



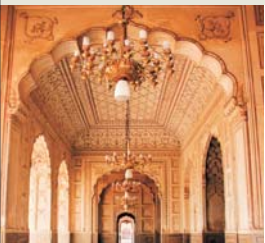
Atlas Islamic Income Fund

Atlas Islamic Stock Fund

**QUARTERLY REPORT**

30 September 2014

**(UN-AUDITED)**



**Your Partner**  
on the path ahead



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 risk adjusted 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 Meraj

## ORGANISATION

### Management Company

Atlas Asset Management Limited

### Board of Directors of the Management Company

Chairman Mr. Yusuf H. Shirazi  
(Non-Executive Director)

Directors Mr. Azam Faruque  
(Independent Director)

Mr. Shamshad Nabi  
(Independent Director)

Mr. Frahim Ali Khan  
(Non-Executive Director)

Mr. Ali H. Shirazi  
(Non-Executive Director)

Mr. Arshad P. Rana  
(Non-Executive Director)

Chief Executive Officer Mr. M. Habib-ur-Rahman  
(Executive Director)

Company Secretary Ms Lilly R. Dossabhoy

### Board Committees

#### Audit Committee

Chairman Mr. Azam Faruque  
Members Mr. Shamshad Nabi  
Mr. Frahim Ali Khan

Secretary Ms Qurrat-ul-Ain Jafari

#### Board Evaluation Committee

Chairman Mr. Azam Faruque  
Members Mr. Shamshad Nabi  
Mr. Ali H. Shirazi

Secretary Mr. M. Habib-ur-Rahman

#### Human Resource & Remuneration Committee

Chairman Mr. Frahim Ali Khan  
Members Mr. Ali H. Shirazi  
Mr. M. Habib-ur-Rahman

### Investment Committee

Chairman Mr. M. Habib-ur-Rahman  
Members Mr. Ali H. Shirazi  
Mr. Muhammad Abdul Samad  
Mr. Khalid Mahmood  
Mr. Muhammad Umar Khan  
(Secretary)  
Mr. Fawad Javaid

### Management Committee

Chairman Mr. M. Habib-ur-Rahman  
Members Ms Lilly R. Dossabhoy  
Mr. Muhammad Abdul Samad  
Mr. Abbas Sajjad

Secretary Mr. M. Irfan Dhedhi

### Risk Management Committee

Chairman Mr. M. Habib-ur-Rahman  
Members Mr. Muhammad Abdul Samad  
Ms Zainab Hussain  
Mr. Syed Fahad Ali

Secretary Mr. Wasit Ahmed

### Chief Internal Auditor

Ms Qurrat-ul-Ain Jafari

### Registered Office

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

# First Quarter Report 2014-15

## 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 2014 of the FY 2014-15.

### The Economy

During the period July - September FY 2014-15, total exports stood at US\$6.02 billion as compared to US\$6.70 billion worth of exports reported in the same period last year. The foreign exchange reserves of the country stood at US\$13.2 billion as on 26 September 2014 with SBP's share of US\$8.6 billion in the total liquid foreign exchange reserves. Foreign remittances for the period July - September FY 2014-15 stood at US\$4.69 billion, which was an increase of 19.52% YoY basis compared to the corresponding period last year. CPI inflation for the period July - September FY 2014-15 recorded at 7.5%. The SBP in its latest monetary policy statement decided to keep the discount rate unchanged at 10%. The discount rate remain unchanged by State Bank in order to manage potential rebound in inflationary pressures due to recent floods, probable hike in electricity tariffs and imposition of gas levy.

### Fund Operations - AIIF

The Net Asset Value per unit of Atlas Islamic Income Fund increased by 1.53% to Rs.512.75 as on 30 September 2014, this works out to 6.06% on an annualized basis. The AIIF's total exposure in Government of Pakistan Ijarah Sukuks was 44.09% with remaining 55.91% in high yielding Shariah compliant bank deposits. The Net Assets of the Fund stood at Rs.531.57 million, with 1.04 million units outstanding as of 30 September 2014.

### Fund Operations - AISF

The Net Asset Value per unit of Atlas Islamic Stock Fund increased by 1.19% to Rs.413.54 as on 30 September 2014. The benchmark KMI-30 index increased by 1.45% during the same period. The KMI-30 index increased from 47,686.55 points as on 30 June 2014 to 48,379.38 points as on 30 September 2014. 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, Construction & Materials and Chemicals sectors. The Net Assets of the Fund stood at Rs.839.85 million, with 2.03 million units outstanding as of 30 September 2014.

### Ratings

#### • Asset Manager Rating

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

#### • Fund Stability Rating - 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 "2 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.

