



Atlas Islamic Income Fund

Atlas Islamic Stock Fund

QUARTERLY REPORT

30 September 2013

(UN-AUDITED)



Interlacing
Principles with High
Standards



It Takes Skill to
Master the Game



Management Company

Atlas Asset Management

Rated AM2- by PACRA



Vision

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

Mission Statement

We are committed to offering our investors the best possible returns on a diverse range of products; to meeting not only the customers' current and future requirements, but also exceeding their expectations. We aim to be the company with which people prefer to do business. We are committed to providing a stimulating and challenging environment in which all our people can be valuable contributors to the achievement of our vision, while achieving career progression and job satisfaction. We recognize that our success comes from our people. We are committed to the highest ethical and fiduciary standards and firmly believe that by placing the best interests of our clients first, we will also serve the best interest of our employees, our shareholders, and the communities in which we operate.

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ORGANISATION

Management Company		Investment Committee	
Atlas Asset Management Limited		Chairman	Mr. M. Habib-ur-Rahman
Board of Directors of the Management Company		Members	Mr. Ali H. Shirazi Mr. Muhammad Abdul Samad Mr. Khalid Mahmood Mr. Muhammad Umar Khan (Secretary) Mr. Fawad Javaid
Chairman	Mr. Yusuf H. Shirazi (Non-Executive Director)	Management Committee	
Directors	Mr. Azam Faruque (Independent Director) Mr. Shamshad Nabi (Independent Director) Mr. Frahim Ali Khan (Non-Executive Director) Mr. Arshad P. Rana (Non-Executive Director) Mr. Ali H. Shirazi (Non-Executive Director)	Chairman	Mr. M. Habib-ur-Rahman
Chief Executive Officer	Mr. M. Habib-ur-Rahman (Executive Director)	Members	Ms Lilly R. Dossabhoy Mr. Muhammad Abdul Samad Mr. Abbas Sajjad
Company Secretary	Ms Lilly R. Dossabhoy	Secretary	Mr. M. Irfan Dhedhi
Board Committees		Risk Management Committee	
Audit Committee		Chairman	Mr. Muhammad Abdul Samad
Chairman	Mr. Azam Faruque	Members	Mr. Khalid Mahmood Ms Qurrat-ul-Ain Jafari Mr. Muhammad Umar Khan
Members	Mr. Shamshad Nabi Mr. Frahim Ali Khan	Secretary	Ms Zainab Hussain
Secretary	Ms Qurrat-ul-Ain Jafari	Chief Internal Auditor	
Human Resource & Remuneration Committee		Ms Qurrat-ul-Ain Jafari	
Chairman	Mr. Frahim Ali Khan	Registered Office	
Members	Mr. M. Habib-ur-Rahman Mr. Ali H. Shirazi	Ground Floor, Federation House, Sharae Firdousi Clifton, Karachi - 75600 Tel: (92-21) 111-MUTUAL (6-888-25) (92-21) 35379501-04 Fax: (92-21) 35379280 Email: info@atlasfunds.com.pk Website: www.atlasfunds.com.pk	
Secretary	Mr. Mohsin Ali Khan		

First Quarter Report 2013-14

CHAIRMAN'S REVIEW

It is my pleasure to present to you the un-audited financial statements of Atlas Islamic Income Fund (AIIF) and Atlas Islamic Stock Fund (AISF) for the first quarter ended 30 September of the FY 2013-14.

The Economy

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

Fund Operations - AIIF

The Net Asset Value per unit of AIIF increased by 1.86% to Rs.511.67 as on 30 September 2013, this works out to 7.39% on an annualized basis. The AIIF's total exposure in Government of Pakistan Ijarah Sukuks was 75.74% with remaining 24.26% in high yielding Shariah compliant bank deposits. The net assets of the Fund stood at Rs.499.21 million, with 0.98 million units outstanding as of 30 September 2013.

The Investment Committee of Atlas Asset Management Limited, the Management Company of AIIF, under the authority delegated by the Board of Directors, in their meeting held on 4 October 2013 approved an interim bonus distribution of Rs.9.00 per unit (1.80% on the face value of Rs.500 per unit) for the first quarter ended 30 September 2013.

Fund Operations - AISF

The Net Asset Value per unit of AISF increased by 2.37% to Rs.382.39 as on 30 September 2013. The benchmark KMI-30 index increased by 0.30% during the same period. The KMI-30 index increased from 36,713.89 points as on 30 June 2013 to 36,825.25 points as on 30 September 2013. AISF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. AISF's equity portfolio exposure was mainly in Oil & Gas, Electricity, and Construction & Materials sectors. The net assets of the Fund stood at Rs.985.17 million, with 2.58 million units outstanding as of 30 September 2013.

