faruque  
Director

# Half Yearly Report 2013 -14

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE PERIOD FROM 26 JUNE 2013 TO 31 DECEMBER 2013

		For the period from 26 June 2013 to 31 December 2013	For the quarter ended 31 December 2013
	Note	Rupees -----	
<b>Income</b>			
Interest income	12	8,757,401	4,883,504
Net loss on sale of government securities		(7,695)	-
Realized loss on gold contracts		(13,302,802)	(16,926,608)
Net unrealised loss on future contracts of gold		(5,199,730)	(1,218,164)
		<b>(18,510,227)</b>	<b>(18,144,772)</b>
Element of loss and capital losses included in prices of units sold less those in units redeemed - net		(458,690)	(687,656)
		<b>(10,211,516)</b>	<b>(13,948,924)</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	1,531,811	836,327
Sindh sales tax on remuneration of the Management Company	7.2	284,304	155,222
Federal Excise Duty on remuneration of the Management Company	7.3	245,090	133,813
Remuneration of Central Depository Company of Pakistan Limited - Trustee		173,604	94,782
Annual fee - Securities and Exchange Commission of Pakistan		76,595	41,823
Auditors' remuneration		150,285	119,035
Initial and annual listing fee		50,412	27,607
Printing charges		122,751	111,863
Securities transaction cost		228,202	159,943
Amortisation of formation cost		115,001	62,977
Bank charges		10,113	1,974
Provision for Workers' Welfare Fund	10.1	-	(50,046)
		<b>2,988,168</b>	<b>1,695,320</b>
<b>Net loss for the period before taxation</b>		<b>(13,199,684)</b>	<b>(15,644,244)</b>
<b>Taxation</b>	3.10	-	-
<b>Net loss for the period after taxation</b>		<b>(13,199,684)</b>	<b>(15,644,244)</b>

The annexed notes from 1 to 15 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

Azam Faruque  
Director

# Atlas Gold Fund

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE PERIOD FROM 26 JUNE 2013 TO 31 DECEMBER 2013

	For the period from 26 June 2013 to 31 December 2013	For the quarter ended 31 December 2013
	----- Rupees -----	
Net loss for the period after taxation	(13,199,684)	(15,644,244)
Other comprehensive income	-	-
Total comprehensive loss for the period	<u>(13,199,684)</u>	<u>(15,644,244)</u>

The annexed notes from 1 to 15 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

Azam Faruque  
Director

# Half Yearly Report 2013 -14

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE PERIOD FROM 26 JUNE 2013 TO 31 DECEMBER 2013

	For the period from 26 June 2013 to 31 December 2013 Rupees
Net loss for the period after taxation	(13,199,684)
<b>Accumulated loss carried forward</b>	<b><u>(13,199,684)</u></b>

The annexed notes from 1 to 15 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

Azam Faruque  
Director

# Atlas Gold Fund

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE PERIOD FROM 26 JUNE 2013 TO 31 DECEMBER 2013

	For the period from 26 June 2013 31 December 2013 Un-audited	
	Units	Rupees
<b>Net assets at the beginning of the period</b>	-	-
Issue of units	2,524,132	251,814,440
Redemption of units	(144,573)	(14,317,222)
	<b>2,379,559</b>	<b>237,497,218</b>
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	-	458,690
Net loss on sale of government securities	-	(7,695)
Realized loss on gold contracts	-	(13,302,802)
Net unrealised loss on future contracts of gold	-	(5,199,730)
Net other income for the period	-	5,310,543
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(13,199,684)</b>
<b>Net assets at the end of the period</b>	<b>2,379,559</b>	<b>224,756,224</b>

The annexed notes from 1 to 15 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

Azam Faruque  
Director

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## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD FROM 26 JUNE 2013 TO 31 DECEMBER 2013