# Atlas Meraj

## Future Outlook

Continuation of reforms will be vital to improve the overall business environment and encourage private investment. Concerted efforts are required to eliminate electricity shortages by focusing on reduction in leakages, encouraging investment in generation, transmission and distribution systems. Fiscal reforms need to be implemented to ensure better tax collection and reduction of subsidies. External account position is expected to improve. The decline in international oil prices would positively impact the current account deficit, as petroleum products account for around 35% of total imports. Healthy growth in workers' remittances is also providing support to external account position. There is need to encourage private capital inflows and foreign direct investments in particular to improve balance-of-payments position. In this regard, realization of expected privatization receipts and issuance of dollar-denominated Eurobond/Sukuks would lend support to USD/PKR parity and help build foreign exchange reserves.

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

تیری مانگ ستاروں سے بھر دیں گے ہم

We shall add requisite value

## 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: 30 October 2014

Yusuf H. Shirazi  
Chairman

# First Quarter Report 2014-15

## Atlas Islamic 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

#### **Shariah Advisor**

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Mufti Muhammad Yahya Asim

#### **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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Al-Baraka Bank (Pakistan) Limited  
Bank Islami Pakistan Limited

# Atlas Islamic Income Fund

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 30 SEPTEMBER 2014

		30 September 2014 Un-audited	30 June 2014 Audited
	Note	----- Rupees -----	-----
<b>ASSETS</b>			
Bank balances	4	293,827,313	282,423,544
Investments	5	237,425,410	239,916,800
Markup accrued	6	7,147,990	5,029,215
Prepayment		30,000	-
Security deposit with Central Depository Company of Pakistan Limited		100,000	100,000
<b>Total assets</b>		<b>538,530,713</b>	<b>527,469,559</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	7	1,607,432	1,375,737
Payable to Central Depository Company of Pakistan Limited - Trustee		74,207	69,772
Annual fee payable to the Securities and Exchange Commission of Pakistan		100,550	393,637
Accrued and other liabilities	8	5,173,844	4,956,727
<b>Total liabilities</b>		<b>6,956,033</b>	<b>6,795,873</b>
<b>NET ASSETS</b>		<b>531,574,680</b>	<b>520,673,686</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>531,574,680</b>	<b>520,673,686</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>1,036,721</b>	<b>1,030,979</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>512.75</b>	<b>505.03</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



# First Quarter Report 2014-15

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Note	2014	2013
		Rupees -----	
<b>Income</b>			
Markup income	10	12,750,072	11,690,213
Net unrealised (diminution)/appreciation on remeasurement of investments classified as "financial assets at fair value through profit or loss"		(2,491,390)	323,300
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		(62,277)	(445,119)
		<b>10,196,405</b>	<b>11,568,394</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company		1,139,555	1,306,735
Sindh Sales Tax on Remuneration of the Management Company	7.1	198,283	242,530
Federal Excise Duty on Remuneration of the Management Company	7.2	182,329	209,078
Remuneration of Central Depository Company of Pakistan Limited - Trustee		227,910	222,143
Annual fees - Securities and Exchange Commission of Pakistan		100,550	98,005
Auditors' remuneration		42,340	41,820
Securities transaction cost		1,500	8,525
Annual listing fee		10,000	10,000
Annual rating fee		60,500	55,000
Printing charges		68,375	54,725
Bank charges		924	604
Provision for Workers' Welfare Fund	8.1	163,283	186,385
		<b>2,195,549</b>	<b>2,435,550</b>
<b>Net income for the period before taxation</b>		<b>8,000,856</b>	<b>9,132,844</b>
Taxation	11	-	-
<b>Net income for the period after taxation</b>		<b>8,000,856</b>	<b>9,132,844</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 Islamic Income Fund

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	2014	2013
	----- Rupees -----	
Net income for the period after taxation	8,000,856	9,132,844
Other comprehensive income/(loss)	-	-
<b>Total comprehensive income for the period after taxation</b>	<b>8,000,856</b>	<b>9,132,844</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

# First Quarter Report 2014-15

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	2014	2013
	----- Rupees -----	
Undistributed income brought forward	4,359,895	1,411,628
Net income for the period after taxation	8,000,856	9,132,844
Undistributed income carried forward	<u>12,360,752</u>	<u>10,544,473</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

# Atlas Islamic Income Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	30 September 2014		30 September 2013	
	Units	Rupees	Units	Rupees
<b>Net assets at the beginning of the period</b> [Rs.505.03 (2013: Rs.502.31) per unit]	1,030,979	520,673,686	1,047,317	526,077,982
Issue of units	81,464	41,421,899	130,555	65,971,105
Redemption of units	(75,722)	(38,584,038)	(202,220)	(102,414,355)
	5,743	2,837,861	(71,666)	(36,443,250)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	62,277	-	445,119
Net unrealised (diminution)/appreciation on remeasurement of investments classified as "financial assets at fair value through profit or loss"	-	(2,491,390)	-	323,300
Other net income for the period	-	10,492,246	-	8,809,544
<b>Total comprehensive income for the period</b>	-	<b>8,000,856</b>	-	<b>9,132,844</b>
<b>Net assets at the end of the period</b> [Rs.512.75 (2013: Rs.511.67) per unit]	<b>1,036,721</b>	<b>531,574,680</b>	<b>975,651</b>	<b>499,212,695</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