Ratings

• Asset Manager Rating

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

• Fund Stability Rating - AIIF

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

• Star Ranking - AISF

PACRA has assigned a "5 Star" short term ranking to the Fund, and a long term "4 Star" ranking, for the FY 2011-12. The short term ranking is based on performance during the trailing twelve months period, whereas long-term star ranking is based on performance during the trailing thirty six months.

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Future Outlook

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

Both, AISF and AIIF committed to prudent investment procedures and will continue to provide consistent long term returns to the investors.

پرواز ہے دونوں کی اسی ایک فضا میں
کرگس کا جہاں اور ہے شاپین کا جہاں اور
(Let us continue to fly our flag high)

Acknowledgement

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

Karachi: 24 October 2013

Yusuf H. Shirazi
Chairman

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Atlas Islamic Income Fund

Corporate Information

Trustee

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

Shariah Advisor

Muhammad Yahya Asim

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Al-Baraka Bank (Pakistan) Limited
Bank Al Habib Limited - Islamic Banking
Faysal Bank Limited - Islamic Banking

Atlas Islamic Income Fund

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

		30 September 2013 Un-audited	30 June 2013 Audited
	Note	----- Rupees -----	
ASSETS			
Bank balances	4	116,165,836	157,248,565
Investment	5	378,101,100	367,738,800
Markup accrued	6	9,695,224	5,928,830
Prepayment		30,000	-
Security deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Total assets		504,092,160	531,016,195
LIABILITIES			
Payable to Atlas Asset Management Limited - Management Company		415,279	640,480
Payable to Central Depository Company of Pakistan Limited - Trustee		70,595	73,585
Annual fee payable to the Securities and Exchange Commission of Pakistan		98,005	423,536
Accrued expenses and other liabilities	7	4,295,586	3,800,612
Total liabilities		4,879,465	4,938,213
NET ASSETS		499,212,695	526,077,982
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		499,212,695	526,077,982
CONTINGENCIES AND COMMITMENTS	8	-	-
NUMBER OF UNITS IN ISSUE		975,651	1,047,317
NET ASSET VALUE PER UNIT		511.67	502.31

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Shamshad Nabi
Director

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

	Note	2013 ----- Rupees -----	2012
Income			
Markup income	9	11,690,213	13,759,326
Net gain on maturity / sale of investments		-	451,500
Net unrealised gain on remeasurement of investments classified as "financial assets at fair value through profit or loss"		323,300	2,869,000
		323,300	3,320,500
Element of (loss) / income and capital (losses)/gains included in prices of units issued less those in units redeemed - net		(445,119)	116,840
		11,568,394	17,196,666
Expenses			
Remuneration of Atlas Asset Management Limited - Management Company		1,306,735	1,232,051
Sindh Sales Tax on Remuneration of the Management Company	7.1	242,530	197,128
Federal Excise Duty on Remuneration of the Management Company	7.2	209,078	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		222,143	209,448
Annual fees - Securities and Exchange Commission of Pakistan		98,005	92,402
Auditors' remuneration		41,820	26,381
Securities transaction cost		8,525	15,500
Annual listing fee		10,000	7,500
Annual rating fee		55,000	50,000
Printing charges		54,725	44,100
Bank charges		604	1,148
Amortisation of deferred formation cost		-	51,905
Provision for Workers' Welfare Fund		186,385	305,382
		2,435,550	2,232,945
Net income for the period before taxation		9,132,844	14,963,721
Taxation	10	-	-
Net income for the period after taxation		9,132,844	14,963,721

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Shamshad Nabi
Director

Atlas Islamic Income Fund

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

	2013	2012
	----- Rupees -----	
Net income for the period after taxation	9,132,844	14,963,721
Other comprehensive income / (loss)	-	-
Total comprehensive income for the period after taxation	9,132,844	14,963,721

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Shamshad Nabi
Director

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

	2013	2012
	----- Rupees -----	
Undistributed income brought forward	1,411,628	1,442,230
Net income for the period after taxation	9,132,844	14,963,721
Undistributed income carried forward	10,544,473	16,405,951

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Shamshad Nabi
Director

Atlas Islamic Income Fund

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

	30 September 2013		30 September 2012	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the period [Rs.502.31 (2012: Rs.501.98) per unit]	1,047,317	526,077,982	920,985	462,314,786
Issue of units	130,555	65,971,105	130,366	66,344,155
Redemption of units	(202,220)	(102,414,355)	(84,900)	(43,404,847)
	(71,666)	(36,443,250)	45,466	22,939,308
Element of loss/(income) and capital losses/(gains) included in prices of units issued less those in units redeemed - net	-	445,119	-	(116,840)
Capital gain on maturity / sale of investments - net	-	-	-	451,500
Net unrealised gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	323,300	-	2,869,000
Other net income for the period	-	8,809,544	-	11,643,221
Total comprehensive income for the period	-	9,132,844	-	14,963,721
Net assets at the end of the period [Rs.511.67 (2012: Rs.517.46) per unit]	<u>975,651</u>	<u>499,212,695</u>	<u>966,451</u>	<u>500,100,975</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Shamshad Nabi
Director