For the  
period from  
26 June 2013 to  
31 December  
2013  
Rupees

	Note	
<b>Cash flows from operating activities</b>		
Net loss for the period after taxation		(13,199,684)
<b>Adjustments:</b>		
Interest income		(8,757,401)
Net loss on sale of government securities		7,695
Realised loss on gold contracts		13,302,802
Net unrealised loss on future contracts of gold		5,199,730
Amortization of formation cost		115,001
Element of income and capital income included in prices of units issued less those in units redeemed - net		458,690
		<b>10,326,517</b>
		<b>(2,873,167)</b>
<b>Increase in assets</b>		
Deferred formation cost		(1,194,500)
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts		(22,524,139)
Prepayments		(54,313)
		<b>(23,772,952)</b>
<b>Increase in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company		1,800,095
Payable to Central Depository Company of Pakistan Limited - trustee		31,389
Annual fee payable to the Securities and Exchange Commission of Pakistan		76,595
Accrued expenses and other liabilities		258,536
		<b>2,166,615</b>
Interest received		8,079,324
Investments made during the period		(809,964,945)
Investments sold / matured during the period		796,654,448
<b>Net cash used in operating activities</b>		<b>(29,710,677)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units		251,814,440
Payment on redemption of units		(14,317,222)
<b>Net cash generated from financing activities</b>		<b>237,497,218</b>
<b>Net increase in cash and cash equivalents during the period</b>		<b>207,786,541</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>207,786,541</b>

The annexed notes from 1 to 15 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

Azam Faruque  
Director

# Atlas Gold Fund

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD FROM 26 JUNE 2013 TO 31 DECEMBER 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 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.

These condensed interim financial statements are un-audited but have been subject to limited scope review by the auditors.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at 31 December 2013.

#### 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:

	Notes
Investments	3.1, 3.3, 5 & 9
Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed - net	3.8



# Half Yearly Report 2013 -14

## 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.

## 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 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.

# Atlas Gold Fund

## 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.

## 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 it arises.

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.

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## 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.

## 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	31 December 2013 Un-audited Rupees
<b>4. BANK BALANCES</b>		
In PLS saving accounts	4.1	<u>207,786,541</u>
4.1 The rate of return on the account is 9.00% per annum.		
<b>5. INVESTMENTS - at fair value through income statement</b>		
<b>Government securities</b>		
Market Treasury Bills - held-for-trading	5.1	<u>-</u>

# Atlas Gold Fund

## 5.1 Market Treasury Bills - held for trading

Treasury bills	Face value (Rupees)				Rupees		Percentage of	
	At the beginning of the period	Acquired during the period	Sold/ Matured during the period	At the end of the period	Amortized cost	Market Value	Total Investments	Net Assets
3 Months - T-bills	-	330,000,000	(330,000,000)	-	-	-	-	-
12 Months - T-bills	-	480,000,000	(480,000,000)	-	-	-	-	-
	-	(810,000,000)	810,000,000	-	-	-	-	-

**31 December  
2013  
Un-audited  
Rupees**

## 6. DEFERRED FORMATION COST

Deferred formation cost	1,194,500
Amortisation of deferred formation cost	(115,001)
	<u><b>1,079,499</b></u>

## 7. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY

Management fee	7.1	276,975
Formation cost payable		1,194,500
Sindh Sales Tax payable on Remuneration of the Management Company	7.2	83,530
Federal Excise Duty payable on remuneration of the Management Company	7.3	245,090
		<u><b>1,800,095</b></u>

**7.1** 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.

**7.2** During the period, an amount of Rs. 284,304 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. 200,774 has already been paid to the Management Company.

**7.3** 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 7.2 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 pending.

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.

# Half Yearly Report 2013 -14

## 8. 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

31 December  
2013

Un-audited  
Rupees

Note

## 9. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS Held-for-trading - derivative financial instruments

- Future Gold Contracts	9.1	<u>5,199,730</u>
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9.1 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 10 oz - Feb. 2014	28 Jan. 2014	720	864,648	90,960,970	40.47
Gold 10 oz - Apr. 2014	28 Mar. 2014	780	937,248	98,598,490	43.87
		<u>1,500</u>	<u>1,801,896</u>	<u>189,559,460</u>	<u>84.34</u>
Liabilities against gold futures at contracted rates				194,759,190	
Unrealised loss on future contracts of gold				<u>5,199,730</u>	

31 December  
2013

Un-audited  
Rupees

Note

## 10. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable		150,285
Printing charges payable		108,251
Provision against Workers' Welfare Fund	10.1	-
		<u>258,536</u>

# Atlas Gold Fund

- 10.1** 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.