# First Quarter Report 2014-15

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	2014	2013
Note	-----	Rupees -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period after taxation	8,000,856	9,132,844
<b>Adjustment for:</b>		
Mark-up income	(12,750,072)	(11,690,213)
Net unrealised diminution/(appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	2,491,390	(323,300)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	62,277	445,119
	<b>(10,196,405)</b>	<b>(11,568,394)</b>
<b>Increase in prepayment</b>	<b>(30,000)</b>	<b>(30,000)</b>
<b>Increase/(decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - management company	231,695	14,516
Payable to Central Depository Company of Pakistan Limited - Trustee	4,435	(2,990)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(293,087)	(325,531)
Accrued and other liabilities	217,117	255,257
	<b>160,160</b>	<b>(58,748)</b>
Investments made during the period	-	(10,039,000)
Markup received	10,631,297	7,923,819
<b>Net cash generated from/(used in) operating activities</b>	<b>8,565,908</b>	<b>(4,639,479)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	41,421,899	65,971,105
Net payments against redemption of units	(38,584,038)	(102,414,355)
Cash payout against distribution	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>2,837,861</b>	<b>(36,443,250)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>11,403,769</b>	<b>(41,082,729)</b>
Cash and cash equivalents at the beginning of the period	282,423,544	157,248,565
<b>Cash and cash equivalents at the end of the period</b>	<b>4 293,827,313</b>	<b>116,165,836</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 Islamic Income Fund

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2014

### 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, the Second Supplemental Trust Deed dated 12 November 2010, and Third Supplemental Trust Deed dated 20 September 2013, 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 the 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. 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 of the Fund and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2014.

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 30 September 2014.

### 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 2014.

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 2014.

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 2014.

# First Quarter Report 2014-15

		30 September 2014 Un-audited	30 June 2014 Audited
	Note	----- Rupees -----	
<b>4. BANK BALANCES</b>			
<b>In local currency</b>			
- Profit and loss sharing accounts	4.1	293,827,313	282,423,544

4.1 The expected rate of return on these profit and loss sharing accounts range between 6.50% to 9.10% (30 June 2014: 6.50% to 9.15%) per annum.

## 5. INVESTMENTS

**At fair value through profit or loss**

**Government Securities**

Government of Pakistan (GOP) - Ijarah Sukuks	5.1	237,425,410	239,916,800
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### 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	235,900,000	-	-	235,900,000	237,425,410	100.00	44.66
	<b>235,900,000</b>	<b>-</b>	<b>-</b>	<b>235,900,000</b>	<b>237,425,410</b>	<b>100.00</b>	<b>44.66</b>

5.2 The cost of investments amounts to Rs.236,739,000 (30 June 2014: Rs.236,739,000).

5.3 The expected rate of markup ranges between 7.98% to 9.98% (30 June 2014: 7.98% to 9.98%) per annum and will mature by 25 June 2017 (30 June 2014: 25 June 2017).

		30 September 2014 Un-audited	30 June 2014 Audited
	Note	----- Rupees -----	
<b>6. MARKUP ACCRUED</b>			
On profit and loss sharing accounts		2,203,173	1,879,332
On GOP - Ijarah Sukuks		4,944,817	3,149,883
		<b>7,147,990</b>	<b>5,029,215</b>

## 7. PAYABLE TO THE MANAGEMENT COMPANY - RELATED PARTY

Management fee		371,040	348,861
Sindh Sales Tax payable on remuneration of the Management Company	7.1	216,944	189,757
Federal Excise Duty payable on remuneration of the Management Company	7.2	1,019,448	837,119
		<b>1,607,432</b>	<b>1,375,737</b>

# Atlas Islamic Income Fund

7.1 During the period, an amount of Rs.198,283 (2013: Rs.242,530) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs.171,096 (2013: Rs.211,891) has been paid to the Management Company which acts as the collecting agent.

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 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.

Note	30 September	30 June
	2014	2014
	Un-audited	Audited
	-----	-----
	Rupees	

## 8. ACCRUED AND OTHER LIABILITIES

Auditors' remuneration payable		57,900	134,210
Printing charges payable		296,375	228,000
Rating fee payable		60,500	-
Zakat payable		790	-
Withholding tax payable		483	4
Provision for Workers' Welfare Fund	8.1	4,294,100	4,130,817
Other payable		463,696	463,696
		<b>5,173,844</b>	<b>4,956,727</b>

8.1 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 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 pension funds managed by the AMC. In respect of such show cause notices, certain Mutual Funds (CISs) / Pension Funds including the Fund have been granted stay by Honourable SHC on the basis of the pending Constitutional Petition as referred above.



# First Quarter Report 2014-15

8.1 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 Honourable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills.

In a recent judgement of May 2014, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the constitution. 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.4,294,100 (30 June 2014: Rs.4,130,817) 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.4.14 (30 June 2014: Rs.4.01) per unit.