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

	2013	2012
Note	----- Rupees -----	----- Rupees -----
Cash flows from operating activities		
Net income for the period after taxation	9,132,844	14,963,721
Adjustment for:		
Mark-up income	(11,690,213)	(13,759,326)
Amortisation of deferred formation cost	-	51,905
Net (gain) / loss on revaluation of investments designated at fair value through income statement:		
Gain on maturity / sale of investments - net	-	(451,500)
Unrealised gain on revaluation of investments - net	(323,300)	(2,869,000)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	445,119	(116,840)
	(11,568,394)	(17,144,761)
Increase in prepayments	(30,000)	(22,500)
Increase/(Decrease) in liabilities		
Payable to Atlas Asset Management Limited - management company	(225,201)	(170,899)
Payable to Central Depository Company of Pakistan Limited - Trustee	(2,990)	6,241
Annual fee payable to the Securities and Exchange Commission of Pakistan	(325,531)	(230,709)
Accrued expenses and other liabilities	494,974	316,366
	(58,748)	(79,001)
Investments made during the period	(10,039,000)	(61,207,500)
Investments sold / matured during the period	-	65,495,000
Markup received	7,923,819	9,608,598
Net cash generated from/(used in) from operating activities	(4,639,479)	11,613,557
Cash flows from financing activities		
Net receipts from issuance of units	65,971,105	66,344,155
Net payments against redemption of units	(102,414,355)	(43,404,847)
Cash payout against distribution	-	-
Net cash generated from financing activities	(36,443,250)	22,939,308
Net increase / (decrease) in cash and cash equivalents	(41,082,729)	34,552,865
Cash and cash equivalents at the beginning of the period	157,248,565	134,968,907
Cash and cash equivalents at the end of the period	4 116,165,836	169,521,772

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Shamshad Nabi
Director

Atlas Islamic Income Fund

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Income Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 7 May 2008 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 Supplemental Trust Deed dated 23 June 2010 and the Second 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 Supplement dated 23 June 2010, the Second Supplement dated 12 November 2010, and Third Supplement dated 20 September 2013, 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 14 October 2008, 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 a good and stable rate of current income consistent with long term preservation of capital in a Shariah Compliant manner. A secondary objective is to take advantage of opportunities to realize capital appreciation. The investment objectives and policies are fully defined in the Fund's Offering Document.

2. BASIS OF PREPERATION

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.

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

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.

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

4. BANK BALANCES

In local currency

- Profit and loss sharing accounts	4.1	<u>116,165,836</u>	<u>157,248,565</u>
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4.1 The expected rate of return on these profit and loss sharing accounts ranges between 6% to 8.65% (30 June 2013: 6% to 8.90%) per annum.

5. INVESTMENTS

At fair value through profit or loss

Government Securities

Government of Pakistan (GOP) - Ijarah Sukuks	5.1	<u>378,101,100</u>	<u>367,738,800</u>
----------------------------------------------	-----	--------------------	--------------------

5.1 Government of Pakistan - Ijarah Sukuks

Script	Face Value - Rupees			At the end of the period	Rupees		Percentage of	
	At the beginning of the period	Acquired during the period	Matured/Disposed during the period		Market Value	Total investment	Net assets	
Government of Pakistan Ijarah Sukuks	367,000,000	10,000,000	-	377,000,000	378,101,100	100.00	75.74	
	<u>367,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>377,000,000</u>	<u>378,101,100</u>	<u>100.00</u>	<u>75.74</u>	

5.2 The cost of investments amounts to Rs.378,627,690/- (30 June 2012: Rs.368,588,690/-).

5.3 The expected rate of markup ranges between 8.92% to 9.43% (30 June 2013: 8.92% to 9.43%) per annum and will mature by 28 June 2015 (30 June 2013: 28 June 2015).