The Fund is providing for Workers' Welfare Fund. However, due to loss during the quarter ended 31 December 2013, no provision was necessitated and the provision made during the period 26 June 2013 to 30 September 2013 amounting to Rs.50,046 was reversed.

**31 December  
2013  
Un-audited  
Rupees**

## 11. CONTINGENCIES AND COMMITMENTS

- 11.1** There were no contingencies outstanding as at 31 December 2013.

### 11.2 COMMITMENTS

Purchase of:	
Ounce Gold Contracts US \$ 1,801,896	189,559,460

This represents the investment in future gold contracts with settlement date of 28 January 2014 and 28 March 2014.

For the period from 26 June 2013 to 31 December 2013 Un-audited	For the quarter ended 31 December 2013 Un-audited
Rupees	

## 12. INTEREST INCOME

Profit on PLS savings account and deposits	4,701,446	2,525,084
Government Securities - Market Treasury bills	4,055,955	2,358,420
	8,757,401	4,883,504

**For the period  
from 26 June  
2013 to  
31 December  
2013  
Un-audited  
Rupees**

## 13. TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

- 13.1** Details of transactions with related parties during the period are as follows:

<b>Atlas Asset Management Limited (Management Company)</b>	
Remuneration of the Management Company	1,531,811
Remuneration paid	1,254,836
Sindh Sales Tax on Remuneration of the Management Company	284,304
Federal Excise Duty on Remuneration of the Management Company	245,090
 <b>Central Depository Company of Pakistan Limited (Trustee)</b>	
Remuneration of the Trustee	173,604
Remuneration paid	142,215

# Half Yearly Report 2013 -14

For the period  
from 26 June  
2013 to  
31 December  
2013  
Un-audited  
Rupees

## 13.1 Details of transaction with related parties during the period are as follows: (Continued...)

### **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 101,637 units	10,000,000
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### **Batools 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 13,895 units	1,395,642
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### **Key Management Personnel of Management Company**

Sale of 53,382 units	5,355,199
Redemption of 500 units	48,346

31 December  
2013  
Un-audited  
Rupees

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

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

Remuneration payable to the management company	276,975
Sindh sales tax payable on remuneration of the Management Company	83,530
Federal Excise Duty payable on remuneration of the Management Company	245,090
Formation cost payable	1,194,500

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

Trustee fee payable	31,389
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### **Atlas Battery Limited (Group Company)**

Outstanding 500,339 units - at net asset value	47,257,022
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### **Atlas Foundation (Trust having common Director / Trustee)**

Outstanding 150,102 units - at net asset value	14,177,107
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### **Atlas Honda Limited (Group Company)**

Outstanding 499,800 units - at net asset value	47,206,118
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### **Atlas Insurance Limited (Group Company)**

Outstanding 101,637 units - at net asset value	9,599,604
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# Atlas Gold Fund

31 December  
2013  
Un-audited  
Rupees

## 13.2 Details of balances with related parties as at the period end are as follows: (Continued...)

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

Outstanding 150,102 units - at net asset value 14,177,107

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

Outstanding 13,895 units - at net asset value 1,312,349

### **Key Management Personnel of Management Company**

Outstanding 52,882 units - at net asset value 4,994,700

**13.3** 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.

**13.4** 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.

## **14. GENERAL**

**14.1** As allowed by SECP, the first accounting period of Fund has commenced from 26 June 2013. Being the first financial statements of the Fund, there are no comparative figures to report.

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

## **15. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue by the Board of Directors of the management company on 20 February 2014.

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

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director



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