## 9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 September 2014 and as at 30 June 2014.

For the Quarter Ended	
30 September 2014	30 September 2013
Un-audited	Un-audited
----- Rupees -----	

## 10. MARK UP INCOME

Profit and loss sharing - Saving accounts	6,931,114	2,891,507
Government of Pakistan - Ijarah Sukuks	5,818,958	8,798,706
	<u>12,750,072</u>	<u>11,690,213</u>

## 11. 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 as cash dividend 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, as cash dividend, to the unit holders. Accordingly, no provision has been made for taxation in these condensed interim financial statements.

# Atlas Islamic Income Fund

## 12. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

For the Quarter Ended	
30 September 2014	30 September 2013
Un-audited	Un-audited
----- Rupees -----	

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

<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the management company	1,139,555	1,306,735
Remuneration paid	1,117,376	1,324,316
Sindh Sales Tax on Remuneration of the Management Company	198,283	242,530
Federal Excise Duty on Remuneration of the Management Company	182,329	209,078
Formation cost paid	-	207,620
Redemption of 28,404 (2013: 3,946) units	14,500,000	2,000,000
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	227,910	222,143
Remuneration of the Trustee paid	223,475	225,133
Settlement charges paid	1,500	2,525
<b>Atlas Foundation (Group Company)</b>		
Redemption of Nil (2013: 66,510) units	-	33,500,000
<b>Key Management Personnel of Management Company (Note 12.3)</b>		
Issue of 3,938 (2013: 4,704) units	2,000,000	2,385,000
Redemption of 1,915 (2013: 158) units	975,000	80,000
	<b>30 September 2014</b>	<b>30 June 2014</b>
	<b>Un-audited</b>	<b>Audited</b>
	----- Rupees -----	

### 12.2 Details of balances with related parties as at the period / year end as follows:

<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration payable to the management company	371,040	348,861
Sindh Sales Tax payable on remuneration of the Management Company	216,944	189,757
Federal Excise Duty payable on remuneration of the Management Company	1,019,448	837,119
Units in issue 53,499 (30 June 2014: 81,903) - at net asset value	27,431,360	41,363,401

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	30 September 2014 Un-audited	30 June 2014 Audited
----- Rupees -----		

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

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

Remuneration payable to trustee	74,207	69,772
---------------------------------	--------	--------

### Atlas Foundation (Group Company)

Units in issue 962 (30 June 2014: 962) - at net asset value	493,288	485,861
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### Atlas Honda Limited (Group Company)

Units in issue 138,839 (30 June 2014: 138,839) - at net asset value	71,189,853	70,118,013
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### Atlas Insurance Limited (Group Company)

Units in issue 172,382 (30 June 2014: 172,382) - at net asset value	88,388,792	87,058,004
---	------------	------------

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

Units in issue 19,278 (30 June 2014: 19,278) - at net asset value	9,884,834	9,736,007
---	-----------	-----------

### Key Management Personnel of Management Company (Note 12.3)

Units in issue 20,564 (30 June 2014: 18,542) - at net asset value	10,544,054	9,363,957
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- 12.3** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above, as set by the Board of Directors of the Management Company for the FY 2014-15.
- 12.4** The transactions with related parties / connected persons are in the normal course of business at contracted rates and terms determined in accordance with market rates.

# Atlas Islamic Income Fund

## 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 financial statements were authorised for issue by the Board of Directors of the Management Company on 30 October 2014.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

# First Quarter Report 2014-15

## Atlas Islamic Stock 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

#### Shariah Advisor

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Mufti Muhammad Yahya Asim

#### 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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Al-Baraka Bank (Pakistan) Limited  
Bank Islami Pakistan Limited

# Atlas Islamic Stock Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)  
AS AT 30 SEPTEMBER 2014

		30 September 2014 Un-audited	30 June 2014 Audited
	Note	----- Rupees -----	-----
<b>ASSETS</b>			
Bank balances	4	68,921,973	124,718,193
Investments	5	800,292,727	731,505,934
Profit receivable on bank balances		345,613	641,037
Dividend receivable		10,502,500	675,000
Receivable against sale of investments		-	6,581,463
Security deposits and other receivable		2,630,000	7,325,000
<b>Total assets</b>		<b>882,692,813</b>	<b>871,446,627</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	6	5,973,109	5,046,869
Payable to Central Depository Company of Pakistan Limited - Trustee		145,983	130,161
Payable to the Securities and Exchange Commission of Pakistan		200,462	874,914
Payable against purchase of investments		19,621,516	39,376,880
Accrued and other liabilities	7	16,906,652	16,654,111
<b>Total liabilities</b>		<b>42,847,722</b>	<b>62,082,935</b>
<b>NET ASSETS</b>		<b>839,845,091</b>	<b>809,363,692</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>839,845,091</b>	<b>809,363,692</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>2,030,869</b>	<b>1,980,470</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>413.54</b>	<b>408.67</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