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

6. MARKUP ACCRUED

On profit and loss sharing accounts	908,485	1,082,791
On GOP - Ijarah Sukuks	8,786,739	4,846,039
	<u>9,695,224</u>	<u>5,928,830</u>

7. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable		83,295	132,750
Printing charges payable		235,625	180,900
Rating fee payable		55,000	-
Sales load payable to distributor		1,832	-
Brokerage payable		-	2,000
Zakat payable		375	-
Withholding tax payable		9,040	749
Sindh Sales Tax payable on Remuneration of the Management Company	7.1	106,448	75,809
Federal Excise Duty payable on Remuneration of the Management Company	7.2	250,024	40,946
Provision for Workers' Welfare Fund	7.3	3,512,341	3,325,956
Other payable		41,606	41,502
		<u>4,295,586</u>	<u>3,800,612</u>

Atlas Islamic Income Fund

- 7.1 During the period, an amount of Rs.242,530 (2012: Rs.197,128) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.136,082 has already been paid to the management company which acts as a collecting agent. The remaining amount of Rs.106,448 (2012: Rs.87,325) shall be paid in due course.
- 7.2 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 7.1 above, the Management Company is of the view that further levy of FED is not justified.

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

In view of the pending decision, as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from 13 June 2013, aggregating to Rs.250,024 (30 June 2013: Rs.40,946).

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

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

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

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has continued to maintain the provision for WWF amounting to Rs.3,512,341 (30 June 2013: Rs.3,325,956) in these financial statements. Had the same not been made, the net asset value per unit of the Fund would have been higher by Rs.3.60 (30 June 2013: Rs.3.18) per unit.

8. CONTINGENCIES AND COMMITMENTS

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

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

9. MARK-UP INCOME

PLS saving accounts	2,891,507	4,174,596
Government of Pakistan Ijarah Sukuks	8,798,706	9,584,730
	<u>11,690,213</u>	<u>13,759,326</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.

11. TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

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

11.1 Transactions for the period

Atlas Asset Management Limited (Management Company)

Remuneration of the management company	1,306,735	1,232,051
Remuneration paid	1,324,316	1,195,330
Sindh Sales Tax on Remuneration of the Management Company	242,530	197,128
Federal Excise Duty on Remuneration of the Management Company	209,078	-
Formation cost paid	207,620	207,620
Redemption of 3,946 (2012: Nil) units	2,000,000	-

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	222,143	209,448
Remuneration of the Trustee paid	225,133	203,207
Settlement charges	2,525	1,500

Atlas Foundation (Group Company)

Redemption of 66,510 (2012: Nil) units	33,500,000	-
----------------------------------------	------------	---

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

Sale of Nil (2012: 1,332) units	-	685,000
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Key Management Personnel of Management Company

Sale of 4,704 (2012: 2,121) units	2,385,000	1,085,000
Redemption of 158 (2012: 1,218) units	80,000	624,399

Atlas Islamic Income Fund

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

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

Atlas Asset Management Limited (Management Company)

Remuneration payable to the management company	415,279	432,860
Payable in respect of formation cost	-	207,620
Units in issue 13,261 (30 June 2013: 17,207) - at net asset value	6,785,287	8,643,291

Central Depository Company of Pakistan Limited (Trustee)

Remuneration payable to the Trustee	70,595	73,585
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Atlas Honda Limited (Group Company)

Units in issue 129,530 (30 June 2013: 129,530) - at net asset value	66,276,116	65,063,747
---------------------------------------------------------------------	------------	------------

Atlas Foundation (Group Company)

Units in issue 894 (30 June 2013: 67,404) - at net asset value	457,315	33,857,731
----------------------------------------------------------------	---------	------------

Key Management Personnel of Management Company

Units in issue 11,725 (30 June 2013: 7,179) - at net asset value	11.3	5,999,221	3,605,982
------------------------------------------------------------------	------	-----------	-----------

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 & 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.

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. **SUBSEQUENT EVENT - INTERIM DISTRIBUTION TO UNIT HOLDERS PER UNIT**

The Investment Committee of the Management Company, under the authority delegated to them by the Board of Directors of the Management Company, in their meeting held on 4 October 2013, approved an interim distribution of Rs.9 per unit (2012: Rs.12) on the face value of Rs. 500 each i.e. 1.80% (2012: 2.40%) amounting to Rs.8,783,839 (2012: Rs.12,058,584), on behalf of the Board of Directors of the Management Company.