# First Quarter Report 2014-15

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Note	2014 Rupees	2013 Rupees
<b>INCOME</b>			
Profit on bank balances		1,660,794	4,091,250
Dividend income		16,132,500	22,911,250
Capital gain on sale of investments - net		8,638,959	26,704,472
Net unrealized diminution on re-measurement of investments classified as financial assets at fair value through profit or loss'		(9,381,778)	(21,427,067)
		<b>(742,819)</b>	<b>5,277,405</b>
Element of income / (loss) and capital gains/(losses) included in prices of units issued less those in units redeemed - net		182,833	(240,893)
		<b>17,233,308</b>	<b>32,039,012</b>
<b>EXPENSES</b>			
Remuneration of Atlas Asset Management Limited - Management Company		4,220,289	5,147,110
Sindh sales tax on remuneration of the Management Company	6.1	734,330	955,304
Federal Excise Duty on remuneration of the Management Company	6.2	675,246	823,538
Remuneration of Central Depository Company of Pakistan Limited - Trustee		422,027	509,031
Annual fee - Securities and Exchange Commission of Pakistan		200,462	244,482
Auditors' remuneration		66,380	63,270
Securities transaction cost		539,631	694,529
Annual listing fee		10,000	10,000
Annual rating fee		25,000	25,000
Printing charges		68,375	54,725
Bank charges		5,990	7,420
Provision for Workers' Welfare Fund	7.2	205,312	470,092
		<b>7,173,042</b>	<b>9,004,501</b>
<b>Net income for the period before taxation</b>		<b>10,060,266</b>	<b>23,034,511</b>
Taxation	9	-	-
<b>Net income for the period after taxation</b>		<b>10,060,266</b>	<b>23,034,511</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 Islamic Stock Fund

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	2014	2013
	----- Rupees -----	
Net income for the period after taxation	10,060,266	23,034,511
Other comprehensive income / (loss)	-	-
<b>Total comprehensive income for the period</b>	<b>10,060,266</b>	<b>23,034,511</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



# First Quarter Report 2014-15

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	2014	2013
	----- Rupees -----	
<b>Undistributed income brought forward</b>	<b>89,513,943</b>	<b>249,650,779</b>
Final distribution of bonus units for the year ended 30 June 2013 Rs.110 per unit declared on 04 July 2013	-	(221,708,993)
Net income for the period after taxation	10,060,266	23,034,511
Shariah non-compliant income set-aside for charity 7.1	(175,294)	(265,100)
<b>Undistributed income carried forward</b>	<b>99,398,916</b>	<b>50,711,197</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 Islamic Stock Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	30 September 2014		30 September 2013	
	Units	Rupees	Units	Rupees
Net assets at beginning of the year [Rs.408.67 (2013: Rs.483.55) per unit]	1,980,470	809,363,692	2,015,536	974,605,786
Issue of units	246,455	101,674,107	158,973	63,948,169
Redemption of units	(196,056)	(80,894,848)	(191,652)	(76,396,263)
	50,399	20,779,259	(32,679)	(12,448,094)
Element of (income)/loss and capital (gains)/losses included in prices of units issued less those in units redeemed - net	-	(182,833)	-	240,893
Final distribution of bonus units for the year ended 30 June 2013 at the rate of Rs.110 per unit declared on 4 July 2013	-	-	593,519	-
Capital gain on sale of investments - net	-	8,638,959	-	26,704,472
Net unrealized diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	(9,381,778)	-	(21,427,067)
Other net income for the period	-	10,803,085	-	17,757,106
<b>Total comprehensive income for the period</b>	-	<b>10,060,266</b>	-	<b>23,034,511</b>
Shariah non-compliant income set-aside for charity	-	(175,294)	-	(265,100)
Net assets at end of the period [Rs.413.54 (2013: Rs.382.39) per unit]	2,030,869	839,845,091	2,576,376	985,167,996

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

# First Quarter Report 2014-15

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	2014	2013
Note	----- Rupees -----	
<b>Cash flows from operating activities</b>		
Net income for the period after taxation	10,060,266	23,034,511
<b>Adjustments for:</b>		
Profit receivable on bank balances	(1,660,794)	(4,091,250)
Dividend income	(16,132,500)	(22,911,250)
Capital gain on sale of investments - net	(8,638,959)	(26,704,472)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	9,381,778	21,427,067
Element of (income)/loss and capital (gains)/losses included in prices of units issued less those in units redeemed - net	(182,833)	240,893
	<b>(17,233,308)</b>	<b>(32,039,012)</b>
<b>(Increase)/decrease in assets</b>		
(Receivable)/payable against sale/purchase of investments	6,581,463	31,703,077
Security deposits and other receivable	4,695,000	(30,000)
	<b>11,276,463</b>	<b>31,673,077</b>
<b>Increase/(decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	926,240	991,790
Payable to Central Depository Company of Pakistan Limited - Trustee	15,822	(5,071)
Payable to the Securities and Exchange Commission of Pakistan	(674,452)	(415,406)
Payable against purchase of investments	(19,755,364)	15,417,800
Accrued and other liabilities	77,248	466,630
	<b>(19,410,506)</b>	<b>16,455,743</b>
Investments made during the period	(274,153,366)	(357,598,000)
Investments sold during the period	204,623,754	457,715,950
Profit received on bank balances	1,956,218	3,392,099
Dividend received	6,305,000	5,577,050
<b>Net cash (used in)/generated from operating activities</b>	<b>(76,575,479)</b>	<b>148,211,418</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	101,674,107	63,948,169
Net payments against redemption of units	(80,894,848)	(76,396,263)
<b>Net cash generated from/(used in) financing activities</b>	<b>20,779,259</b>	<b>(12,448,094)</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>(55,796,220)</b>	<b>135,763,324</b>
Cash and cash equivalents at the beginning of the period	124,718,193	85,170,897
<b>Cash and cash equivalents at the end of the period</b>	<b>4 68,921,973</b>	<b>220,934,221</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

# Atlas Islamic Stock Fund

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2014

### 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 Securities & Exchange Commission of Pakistan (SECP). In addition, the Offering Document of the Fund was also 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 Securities and Exchange Commission of Pakistan (SECP). The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shabrae 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. 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 of the Fund and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2014.

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 30 September 2014.

### 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 2014.

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 2014.

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 2014.

# First Quarter Report 2014-15

	30 September 2014	30 June 2014
	Un-audited	Audited
Note	----- Rupees -----	-----

## 4. BANK BALANCES

### In local currency

- Profit and loss sharing accounts	4.1	<u>68,921,973</u>	<u>124,718,193</u>
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4.1 The rate of return on these profit and loss sharing accounts ranges between 6.5% to 9.10% (30 June 2014: 6.5% to 9.15%) per annum.

## 5. INVESTMENTS

### At fair value through profit or loss

- Listed equity securities - Held for trading	5.1	<u>800,292,727</u>	<u>731,505,934</u>
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### 5.1 Listed equity securities

#### At Fair value through profit or loss

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

Name of Investee Company	Number of shares held				As at 30 September 2014	Rupees		Percentage of		
	As at 01 July 2014	Purchases during the period	Bonus shares during the period	Sales during the period		Carrying Cost	Market Value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Percentage of paid up capital of investee company held
<b>Held for trading equity securities</b>										
<b>OIL &amp; GAS</b>										
Attock Petroleum Limited	1,800	25,000	-	1,800	25,000	13,499,999	13,565,750	1.70	1.62	0.03
Attock Refinery Limited	25,000	-	-	25,000	-	-	-	-	-	-
Mari Petroleum Company Limited	10,000	-	-	-	10,000	3,734,300	4,357,700	0.54	0.52	0.01
National Refinery Limited	50,000	50,000	-	6,400	93,600	19,823,497	18,164,952	2.27	2.16	0.12
Oil and Gas Development Company Limited	325,000	83,500	-	83,500	325,000	84,844,723	80,294,500	10.03	9.56	0.01
Pakistan Oilfields Limited	150,000	-	-	35,000	115,000	66,044,500	61,115,600	7.64	7.28	0.05
Pakistan Petroleum Limited	250,500	49,500	-	-	300,000	67,459,170	67,815,000	8.47	8.07	0.02
Pakistan State Oil Company Limited	150,000	25,000	-	10,000	165,000	63,950,495	59,474,250	7.43	7.08	0.06
	<b>962,300</b>	<b>233,000</b>	<b>-</b>	<b>161,700</b>	<b>1,033,600</b>	<b>319,356,684</b>	<b>304,787,752</b>	<b>38.08</b>	<b>36.29</b>	
<b>CHEMICALS</b>										
Fauji Fertilizer Bin Qasim Limited	-	900,000	-	-	900,000	37,845,845	36,198,000	4.52	4.31	0.10
Fauji Fertilizer Company Limited	300,000	500,000	-	100,000	700,000	78,412,113	79,408,000	9.92	9.46	0.06
	<b>300,000</b>	<b>1,400,000</b>	<b>-</b>	<b>100,000</b>	<b>1,600,000</b>	<b>116,257,958</b>	<b>115,606,000</b>	<b>14.44</b>	<b>13.77</b>	
<b>CONSTRUCTION AND MATERIALS (CEMENT)</b>										
Attock Cement Pakistan Limited	100,000	25,000	-	25,000	100,000	15,778,711	17,701,000	2.21	2.11	0.09
D G Khan Cement Company Limited	500,000	200,000	-	-	700,000	60,011,435	55,790,000	6.97	6.64	0.16
Fauji Cement Company Limited	500,000	187,500	-	-	687,500	13,350,365	13,399,375	1.67	1.60	0.05
Kohat Cement Limited	-	55,000	-	30,000	25,000	3,125,000	3,022,000	0.38	0.36	0.02
Lafarge Pakistan Cement Limited	500,000	500,000	-	200,000	800,000	12,531,852	13,208,000	1.65	1.57	0.05
Lucky Cement Limited	90,000	65,000	-	15,000	140,000	54,622,068	56,222,600	7.03	6.69	0.04
	<b>1,690,000</b>	<b>1,032,500</b>	<b>-</b>	<b>270,000</b>	<b>2,452,500</b>	<b>159,419,431</b>	<b>159,342,975</b>	<b>19.91</b>	<b>18.97</b>	