13. **GENERAL**

13.1 Figures have been rounded off to the nearest Rupee.

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

14. **DATE OF AUTHORISATION FOR ISSUE**

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

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Shamshad Nabi
Director

First Quarter Report 2013-14

Atlas Islamic Stock Fund

Corporate Information

Trustee

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

Shariah Advisor

Muhammad Yahya Asim

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Al-Baraka Bank (Pakistan) Limited
Bank Islami Pakistan Limited
Faysal Bank Limited - Barkat Islamic Banking

Atlas Islamic Stock Fund

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

		30 September 2013 Un-audited	30 June 2013 Audited
	Note	----- Rupees -----	-----
ASSETS			
Bank balances	4	220,934,221	85,170,897
Investments	5	796,459,055	891,299,600
Profit receivable on bank balances		1,450,166	751,015
Dividend receivable		18,336,250	1,002,050
Receivable against sale of investments		-	31,703,077
Deposits and prepayments		2,630,000	2,600,000
Total assets		1,039,809,692	1,012,526,639
LIABILITIES			
Payable to Atlas Asset Management Limited - Management Company		1,672,231	1,640,778
Payable to Central Depository Company of Pakistan Limited - Trustee		176,007	181,078
Payable to the Securities and Exchange Commission of Pakistan		244,482	659,888
Payable against purchase of investments		36,589,404	21,171,604
Accrued expenses and other liabilities	6	15,959,572	14,267,505
Total liabilities		54,641,696	37,920,853
NET ASSETS		985,167,996	974,605,786
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		985,167,996	974,605,786
CONTINGENCIES AND COMMITMENTS	7	-	-
NUMBER OF UNITS IN ISSUE		2,576,376	2,015,536
NET ASSET VALUE PER UNIT		382.39	483.55

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Shamshad Nabi
Director

First Quarter Report 2013-14

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

	Note	2013 ----- Rupees	2012 -----
INCOME			
Profit on bank balances		4,091,250	758,537
Dividend income		22,911,250	12,965,390
Capital gain on sale of investments - net		26,704,472	14,427,789
Net unrealised appreciation / (depreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(21,427,067)	45,675,870
		5,277,405	60,103,659
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(240,893)	9,003,996
		32,039,012	82,831,582
EXPENSES			
Remuneration of Atlas Asset Management Limited - Management Company		5,147,110	2,806,676
Sindh sales tax on remuneration of the Management Company	6.2	955,304	449,068
Federal Excise Duty on remuneration of the Management Company	6.3	823,538	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		509,031	280,669
Annual fee - Securities and Exchange Commission of Pakistan		244,482	133,316
Auditors' remuneration		63,270	41,045
Securities transaction cost		694,529	490,264
Annual listing fee		10,000	10,000
Annual rating fee		25,000	25,000
Printing charges		54,725	44,125
Bank charges		7,420	5,195
Provision for Workers' Welfare Fund	6.4	470,092	1,570,924
		9,004,501	5,856,282
Net income for the period before taxation		23,034,511	76,975,300
Taxation	8	-	-
Net income for the period after taxation		23,034,511	76,975,300

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Shamshad Nabi
Director

Atlas Islamic Stock Fund

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

	2013	2012
	----- Rupees -----	
Net income for the period after taxation	23,034,511	76,975,300
Other comprehensive income	-	-
Total comprehensive income for the period	23,034,511	76,975,300

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Shamshad Nabi
Director

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

	Note	2013 ----- Rupees -----	2012 -----
Undistributed income brought forward		249,650,779	12,938,804
Final distribution of bonus units for the year ended 30 June 2013 Rs.110 per unit declared on 04 July 2013 (2012: Rs.62.50 per unit declared on 05 July 2012)		(221,708,993)	(82,360,783)
Net income for the period after taxation		23,034,511	76,975,300
Shariah non-compliant income set-aside for charity	6.1	(265,100)	(179,924)
Undistributed income carried forward		50,711,197	7,373,397

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Shamshad Nabi
Director

Atlas Islamic Stock Fund

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

	30 September 2013		30 September 2012	
	Units	Rupees	Units	Rupees
Net assets at beginning of the period [Rs.483.55 (2012: Rs.387.74) per unit]	2,015,536	974,605,786	1,317,773	510,953,121
Issue of units	158,973	63,948,169	568,070	204,878,749
Redemption of units	(191,652)	(76,396,263)	(392,168)	(138,664,507)
	(32,679)	(12,448,094)	175,902	66,214,242
Element of income / (loss) capital gains / (losses) included in prices of units issued less those in units redeemed - net	-	240,893	-	(9,003,996)
Issue of bonus units	593,519	-	253,231	-
Capital gain on sale of investments - net	-	26,704,472	-	14,427,789
Net unrealised appreciation / (depreciation) on re-measurement of investments classified as financial assets at fair value through profit or loss'	-	(21,427,067)	-	45,675,870
Other net income for the period	-	17,757,106	-	16,871,641
Total comprehensive income for the period	-	23,034,511	-	76,975,300
Shariah non-compliant income set-aside for charity	-	(265,100)	-	(179,924)
Net assets at end of the period [Rs.382.39 (2012: Rs.369.20) per unit]	2,576,376	985,167,996	1,746,905	644,958,743