# Atlas Islamic Stock Fund

## 5.1 Listed equity securities (Continued..)

### At Fair value through profit or loss

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

Name of Investee Company	Number of shares held					Rupees		Percentage of		
	As at 01 July 2014	Purchases during the period	Bonus shares during the period	Sales during the period	As at 30 September 2014	Carrying Cost	Market Value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Percentage of paid up capital of investee company held
<b>Held for trading equity securities</b>										
<b>GENERAL INDUSTRIALS</b>										
Packages Limited	-	20,000	-	20,000	-	-	-	-	-	-
<b>ENGINEERING</b>										
Millat Tractors Limited	25,000	5,000	-	30,000	-	-	-	-	-	-
<b>AUTOMOBILE AND PARTS</b>										
Agriauto Industries Limited	36,000	-	-	36,000	-	-	-	-	-	-
Indus Motor Company Limited	46,500	-	-	46,500	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	45,000	-	-	15,000	30,000	8,216,700	8,528,400	1.07	1.02	0.04
	127,500	-	-	97,500	30,000	8,216,700	8,528,400	1.07	1.02	
<b>PERSONAL GOODS (TEXTILES)</b>										
Nishat Mills Limited	300,000	200,000	-	100,000	400,000	43,181,233	47,600,000	5.95	5.67	0.11
<b>PHARMA AND BIO TECH</b>										
The Searle Company Limited	50,000	-	-	50,000	-	-	-	-	-	-
<b>FIXED LINE TELECOMMUNICATION</b>										
Pakistan Telecommunication Company Limited	500,000	300,000	-	300,000	500,000	12,411,856	11,655,000	1.46	1.39	0.01
<b>ELECTRICITY</b>										
The Hub Power Company Limited	1,235,000	100,000	-	265,000	1,070,000	62,690,327	68,458,600	8.55	8.15	0.09
Pakgen Power Limited	1,000,000	-	-	-	1,000,000	18,040,000	18,090,000	2.26	2.15	0.27
	2,235,000	100,000	-	265,000	2,070,000	80,730,327	86,548,600	10.81	10.30	
<b>MULTIUTILITIES (GAS AND WATER)</b>										
Sui Northern Gas Pipelines Limited	500,000	300,000	-	-	800,000	18,212,315	17,024,000	2.13	2.03	0.13
<b>COMMERCIAL BANKS</b>										
Mezzan Bank Limited	1,546,000	-	-	346,000	1,200,000	51,888,000	49,200,000	6.15	5.86	0.12
Total as at 30 September 2014						809,674,504	800,292,727	100.00	95.29	
Total as at 30 June 2014						665,008,298	731,505,934			

5.2 The cost of listed equity securities as at 30 September 2014 is Rs.737,602,025 (30 June 2014: Rs.637,492,965).

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

	Number of shares		Market value	
	30 September 2014 Un-audited	30 June 2014 Audited	30 September 2014 Un-audited	30 June 2014 Audited
	----- Rupees -----			
Pakistan Oilfields Limited	57,000	57,000	30,292,080	32,735,100
Fauji Fertilizer Company Limited	75,000	75,000	8,508,000	8,418,750
Lucky Cement Limited	75,000	75,000	30,119,250	30,772,500
The Hub Power Company Limited	700,000	700,000	44,786,000	41,118,000
			<b>113,705,330</b>	<b>113,044,350</b>

30 September  
2014  
Un-audited

30 June  
2014  
Audited

Note ----- Rupees -----

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

Remuneration of the Management Company		1,384,779	1,243,784
Sindh Sales Tax payable on remuneration of the Management Company	6.1	806,115	696,116
Federal Excise Duty payable on remuneration of the Management Company	6.2	3,782,215	3,106,969
		<b>5,973,109</b>	<b>5,046,869</b>

- 6.1 During the period, an amount of Rs.734,330 (2013: Rs.955,304) was charged on account of sales tax on remuneration of Management Company levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs.624,331 (2013: Rs.547,294) has been paid to the Management Company which acts as the 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.

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		30 September 2014	30 June 2014
	Note	Un-audited	Audited
		----- Rupees -----	
<b>7. ACCRUED AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		75,540	193,560
Printing charges payable		296,375	228,000
Rating fee payable		125,000	100,000
Charity payable	7.1	175,294	105,885
NCCPL charges payable		26,514	17,103
Withholding tax payable		3,120	10,588
Zakat payable		2,017	1,495
Provision for Workers' Welfare Fund	7.2	16,113,064	15,907,752
Others		89,728	89,728
		<b>16,906,652</b>	<b>16,654,111</b>

7.1 The Shariah Advisor of the Fund, has certified an amount of Rs.175,294 (30 June 2014: Rs.715,194) against dividend income, as Shariah non-compliant income during the period, which has accordingly been marked to charity and shall be paid in due course of time.

7.2 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.

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 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 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 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 Honourable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills.



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7.2 In a recent judgement of May 2014, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the constitution. 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.16,113,064 (30 June 2014: Rs.15,907,752) in these condensed interim financial statements. Had the same not been made, the net asset value per unit of the Fund would have been higher by Rs.7.93 (30 June 2014: Rs.8.03) per unit.

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 September 2014 and as at 30 June 2014.

## 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 as cash dividend 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, as cash dividend, to the unit holders. Accordingly, no provision has been made for taxation in these condensed interim financial statements.

## 10. TRANSACTIONS WITH CONNECTED PERSONS/OTHER RELATED PARTIES

		<u>For the Quarter Ended</u>	
		<u>30 September</u>	<u>30 September</u>
		<u>2014</u>	<u>2013</u>
		<u>Un-audited</u>	<u>Un-audited</u>
		----- Rupees -----	

### 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	4,220,289	5,147,110	
Remuneration paid	4,079,294	5,115,657	
Sindh sales tax on remuneration of the Management Company	734,330	955,304	
Federal Excise Duty on remuneration of the Management Company	675,246	823,538	
Issue of 37,567 (2013: Nil) units	15,400,000	-	
<b>Central Depository Company of Pakistan Limited (Trustee)</b>			
Remuneration of the Trustee	422,027	509,031	
Remuneration paid	407,926	506,545	
Settlement charges	20,584	34,404	

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<u>For the Quarter Ended</u>	
30 September 2014	30 September 2013
Un-audited	Un-audited
Note -----	Rupees -----

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

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

Bonus Nil (2013: 39,523) units	-	14,763,929
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### **Atlas Honda Limited (Group Company)**

Issue of 72,908 (2013: Nil) units	30,000,000	-
Bonus Nil (2013: 28,966) units	-	10,820,169

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

Issue of 82,947 (2013: 61,428) units	34,500,000	25,000,000
Bonus Nil (2013: 100,234) units	-	37,442,472
Redemption of 83,000 (2013: 66,000) units	34,337,930	26,839,560

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

Bonus Nil (2013: 8,075) units	-	3,016,426
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### **Iftikhar Shirazi Family Trust (Trust having common Director/Trustee)**

Bonus Nil (2013: 7,999) units	-	2,987,925
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### **Service Provident Fund Trust (Unit holder with more than 10% holding)**

Bonus Nil units (2013: 53,087) units	-	19,830,724
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### **Sindh Province Pension Fund (Unit holder with more than 10% holding)**

Bonus Nil (2013: 85,722) units	-	32,021,425
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### **Key Management Personnel of the Management Company 10.3**

Issue of 2,368 (2013: 506) units	949,834	200,000
Bonus Nil (2013: 33,342) units	-	12,454,907

30 September 2014	30 June 2014
Un-audited	Audited
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Rupees	Rupees

## 10.2 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	1,384,779	1,243,784
Sindh Sales Tax payable on remuneration of the management company	806,115	696,116
Federal Excise Duty payable on remuneration of the Management Company	3,782,215	3,106,969
Outstanding 37,567 (30 June 2014: Nil) units - at net asset value	15,535,361	-

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**30 September**      **30 June**  
**2014**                      **2014**  
**Un-audited**          **Audited**  
 Note ----- Rupees -----

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

<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration payable to trustee	138,478	124,377
Settlement charges payable	7,505	5,784
<b>Atlas Battery Limited (Group Company)</b>		
Outstanding 186,633 (30 June 2014: 186,633) - at net asset value	77,180,187	76,271,285
<b>Atlas Honda Limited (Group Company)</b>		
Outstanding 197,270 (30 June 2014: Nil) - at net asset value	81,579,116	-
<b>Atlas Insurance Limited (Group Company)</b>		
Outstanding 414,378 (30 June 2014: 414,431) - at net asset value	171,361,925	169,365,706
<b>Batools Benefit Trust (Trust having common Director / Trustee)</b>		
Outstanding 39,498 (30 June 2014: 39,498) - at net asset value	16,333,796	16,141,444
<b>Iftikhar Shirazi Family Trust (Trust having common Director/Trustee)</b>		
Outstanding 39,124 (30 June 2014: 39,124) - at net asset value	16,179,467	15,988,932
<b>Service Provident Fund Trust (Unit holder with more than 10% holding)</b>		
Outstanding 259,666 units (30 June 2014: 259,666) - at net asset value	107,382,389	106,117,815
<b><u>Key Management Personnel of management company</u>      10.3</b>		
Outstanding 164,893 (30 June 2014: 162,525) - at net asset value	68,189,865	66,418,934

**10.3** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above, as set by the Board of Directors of the Management Company for the FY 2014-15.

**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.

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## 11. GENERAL

11.1 Figures have been rounded off to the nearest Rupee.

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

## 12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the management company on 30 October 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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