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Shamshad Nabi
Director

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

	2013	2012
Note	----- Rupees -----	
Cash flows from operating activities		
Net income for the period after taxation	23,034,511	76,975,300
Adjustments for:		
Profit receivable on bank balances	(4,091,250)	(758,537)
Dividend income	(22,911,250)	(12,965,390)
Capital gain on sale of investments - net	(26,704,472)	(14,427,789)
Net unrealised (appreciation) / depreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	21,427,067	(45,675,870)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	240,893	(9,003,996)
	(32,039,012)	(82,831,582)
(Increase) / decrease in assets		
(Receivable) / payable against sale / purchase of investments	31,703,077	(12,980,870)
Deposits and prepayments	(30,000)	(30,000)
	31,673,077	(13,010,870)
Increase / (decrease) in liabilities		
Payable to Atlas Asset Management Limited - Management Company	31,453	173,527
Payable to Central Depository Company of Pakistan Limited - Trustee	(5,071)	17,393
Payable to the Securities and Exchange Commission of Pakistan	(415,406)	(258,764)
Payable against purchase of investments	15,417,800	8,118,365
Accrued expenses and other liabilities	1,426,967	1,513,183
	16,455,743	9,563,704
Investments made during the period	(357,598,000)	(247,669,008)
Investments sold during the period	457,715,950	173,805,996
Profit received on bank balances	3,392,099	1,129,801
Dividend received	5,577,050	4,906,250
Net cash generated from / (used in) operating activities	148,211,418	(77,130,409)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	63,948,169	204,878,749
Net payments against redemption of units	(76,396,263)	(138,664,507)
Net cash (used in) / generated from financing activities	(12,448,094)	66,214,242
Net increase in cash and cash equivalents during the period	135,763,324	(10,916,167)
Cash and cash equivalents at the beginning of the period	85,170,897	42,299,162
Cash and cash equivalents at the end of the period 4	220,934,221	31,382,995

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Shamshad Nabi
Director

Atlas Islamic Stock Fund

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Stock Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 12 September 2006 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was revised through the First Supplemental Trust Deed dated 29 October 2007, Second Supplemental Trust Deed dated 06 March 2008, Third Supplemental Trust Deed dated 04 December 2009 and the Fourth Supplemental Trust Deed dated 23 June 2010 with the approval of the SECP. Also, the Offering Document of the Fund was revised through the First, Second, Third, Fourth and Fifth Supplements, dated 29 October 2007, 06 March 2008, 04 December 2009, 23 June 2010 and 20 September 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 15 January 2007 and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Lahore Stock Exchange.
- 1.3 According to the trust deed, the objective of the Fund is to provide one window facility to invest in diversified, professionally managed investment portfolio of shariah compliant securities, such as equities, cash and/or near cash Shariah Compliant instruments including cash in bank accounts (excluding TDRs) and Shariah Compliant government securities not exceeding 90 days' maturity. The investment objectives and policies are fully defined in the Fund's Offering Document.

2. BASIS OF PREPARATION

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 of the Fund and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2013.

3. ACCOUNTING POLICIES

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

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

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

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

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

4. BANK BALANCES

In local currency

- Profit and loss sharing accounts	4.1	<u>220,934,221</u>	<u>85,170,897</u>
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4.1 The rate of return on these profit and loss sharing accounts ranges between 6% to 8.65% (30 June 2013: 6% to 8.90%) per annum.

5. INVESTMENTS

At fair value through profit or loss

- Listed equity securities - Held for trading	5.1	<u>796,459,055</u>	<u>891,299,600</u>
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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 held					Rupees		Percentage of		
As at 01 July 2013	Purchases during the period	Bonus shares during the period	Sales during the period	As at 30 Sept. 2013	Carrying Cost	Market Value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Paid up capital of investee company held

Held for trading equity securities

OIL & GAS

Oil and Gas Development Company Limited	600,000	15,000	-	240,000	375,000	85,795,397	88,132,500	11.07	8.95	0.01
Pakistan Oilfields Limited	280,000	135,000	-	140,000	275,000	133,803,866	117,900,750	14.80	11.97	0.12
Pakistan Petroleum Limited	200,000	123,000	52,000	100,000	275,000	65,851,112	66,710,000	8.38	6.77	0.02
Pakistan State Oil Company Limited	200,000	44,400	-	79,400	165,000	64,894,370	52,420,000	6.58	5.31	0.07
	1,280,000	317,400	52,000	559,400	1,090,000	350,344,745	325,163,250	40.83	33.00	

CHEMICALS

Fauji Fertilizer Bin Qasim Limited	300,000	200,000	-	500,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	600,000	200,000	-	200,000	600,000	63,612,443	60,822,000	7.64	6.17	0.05
ICI Pakistan Limited	100,000	18,000	-	18,000	100,000	16,726,581	17,809,000	2.23	1.81	0.11
Sitara Chemical Industries Limited	-	25,000	-	-	25,000	5,499,850	5,537,500	0.70	0.56	-
	1,000,000	443,000	-	718,000	725,000	85,838,874	84,168,500	10.57	8.54	

CONSTRUCTION AND MATERIALS

D G Khan Cement Company Limited	600,000	979,000	-	579,000	1,000,000	78,269,350	68,870,000	8.65	6.99	0.23
Kohat Cement Limited	100,000	50,000	-	150,000	-	-	-	-	-	-
Lucky Cement Limited	200,000	35,000	-	135,000	100,000	21,898,390	23,129,000	2.90	2.34	0.03
	900,000	1,064,000	-	864,000	1,100,000	100,167,740	91,999,000	11.55	9.33	

GENERAL INDUSTRIALS

Packages Limited	50,000	93,500	-	143,500	-	-	-	-	-	-
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FOOD PRODUCERS

Engro Foods Limited	125,000	109,400	-	134,400	100,000	12,776,784	10,169,000	1.28	1.03	0.01
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Atlas Islamic Stock Fund

	Number of shares held					Rupees		Percentage of		
	As at 01 July 2013	Purchases during the period	Bonus shares during the period	Sales during the period	As at 30 Sept. 2013	Carrying Cost	Market Value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Paid up capital of investee company held
Held for trading equity securities (Continued...)										
HOUSE HOLD GOODS										
Tariq Glass Industries Limited										
	500,000	-	-	113,500	386,500	8,503,000	9,264,405	1.16	0.94	0.56
PERSONAL GOODS (TEXTILES)										
Nishat Mills Limited										
	700,000	185,000	-	385,000	500,000	47,081,206	46,335,000	5.82	4.70	0.14
ELECTRICITY										
The Hub Power Company Limited										
	2,325,000	380,000	-	475,000	2,230,000	139,646,876	142,117,900	17.84	14.43	0.19
MULTIUTILITIES (GAS AND WATER)										
Sui Northern Gas Pipelines Limited										
	700,000	300,000	-	300,000	700,000	14,561,610	14,434,000	1.81	1.47	0.11
COMMERCIAL BANKS										
Bank Islami Pakistan Limited										
	-	1,000,000	-	-	1,000,000	6,738,090	6,010,000	0.75	0.61	0.19
Meezan Bank Limited										
	1,800,000	4,000	-	4,000	1,800,000	52,227,200	66,798,000	8.39	6.78	0.18
	1,800,000	1,004,000	-	4,000	2,800,000	58,965,290	72,808,000	9.14	7.39	
Total as at 30 September 2013						817,886,125	796,459,055	100.00	80.83	
Total as at 30 June 2013						793,753,886	891,299,600			

5.2 The cost of listed equity securities as at 30 September 2013 is Rs.749,968,374 (30 June 2013: Rs.783,067,526).

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

	Number of shares		Market value	
	30 September 2013	30 June 2013	30 September 2013	30 June 2013
	Un-audited	Audited	Un-audited	Audited
	----- Rupees -----			
Pakistan Oilfields Limited	57,000	45,000	24,437,610	22,381,650
Fauji Fertilizer Company Limited	75,000	75,000	7,602,750	8,057,250
Lucky Cement Limited	75,000	100,000	17,346,750	20,972,000
The Hub Power Company Limited	700,000	700,000	44,611,000	43,155,000
			93,998,110	94,565,900

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		30 September 2013	30 June 2013
	Note	Un-audited ----- Rupees -----	Audited ----- Rupees -----
6. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		243,926	180,656
Printing charges payable		235,625	180,900
Rating fee payable		125,000	100,000
Charity payable	6.1	265,100	154,531
NCCPL charges payable		22,460	28,131
Withholding tax payable		15,553	3,640
Sales load payable to distributors		1,832	-
Sindh Sales Tax payable on remuneration of the Management Company	6.2	424,905	288,106
Federal Excise Duty payable on remuneration of the Management Company	6.3	983,426	159,888
Provision for Workers' Welfare Fund	6.4	13,572,972	13,102,880
Others		68,773	68,773
		15,959,572	14,267,505

6.1 According to the Trust Deed of the Fund, where a portion of the Fund's income has been earned from Shariah non-compliant avenues, such portion of income of the Fund is to be purified directly by the management company of the Fund. The Shariah Advisor of the Fund, has certified an amount of Rs.265,100 (2012: Rs.179,924) against dividend income, as Shariah non-compliant income, which has accordingly been marked to charity and shall be paid in due course of time.

6.2 During the period, an amount of Rs.955,304 (2012: Rs.449,068) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.530,399 has already been paid to the management company which acts as a collecting agent. The remaining amount of Rs.424,905 (2012: Rs.160,610) shall be paid in due course.

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 6.2 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 in progress.

In view of the pending decision, as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from 13 June 2013, aggregating to Rs.983,426 (30 June 2013: Rs.159,888).

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

Atlas Islamic Stock Fund

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

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.13,572,972 (30 June 2013: Rs.13,102,880) in these financial statements. Had the same not been made, the net asset value per unit of the Fund would have been higher by Rs.5.27 (30 June 2013: Rs.6.50) per unit.

7. CONTINGENCIES AND COMMITMENTS

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

8. TAXATION

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

<u>For the Quarter Ended</u>	
30 September 2013	30 September 2012
Un-audited	Un-audited
----- Rupees -----	

9. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	5,147,110	2,806,676
Remuneration paid	5,115,657	2,632,778
Sindh sales tax on remuneration of the Management Company	955,304	449,068
Federal Excise Duty on remuneration of the Management Company	823,538	-
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	509,031	280,669
Remuneration paid	506,545	263,276
Settlement charges	34,404	9,298

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

9.1 Details of transactions with related parties during the period are as follows: (Continued...)

Atlas Battery Limited (Group Company)		
Sale Nil (2012: 27,533) units	-	9,997,817
Bonus 39,523 (2012: 8,678) units	14,763,929	2,822,520
Atlas Fund of Funds (Fund under common management)		
Sale Nil (2012: 148,118) units	-	53,007,998
Bonus Nil (2012: 14,107) units	-	4,588,280
Redemption of Nil (2012: 121,492) units	-	42,677,876
Atlas Honda Limited (Group Company)		
Bonus 28,966 (2012: Nil) units	10,820,169	-
Atlas Insurance Limited (Group company)		
Sale 61,428 (2012: 124,299) units	25,000,000	45,000,000
Bonus 100,234 (2012: 67,078) units	37,442,472	21,816,559
Redemption of 66,000 (2012: 125,000) units	26,839,560	44,795,000
Batools Benefit Trust (Trust having common Director / Trustee)		
Sale Nil (2012: 27,422) units	-	10,000,000
Bonus 8,075 (2012: Nil) units	3,016,426	-
Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)		
Sale Nil (2012: 27,163) units	-	9,863,413
Bonus 7,999 (2012: Nil) units	2,987,925	-
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit Plan of a Group Company)		
Bonus Nil (2012: 2,298) units	-	747,315
Sindh Province Pension Fund (Unit holder with more than 10% holding)		
Bonus 85,722 (2012: Nil) units	32,021,425	-
Key Management Personnel of the Management Company 9.3		
Sale 506 (2012: 20,502) units	200,000	7,349,776
Bonus 33,342 (2012: 14,813) units	12,454,907	4,817,791

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

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

Atlas Asset Management Limited (Management Company)		
Remuneration payable to the management company	1,672,231	1,640,778
Sindh Sales Tax payable on remuneration of the management company	424,905	288,106
Federal Excise Duty payable on remuneration of the Management Company	983,426	159,888
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration payable to trustee	165,560	163,074
Settlement charges payable	10,447	18,004
Atlas Battery Limited (Group Company)		
Outstanding 173,741 (30 June 2013: 134,217) units at net asset value	66,436,760	64,900,891

Atlas Islamic Stock Fund

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

9.2 Details of balances with related parties as at the period / year end are as follows: (Continued...)

Atlas Honda Limited (Group Company)		
Outstanding 127,331 (30 June 2013: 98,365) units at net asset value	48,690,084	47,564,478
Atlas Insurance Limited (Group Company)		
Outstanding 436,048 (30 June 2013: 340,386) units at net asset value	166,740,529	164,593,702
Batools Benefit Trust (Trust having common Director / Trustee)		
Outstanding 35,497 (30 June 2013: 27,422) units at net asset value	13,573,728	13,259,934
Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)		
Outstanding 35,162 (30 June 2013: 27,163) units at net asset value	13,445,477	13,134,648
Sindh Province Pension Fund (Unit holder with more than 10% holding)		
Outstanding 376,826 (30 June 2013: 291,104) units at net asset value	144,094,414	140,780,741
Key Management Personnel of management company	9.3	
Outstanding 147,075 (30 June 2013: 113,226) units at net asset value	56,239,851	54,750,638

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

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

10. GENERAL

10.1 Figures have been rounded off to the nearest Rupee.

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

11. DATE OF AUTHORISATION FOR ISSUE

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

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Shamshad Nabi
Director

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